

AN POST
2009
A CHALLENGING
BUT
POSITIVE
YEAR

**OUR AIM
IS TO BE THE
LEADING HIGH
QUALITY,**

CONTENTS

2	MISSION, VISION AND VALUES
4	BOARD OF DIRECTORS AND CORPORATE INFORMATION
8	CHAIRMAN'S STATEMENT
10	MANAGEMENT
14	CHIEF EXECUTIVE'S REVIEW
20	FINANCIAL REVIEW
22	UNIVERSAL SERVICE
26	SUSTAINABILITY
30	STAMP ISSUES AND PHILATELIC PUBLICATIONS
35	INDEX TO THE FINANCIAL STATEMENTS

LOW COST SERVICE PROVIDER

WORKING TOGETHER

OUR MISSION

TO PROVIDE WORLD CLASS POSTAL, DISTRIBUTION AND FINANCIAL SERVICES WITH UNRIVALLED LOCAL COMMUNITY ACCESS AND GLOBAL CONNECTIONS.

OUR VISION

WORKING TOGETHER AS A UNITED TEAM, OUR AMBITION IS TO OUTPERFORM THE NEW COMPETITION WE FACE, DELIVERING A BETTER QUALITY SERVICE, MORE EFFICIENTLY, TO MORE CUSTOMERS BY CONTINUOUSLY ADAPTING, INNOVATING AND IMPLEMENTING CHANGE.

AS A UNITED TEAM

OUR VALUES

INNOVATION & CHANGE

CONTINUALLY INNOVATE, ADAPT AND IMPLEMENT CHANGE SUCCESSFULLY.

RESPECTED CORPORATE CITIZEN

CARE FOR THE ENVIRONMENT AND BE ENGAGED IN THE COMMUNITY AS RESPECTED CORPORATE CITIZENS.

RESPECT & PERSONAL RESPONSIBILITY

RESPECT EACH OTHER AND TAKE PERSONAL RESPONSIBILITY.

QUALITY CUSTOMER SERVICE

PUT THE CUSTOMER FIRST IN EVERYTHING WE DO, CONSISTENTLY DELIVERING WORLD CLASS SERVICE QUALITY.

COMMERCIAL SUCCESS

ACHIEVE COMMERCIAL SUCCESS, EARNING PROFITS THAT CAN SUSTAIN AND DEVELOP THE BUSINESS.

COST COMPETITIVENESS & EFFICIENCY

RUN A COST COMPETITIVE, EFFICIENT OPERATION.

BOARD OF DIRECTORS AND CORPORATE INFORMATION



1. JOHN FITZGERALD F.C.C.A.
CHAIRMAN – 2,3
Age 63
Appointed 1 March, 2008

Mr. Fitzgerald has spent most of his career working in local government, serving in several senior positions, including that of Dublin City Manager from 1996 until 2006. Currently, he is Chairman of the Grangegorman Development Agency and of the two Regeneration Agencies set up in Limerick following his report to Government on problems of social exclusion in that city. He is also Chairman of the National Transport Authority, vice Chairman of InterTradelreland and a member of the board of the Health Service Executive.

2. PATRICK COMPTON
EMPLOYEE DIRECTOR
Age 53
Appointed 1 November, 2008;
fifth term

Mr. Compton has worked in the postal service for the past 36 years and his current position is that of Partnership Co-ordinator, based in Roscommon. He was a member of the national executive of the Communications Workers Union for 22 years and its president in 1986. He is active in community development in his local area and he is a member of Arigna Leader Board and Roscommon County Development Board. He is a director of The Prize Bond Company Limited.



3. JERRY CONDON
EMPLOYEE DIRECTOR – 2
Age 56
Appointed 1 November, 2008;
fourth term

Mr. Condon commenced work in 1971 with the Department of Posts and Telegraphs and has worked as a Post Office Clerk for his entire career. He has been an active member of the Communications Workers Union throughout his career and he served on the national executive of that union for 13 years.

4. DONAL CONNELL
– C.ENG., F.I.E.I., B.E.
DIRECTOR – 2, 3
Age 56
Appointed 14 August, 2006

Mr. Connell was appointed as Chief Executive on 14 August, 2006. He began his career in the Department of Post and Telegraphs and has held senior management positions in Unitrode Ireland, 3Com Ireland and Maxtor Ireland where he was General Manager prior to joining An Post. He is a non-executive director of Xilinx Corporation's European Board and of Postbank Ireland Limited. He is also Chairman of An Post National Lottery Company.



5. ANNE CONNOLLY – B.A., M.B.A.
DIRECTOR – 2
Age 56
Appointed 23 November, 2007

Ms. Connolly is the Director of the Ageing Well Network, an independent leadership network of heads of organisations across the private, public and voluntary sectors. She had previously founded and run Anne Connolly Consulting Limited, a strategic management consultancy company. Prior to forming this company, she worked as strategy manager with Kingspan plc and, before that, at senior management level in the public and not-for-profit sectors. She has previously been on the boards of ICC Bank plc and APSO and she was Chairperson of the Federation of Simon Communities in Ireland.

6. PADDY COSTELLO
EMPLOYEE DIRECTOR
Age 61
Appointed 1 November, 2008

Mr. Costello joined the Post Office as a Junior Postperson in 1964. He became a Postperson in 1966 and he has been employed in the Finglas Delivery Office, Dublin 11 for the last 43 years. Throughout his employment, he has represented members of the Communications Workers Union at Delivery Offices in Dublin. He has held various branch officer positions and he is currently serving as the Treasurer of the Dublin Postal Delivery Branch.



7. LOUISE ENGLISH
– B.COMM., F.C.A.
DIRECTOR – 1, 2
Age 47,
Appointed 1 June, 2005

An accountant by profession, Ms. English began her career with PriceWaterhouse and then joined IBI Corporate Finance. She held a number of positions there, including Director of Mergers and Acquisitions. A member of the Institute of Directors, she has served on the Boards of a number of public and private Irish companies including Bord na Móna plc and Sherry Fitzgerald plc. She is currently chairperson of Capital Radio Productions Limited (FM104) and a non-executive director of St. Vincent's Healthcare Group Limited.

8. CIARA HURLEY – B.B.S., M.B.S.
(BANKING AND FINANCE), M.S.I.
DIRECTOR – 1
Age 44
Appointed 3 April, 2006

Ms. Hurley is a Vice President at Quilter, which is part of Morgan Stanley Smith Barney. She has over 20 years experience as an investment manager working with high net worth individuals and families. She previously worked with Goodbody Stockbrokers as a Senior Portfolio Manager and with Merrill Lynch International Bank Limited as Investment Director. She is a Member of the Chartered Institute for Securities & Investment.



9. JAMES HYLAND – B.COMM – F.C.A., F.C.I.S., M.C.I.ARB., M.E.W.I.
DIRECTOR – 1
 Age 74
Appointed 11 December, 2008; second term

Mr. Hyland, a chartered accountant, is former Deputy Chief Executive of Golden Vale Group and was former Group Chief Executive of Youghal Carpets plc. He was Managing Director of James Hyland & Company, Forensic Accountants, and a partner in Hyland Johnson Murray, Chartered Accountants. He is Chairman or director of a number of other companies including An Post National Lottery Company.

10. BRIAN MCCONNELL – B.B.S.
DIRECTOR
 Age 63
Appointed 3 April, 2006

A career banker by profession, Mr. McConnell has comprehensive experience in the Financial Services Sector. He has served as Chief Executive of Permanent tsb and Ulster Investment Bank (Corporate Banking / Finance). Now retired, he has held directorships in several financial institutions including Irish Life and Permanent Plc and Ulster Bank Limited. He is a director of Postbank Ireland Limited and of a number of AXA Group companies.

11. GERRY O'TOOLE
EMPLOYEE DIRECTOR – 2
 Age 47
Appointed 1 November, 2008
 Mr. O'Toole started work in the Department of Posts and Telegraphs in 1980 as a Junior Postman and the following year he was appointed as a Postperson. In 1989, he was promoted to the position of Clerical Officer and worked in the Financial Services area until 1998 when he moved to the IT Unit where he is currently a Technical Support Specialist in IT Network Support. He has served on a number of branch committees for different unions over the years.

12. JOHN QUINLIVAN
B.Sc. (MGT. & LAW), M.Sc. (SPATIAL PLANNING), DIP. IN PUBLIC ADMIN,
DIRECTOR – 3
 Age 71
Appointed 24 June, 2008; second term

Mr. Quinlivan has had a lengthy career in local government, serving in senior positions in nine counties, including 15 years as Louth County Manager. He served for five years as a member of the National Roads Authority and he also served as a member of the Local Government Management Services Board and the Local Government Computer Services Board and An Comhairle.

13. ALAN SLOANE
POSTMASTER DIRECTOR
 Age 52
Appointed 1 January, 2007; third term
 Mr. Sloane has worked in the family grocery and post office business since 1976. He was appointed postmaster of Loch Gowna post office, Co. Cavan in 1979. He is also Managing Director of J.A.S. Limited, a security counter and furniture manufacturing business, which he established in 1985.

14. CATHERINE WOODS – B.A. (ECON)
DIRECTOR – 3
 Age 47
Appointed 4 February, 2008

Ms. Woods has spent most of her career in London, concentrating on the financial sector. She has extensive experience of mergers and acquisitions and stockbroking from her 17 years with JP Morgan as a Vice President. Her mandates included the recapitalisation of Lloyds' of London Insurance market and the re-privatisation of Scandinavian banks. Since her return to Ireland, she has served on the Electronic Communications Appeals Panel from 2004 to 2007, opining on appeals against decisions made by ComReg.

SECRETARY
 Michael Tyndall

REGISTERED OFFICE
 General Post Office
 O'Connell Street
 Dublin 1

AUDITOR
 KPMG, Chartered Accountants

BANKERS
 Bank of Ireland

SOLICITORS
 Matheson Ormsby Prentice

KEY TO BOARD COMMITTEES
 1. Audit and Security
 2. Personnel
 3. Remuneration

**AN POST CAN
COMPETE &
WIN ON THE
BASIS OF
QUALITY,**

OUR FUNDAMENTAL OBJECTIVE IS TO BE THE LEADING HIGH QUALITY, LOW COST SERVICE PROVIDER, IN ORDER TO WIN AND MAINTAIN THE SUPPORT OF A CUSTOMER BASE WHICH WILL BE PROVIDED WITH GREATER CHOICE BY NEW COMPETITORS.

JOHN FITZGERALD
CHAIRMAN



COST & INNOVATION

CHAIRMAN'S STATEMENT

THE ECONOMIC ENVIRONMENT FOR NATIONAL POSTAL OPERATORS WAS ADVERSE IN 2009. AN POST, HOWEVER, ADJUSTED RAPIDLY TO THESE CHALLENGING CIRCUMSTANCES AND REMAINED PROFITABLE AT THE OPERATING LEVEL. THE COMPANY HAS SHOWN THAT IT IS ABLE TO PERFORM WELL IN THE MOST DIFFICULT AND TRYING OF BUSINESS ENVIRONMENTS. IN 2009, WE EXPERIENCED A SHARP DECLINE IN TRADITIONAL MAIL VOLUME, PARTIALLY OFFSET BY BUOYANCY IN RETAIL INCOME. AN POST HAS ALREADY UNDERTAKEN SIGNIFICANT PREPARATORY WORK IN ADVANCE OF FULL LIBERALISATION OF THE POSTAL MARKET IN 2011. THIS HAS STOOD TO US IN WHAT WAS A DIFFICULT YEAR. THE DOWNWARD TREND IN MAIL VOLUME, COUPLED WITH IMMINENT MARKET OPENING, PRESENT DISTINCT CHALLENGES AND OPPORTUNITIES. THESE WILL BE MET BY SUCCESSFUL PRODUCT AND SERVICE INNOVATION ACROSS THE BUSINESS, COST REDUCTIONS, IMPROVED QUALITY OF SERVICE AND ENHANCED EFFICIENCIES IN ALL OUR OPERATIONS.

We have also benefited from a relatively strong performance by our retail services which offer good potential for further growth in the years to come. The joint shareholders of Postbank recently decided that it should cease trading at the end of 2010. This decision was taken in the context of the current difficult market conditions and following detailed analysis of future potential.

Our fundamental objective is to be the leading high quality, low cost service provider, in order to win and maintain the support of a customer base which will be provided with greater choice by new competitors. This goal is being pursued through a series of successful strategic projects, encompassing every aspect of the Company's operations and activities.

CUSTOMER-FOCUSED AND COMPETITIVE

The future for An Post holds major challenges and the outlook remains uncertain as mail volume continues to fall here and elsewhere around the world, albeit at a slower rate than that experienced in 2009. However, I also see great opportunities for the business, for our staff and our customers as we continue to modernise, to transform and become even more customer-focused and efficient.

WE MUST MAINTAIN AND DEVELOP OUR POSITION IN THE INCREASINGLY COMPETITIVE PACKETS AND PARCELS BUSINESS – A SIGNIFICANT OPPORTUNITY FOR FUTURE GROWTH – BOTH IN IRELAND AND OVERSEAS.

This approach will underpin our ability to continue to provide the all-important Universal Service Obligation throughout the country, five days a week. We continue to develop a position in a number of ancillary markets. For instance, our subsidiary Air Business, a distributor for publishers and direct mail clients, is now a leading quality provider of mailing services in the fully liberalised and highly competitive UK market.

PENSION COMMITMENTS

The FRS17 accounting deficit in the pension schemes reduced to €403 million, compared to €582 million in the previous year. However, as is the case with most defined benefit pension funds, the An Post schemes do not meet the Minimum Funding Standards required by the Pensions Board. This is a major challenge for the Company and its employees. A process of engagement is underway with

employee representatives. The intention is to develop an agreed plan to address these requirements and to submit this to the Pensions Board by the end of 2010.

POSTCODE IMPLEMENTATION

AN POST WILL HAVE A KEY ROLE IN THE PLANNING AND IMPLEMENTATION OF THE NEW POSTCODE SYSTEM.

The introduction of Postcodes will facilitate the continued improvement in our Quality of Service and will assist us in reaching our target of 94% next-day delivery of domestic mail. This development will also bring diverse benefits to business and customers alike.

SERVING BUSINESSES AND COMMUNITIES

The Company has a dual mandate: a commercial imperative and an obligation to service businesses and communities throughout the State. We have earned our customers' trust over many years and we will do everything in our power to remain worthy of that trust. Our future success will be based on our core values and this means increasing our focus on our customers, our revenue, our quality, our reliability, our cost control and our management processes and capability, as well as nurturing innovation throughout the Company.

DELIVERING GREATER EFFICIENCY

We have reported operating profits continuously now for five years. We have come a very long way over those years. Our modernisation is progressing - by delivering greater efficiency and better quality. While our targets are stretching, we are very confident that, with the continuing support of our staff, we can and will achieve our strategic goals.

On behalf of the Board, I would like to thank the management, staff and our contractors for their loyalty, commitment and work during 2009. I would also like to thank my colleagues on the Board for their ongoing commitment. It is extremely satisfying to see that their continued hard work, over a number of years, has brought significant improvements, which now position the Company well for the difficult years ahead. Everyone throughout the organisation has played an important role in improving the Group's performance and the contribution of the directors in helping to set the course, has been particularly valuable.

I want to thank Patrick Davoren, who retired from the Board in February 2010 after over 17 years service on the Board. His contribution is greatly appreciated.

In particular, I would like to say a special word of thanks to the Minister for Communications, Energy and Natural Resources, Mr. Eamon Ryan, T.D., and his officials for their assistance and support throughout the year.

IMMEDIATE PROSPECTS

OVERALL, 2009 IS A YEAR OF WHICH EVERYONE IN AN POST CAN BE PROUD. HOWEVER, THIS DOES NOT MEAN THAT WE CAN BE COMPLACENT.

January 2011 will see the introduction of a fully competitive postal market in Ireland. Our ability to rise to challenges in the past and the improvements we have delivered in recent years bode well for An Post in the coming years. I have great confidence in the Board, management team and staff as they deal with the issues facing us and I am confident that this Company will prosper into the future.



JOHN FITZGERALD

CHAIRMAN

25 March, 2010

MANAGEMENT



1. DONAL CONNELL,
C.ENG., F.I.E.I., B.E.
CHIEF EXECUTIVE
Age 56

Mr. Connell was appointed as Chief Executive on 14 August, 2006. He began his career in the Department of Post and Telegraphs and has held senior management positions in Unirode Ireland, 3Com Ireland and Maxtor Ireland where he was General Manager prior to joining An Post. He is a non-executive director of Xilinx Corporation European Board and of Postbank Ireland Limited. He is also Chairman of An Post National Lottery Company.

2. JOHN DALY, A.C.M.A., M.Sc.(MGMT.)
RETAIL OPERATIONS DIRECTOR
Age 47

Mr. Daly joined An Post in December 1988 having worked previously as a management accountant in FÁS. During the early part of his career with An Post, he worked in the Finance division as a management accountant. He then held various senior finance and management positions within the Retail division before being appointed to his current position in October 2006. He is a director of The Prize Bond Company Limited.

3. JACK DEMPSEY,
B.COMM., M.B.A., M.P.A.
SPECIAL PROJECTS DIRECTOR
Age 59

Mr. Dempsey joined the Post Office in 1968 as an Executive Officer in the Department of Posts and Telegraphs. During his career, he has gained wide experience in all aspects of postal operations and commercial activities, both national and international, occupying a variety of senior management positions across the Company. He was appointed Special Projects Director in April 2009.

4. PETER GALLAGHER,
B.Sc., M.B.A., M.INST.D
DIRECTOR OF STRATEGY
AND BUSINESS EXCELLENCE
Age 48

Mr. Gallagher joined An Post in April 2007 as Head of Strategy and Business Excellence. Prior to joining An Post, he had been a Partner in PA Consulting Group's Global Business Transformation Practice where he led major transformational and business operational improvement programmes for private and public sector clients. Previous experience also includes Director of Strategy with KPMG Consulting and Business Operations Manager (UK & Ireland) for Dell Computer Corporation.

5. PAT KNIGHT,
M.Sc.(MGMT.), F.C.I.P.D.
HUMAN RESOURCES DIRECTOR
Age 55

Mr. Knight joined An Post in March 2004 as Human Resources Director. Previously, he had been General Manager, Human Resources at Waterford Crystal, which he joined in 1986 and where he held senior HR roles, both in Ireland and the UK. Previous experience also includes work as a Personnel Officer with Bord na Móna plc. He is a Trustee of the An Post Superannuation Schemes.

6. BRIAN MCCORMICK,
B.E.(MECH.), M.B.A.
SERVICES DIRECTOR
Age 50

Mr. McCormick joined An Post in May 2002 as Strategy Director and was appointed to his current position of Services Director in October 2003. Prior experience includes CRH plc and Merrion Corporate Finance where he was a Director. He is a Trustee of the An Post Superannuation Schemes.

7. LIAM O'SULLIVAN
MAILS OPERATIONS DIRECTOR
Age 43

Mr. O'Sullivan joined An Post in 1985 as a Post Office Clerk. During his career, he has gained broad experience across the full range of the Company's business. He has held various senior managerial and project management positions in the Company, including periods as Mail Processing Director and Director of Collection and Delivery Change Programmes and Operations. He took up his current position in April 2009.

8. PETER QUINN B.COMM., F.C.A., M.B.A.
CHIEF FINANCIAL OFFICER
Age 51

Mr. Quinn joined An Post in August 2004 having previously held senior financial and strategic positions in PJ Carroll and Company plc and Monaghan Mushrooms Limited. Earlier in his career, he trained as a chartered accountant and worked in practice with KPMG. He is a director of Postbank Ireland Limited.

9. LIAM SHEEHAN
SALES AND MARKETING DIRECTOR
Age 50

Mr. Sheehan joined An Post in 2000 as General Manager Sales and Marketing and he was appointed as Sales and Marketing Director in October 2006. He has extensive experience in the Irish fast moving consumer goods sector and in brand creation, channel management and sales strategy. He previously held senior Sales and Marketing positions in Proctor & Gamble and in Guinness and he was Commercial Director with Erin Foods. He is a director of the Irish Direct Marketing Association.

10. MICHAEL TYNDALL,
B.COMM., F.C.A.
COMPANY SECRETARY
Age 59

Mr. Tyndall joined An Post in January 1989 as Head of Financial Accounting and he was appointed as Company Secretary in April 1998. He began his career in the accountancy profession from where he qualified as a chartered accountant. He then worked and held senior financial and management positions in insurance and distribution businesses. He is a Trustee of the An Post Superannuation Schemes and he is also Company Secretary to An Post National Lottery Company.

11. BARNEY WHELAN,
B.Sc., M.B.A., F.P.R.I.I.
DIRECTOR OF COMMUNICATIONS
AND CORPORATE AFFAIRS
Age 55

Mr. Whelan joined An Post in January 2005. Having spent many years in the aquaculture industry, he was responsible for public relations and brand communications at the ESB. He subsequently held the position of Director, Sales and Marketing at The Food Safety Promotion Board. He was appointed to his current position in October 2006.

**AN POST
DELIVERED
A RESILIENT
FINANCIAL
PERFORMANCE,
GREATER
EFFICIENCY &**

A MAJOR CONTRIBUTOR TO THE COMPANY'S FINANCIAL PERFORMANCE WAS THE REDUCTION ACHIEVED IN OPERATING COSTS. THIS WAS DELIVERED BY THE ONGOING SUCCESSFUL IMPLEMENTATION OF THE COMPANY'S CHANGE PROGRAMMES.

DONAL CONNELL
CHIEF EXECUTIVE



**BETTER
QUALITY**

CHIEF EXECUTIVE'S REVIEW

**A CHALLENGING BUT POSITIVE YEAR
AN POST MADE AN OPERATING PROFIT
OF €5.7 MILLION IN 2009 DESPITE A
DROP IN OVERALL REVENUES OF 5.4%
TO €804 MILLION. THIS RESULT IS DUE
MAINLY TO THE ECONOMIC RECESSION, IN
ADDITION TO INTENSIFYING COMPETITION
AND E-SUBSTITUTION. THE COMPANY
REACTED SWIFTLY TO ADVERSE ECONOMIC
CIRCUMSTANCES AND SUCCEEDED IN
REDUCING OPERATING COSTS BY 2.5%
FROM €819 MILLION TO €798 MILLION.
THIS RESILIENT FINANCIAL PERFORMANCE,
ALONG WITH A THIRD SUCCESSIVE YEAR
OF RECORD QUALITY OF SERVICE RESULTS,
SHOWS THAT THE MODERNISATION OF OUR
BUSINESS IS SUCCEEDING.**

Our Retail business performed well during the year. Customers invested strongly in the State Savings Products which we sell, and manage, on behalf of the National Treasury Management Agency with the funds increasing by over €1.5 billion. Prize Bonds had a successful year with a fund increase of €269 million. The growth in these funds is largely due to the trusted nature of the An Post brand and the features of the State Savings Products. In addition, the number of other transactions, on behalf of clients such as the Department of Social and Family Affairs, Western Union and others, also increased. These welcome developments did not, however, fully compensate for the impact of declining revenue in our mails business. We intend to add additional Financial and Retail products to our product portfolio.

The reduction in operating costs was a major contributor to the Company's financial performance. This was delivered by the ongoing successful implementation of the Company's Change Programmes, particularly the Collection and Delivery Programme, which resulted in a reduction of 402 Full Time

Equivalents (FTE); a company-wide pay freeze and a major reduction in non-pay operating costs. An additional headcount reduction of 1,375 FTEs over the next three years is planned in order to reduce the Company's cost base still further.

An Post's strong cash position allows the Company to plan further necessary investment in infrastructure. This investment, together with the ongoing implementation of change programmes, will set the foundation for providing world class mail operations into the future.

THE TRANSFORMATION PROGRAMME COMPRISES A PORTFOLIO OF THE MOST IMPORTANT STRATEGIC PROJECTS THROUGHOUT THE ORGANISATION.

This portfolio covers all aspects of the preparatory change required prior to full market opening and commands priority in resourcing and execution. Project execution and the delivery of benefits are monitored rigorously and substantial progress was achieved throughout 2009.

Revenue and profitability remain important measures of success for any commercial enterprise. However, there are other important parameters without which positive financial outcomes cannot be sustained. These include such measures as Quality of Service, reflected in the on-time delivery of mail; widening of the revenue base; demonstration of true customer focus and the use of information technology to enhance efficiency. I am pleased to report that we have demonstrated significant further progress in all these important areas.

Recently, An Post and BGL BNP Paribas, the joint shareholders of Postbank Ireland Ltd., decided to discontinue the joint venture by the end of 2010. A number of factors led the shareholders to this decision, including the unprecedented circumstances of the financial services sector, the highly competitive savings market within Ireland and the absence of any prospect of profitability in current market circumstances.

Arising from this decision, Postbank management will implement a professional and orderly wind-down of the bank. In the interim, it will be business as usual for existing Postbank, One Direct and PostPoint customers and they will be able to conduct their banking, insurance and related activities in the normal way.

IMPROVED MAILS QUALITY OF SERVICE

CONSISTENCY OF PERFORMANCE AND IMPROVED QUALITY ARE VITAL TO SUCCESS IN OUR CORE ACTIVITY OF MAILS COLLECTION, PROCESSING AND DELIVERY.

Our target is 94% for next day delivery of domestic mail and 99.5% for delivery within three days. We continue to improve our performance at every stage of the process – from collection through to processing, distribution and delivery. 2009 saw further major improvement in respect of these targets and was the third successive year of record quality results. The latest published full year data from ComReg, the Commission for Communications Regulation, confirms that 84% of domestic mail was delivered the following day and 98.3% within three days. This represents a highly significant five percentage points increase in the next day domestic delivery performance over that achieved in 2008.

We have, again, met and exceeded the international mail quality delivery targets as set in the European Union (EU) Postal Directives of 85% in three days and measured by the International Post Corporation (IPC) UNEX Measurement System. The Company achieved 96% on inbound mail and 94.6% on outbound mail during 2009 and was awarded the IPC Certificate of Excellence in the Management and Processing of International Letter Mail. In addition, we were also presented with the Universal Postal Union EMS Co-operative's Performance Award – "Gold Level". An Post is now placed among a small leading group of companies which have received this award.

As part of a multi-year €150 million investment programme, we continued to focus on those areas which will help to drive further efficiencies and improve service quality. For example, the Board approved capital expenditure in the next generation of automated mail sorting equipment. At present, our equipment can sort 35% of all mail to the level of each delivery route. When completed, this investment will enable sortation of 80% of mail to this level.

In 2009, we completed our rollout of collection scanning to 100% of induction points nationwide which was a significant contributor to quality improvement.

In addition, we launched our Six Sigma programme which will see the management within our mails operations trained to the highest standard. This proven approach to process management will be a major contributor to achieving our quality goals in the years ahead.

STAFF ENGAGEMENT

I REGARD THE DEVELOPMENT AND MAINTENANCE OF GOOD RELATIONSHIPS WITH ALL EMPLOYEES AS FUNDAMENTAL TO OUR FUTURE.

Our relationship with our staff and their trade union representatives has remained open and constructive. This has ensured clarity of purpose and a genuine sense of co-operation at all levels concerning the success of the organisation. In this regard, I am pleased to report that the implementation of a number of change programmes continued successfully with the support of our staff and the trade unions which represent them.

Two years ago, I committed to building the capability of An Post by making a significant investment in the training and development of its people. Our senior management group finished a modular leadership development programme during 2009.

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

Staff from many other areas of the Company, including front-line management, commenced similar training and development programmes. In our retail business, for instance, we invested significantly in training our staff and postmasters in post offices, an initiative which is already achieving increased revenues. I firmly believe that, across the whole Company, this approach is pivotal to our future success.

SECURING FUTURE REVENUE STREAMS.

THE COMPANY CONTINUED TO DEMONSTRATE THE EFFECTIVENESS OF DIRECT MAIL AS A MARKETING MEDIUM FOR BUSINESSES AND UNDERTOOK A RANGE OF PROMOTIONAL ACTIVITIES TO HELP COMPANIES EXPLOIT THEIR POTENTIAL.

This included workshops, events featuring expert speakers and master classes in all aspects of direct mail. We continue to support direct marketers and their agents by sponsoring the national Direct Marketing Awards.

We recognise the potential afforded to our mails business by e-commerce. Mails service providers have a vital role to play in the fulfilment of online and catalogue generated orders and this represents a growing opportunity for us. As a way of further stimulating this business, An Post's Online Shopping Directory provides a comprehensive up-to-date internet portal, providing one-stop access to Irish and international online shops and e-fulfilment. We remain focussed on delivering new products to these growth sectors and will continue to produce customised solutions for our major clients.

MAILS MARKET OPENING

THE COMPETITIVE MARKET IS ALREADY A REALITY, AS OVER 60% OF THE MAILS MARKET REVENUE HAS BEEN OPEN TO FULL COMPETITION FOR MANY YEARS.

I believe the Company is well positioned to cope with the full liberalisation of the postal market in 2011. An Post welcomes competition; the liberalised market will benefit the customer and provide new opportunities to demonstrate, as a commercial State-owned enterprise, that An Post can compete and win on the basis of quality, cost and innovation.

An Post is proud to be the Universal Service Provider in Ireland. I believe that providing this service is a significant undertaking and the Company needs to ensure that the business model continues to be robust. Equally, the Company is committed to growing mail volume and developing markets where it can, such as parcels and direct mail, by providing value for money, further improving quality and by developing and introducing innovative new products.

During 2009, both the Department of Communications, Energy and Natural Resources and ComReg engaged in consultative initiatives regarding the structure of the liberalised market. We have participated fully in the process by preparing detailed positions in respect of all aspects of the future market structure. Our input included positions on issues ranging from the Universal Service Obligation and regulation of products, prices and quality, to infrastructure and downstream access, in order to ensure that we can provide the service that customers want on commercially viable terms.

POSTCODES

Last September, the Minister for Communications, Energy and Natural Resources, Mr Eamon Ryan T.D., announced that the Government had approved the introduction of a postal code system for Ireland. Tenders will be invited for the implementation of this new system and the Government expects that these codes will be assigned and in use by the end of 2011.

AN POST SUPPORTS THE INTRODUCTION OF POSTCODES AND WILL PLAY A KEY PART IN DELIVERING TO OUR DIVERSE STAKEHOLDERS THE MANY AND VARIED BENEFITS OF THIS IMPORTANT PIECE OF NATIONAL INFRASTRUCTURE.

SUBSIDIARIES

THE COMPANY ALSO STRENGTHENED ITS PRESENCE IN A NUMBER OF ANCILLARY MARKETS.

Air Business, a 100% owned subsidiary of An Post in the UK, is a distributor for publishers and direct mail clients. The company operates outside of the traditional postal terminal dues system and is now a leading quality provider of mailing services in the fully liberalised and highly competitive UK market. The company has seen significant growth and new opportunities during 2009.

In May, the company acquired a major competitor, Jordan and Co. International Limited, the mail and fulfilment service provider, based near Oxford, to produce a very successful business with a combined turnover of stg£30 million. Our involvement not only enables high quality international mails traffic but also provides first-hand experience of a liberalised marketplace.

An Post purchased a 53.6% shareholding in The Gift Voucher Shop (GVS) during the latter part of 2009. The GVS business commenced as a strategic partnership in 2002 and has continued to grow strongly. The company sells store gift vouchers through the Post Office network in Ireland as well as directly through its corporate sales team, online and through its call centre. A One4All, multi-store, electronic Gift Card, launched in 2007, has proved to be its most successful product to date and the product was launched in the UK last year. GVS demonstrates how An Post can develop strong franchises, working closely with partners at home and abroad, harnessing the strength of its long-established business relationships to deliver rapid growth.

Increasingly, businesses wish to deploy electronic document workflows enabling operational efficiencies and enhancing security. In partnership with Adobe Corporation, Post. Trust's products allow companies to create electronic documents (in the areas of contract execution, invoice generation and general business correspondence) that have embedded, legally binding digital signatures. These products are available to both large and small businesses. This technology provides both verified author identity and document integrity. We are confident that this initiative anticipates and will fulfil the needs of customers in this growing market.

INNOVATION

I am committed to the development of a process to embed innovative, new ways of thinking and working which will deliver new products/services as a systemic component of how An Post operates. We will build on recent initiatives – for instance our full-service postal vending machines; postfone, a mobile phone service offering available soon through our retail outlets; the possibilities of the Gift Voucher Shop and others. We will also investigate opportunities available in the digital area including hybrid mail.

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

IN THE POSTAL CONTEXT, THE OPPORTUNITIES FOR PROCESS INNOVATION ARE LIMITED ONLY BY TECHNOLOGICAL DEVELOPMENTS AND THE BENEFITS RANGE FROM DIRECT OPERATIONAL EFFICIENCIES TO ADDED-VALUE OFFERINGS FOR MAJOR CUSTOMERS.

Such opportunities can also result in very visible and high profile initiatives as can be seen in our retail outlets. I intend to see this activity placed on a firmer footing across An Post over the coming year.

I would like to thank the Board for their assistance, support and guidance during 2009 and, in particular, I would like to thank our Chairman, John Fitzgerald for his contribution and support. I would also like to thank my management team, our staff and contractors for the dedicated and committed manner in which they carried out their duties. In conclusion, I wish to express our gratitude to all our business partners for the trust placed in us. Their confidence will spur us to continue to improve our performance and to ensure that we are reliable partners in all aspects of logistics, communications and financial transactions.

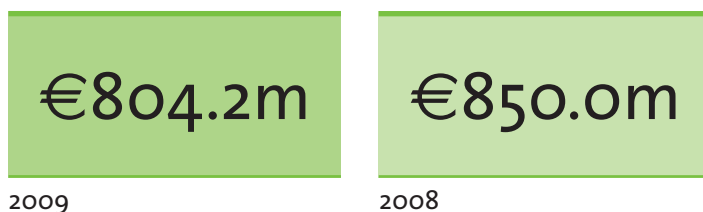
Both the financial and operational outcomes of 2009 illustrate how this fine Company can deal with significant challenges. We achieved this by working together, by focusing our efforts on those aspects of the business which deliver customer value and improve the quality of our service. As we enter a fully competitive market, this approach can and must remain central to our efforts.



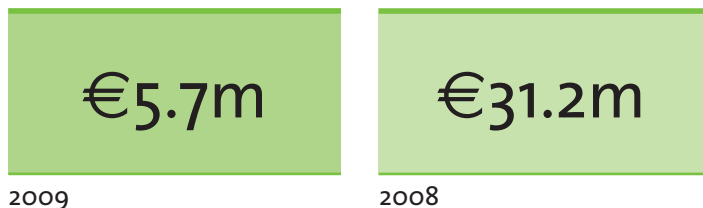
DONAL CONNELL
CHIEF EXECUTIVE
25 March, 2010

FINANCIAL HIGHLIGHTS

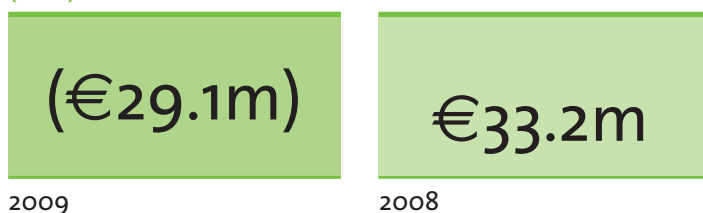
TURNOVER



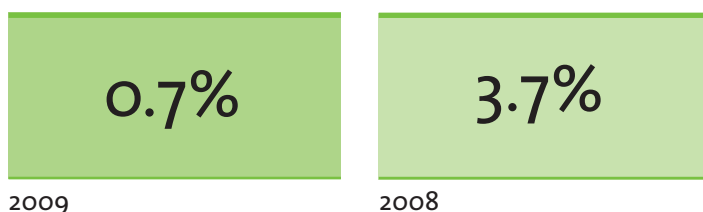
OPERATING PROFIT



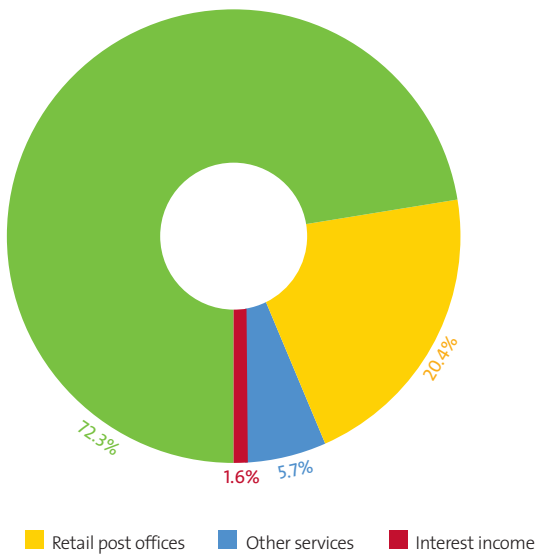
(LOSS)/PROFIT FOR THE FINANCIAL YEAR



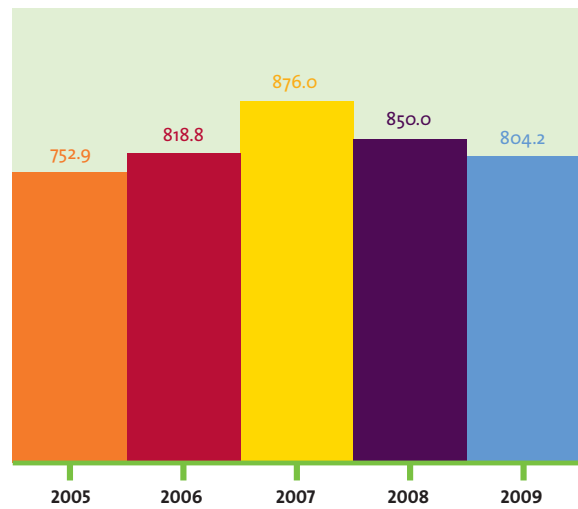
OPERATING PROFIT AS % OF TURNOVER



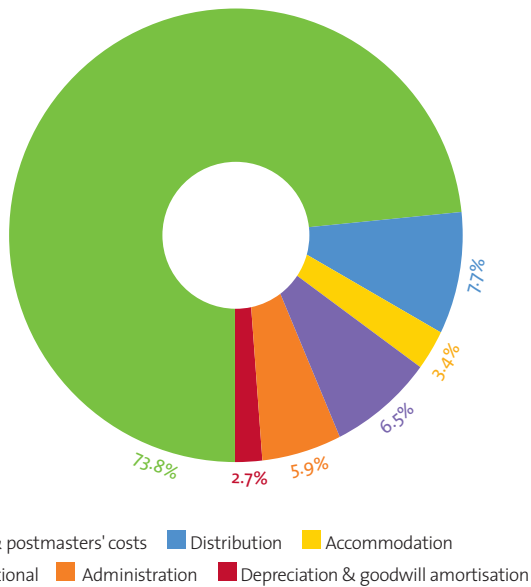
ANALYSIS OF TURNOVER



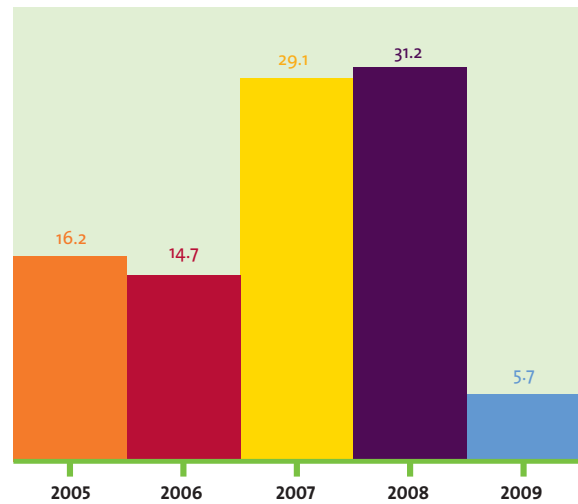
TURNOVER €M



ANALYSIS OF OPERATING COSTS



OPERATING PROFIT €M



FINANCIAL REVIEW

FINANCIAL OVERVIEW

ACHIEVING AN OPERATING PROFIT OF €5.7M FOR THE YEAR HAS BEEN A CONSIDERABLE TASK GIVEN THE ECONOMIC ENVIRONMENT IN WHICH THE COMPANY HAD TO OPERATE. THE COMPANY REACTED SWIFTLY TO THE CHANGE IN TURNOVER WHICH EMERGED VERY EARLY IN THE YEAR AND SUCCEEDED IN REDUCING ITS COST BASE SO AS TO RETAIN ITS PROFITABLE STATUS.

TURNOVER

Turnover decreased from €850m to €804.2m in 2009 due mainly to a reduction in the volume of traditional mail. This volume decline is directly related to a number of variables in the economy including economic growth, the number of house completions and general expenditure. All of these factors moved adversely during the year and their cumulative impact was to reduce the traditional mail volume by 10%.

Turnover in the retail business grew during the year as a result of a very substantial increase in the financial services activity conducted with An Post. The value of the NTMA funds originating through An Post outlets, including Prize Bonds, increased by €1.8 billion. The volume of other transactions carried out in post offices on behalf of clients such as the Department of Social and Family Affairs, Western Union, the utility companies and others, also increased in the year.

The Company also added some new income streams during the year and these contributed to mitigating the full impact of the decline in the volume of traditional mail.

		2009	2008
Turnover (excluding share of joint venture turnover)	€m	804.2	850.0
Operating profit	€m	5.7	31.2
Operating profit margin		0.7%	3.7%
Net assets excluding pension liability	€m	355.6	383.8
Company year-end full time equivalent (FTE) run rate		9,955	10,357
Letters core revenue index (2004 : 100)		98.1	109.0
Number of delivery points	millions	2.214	2.184

OPERATING COSTS

Wages, salaries and postmasters' costs were reduced by 1.7% from €599m in 2008 to €589m in 2009. There was a follow-on impact in 2009 from pay arrangements implemented in 2008. Discounting this from the labour cost demonstrates a declining labour bill of 3.4%. This reduction is being achieved by reducing the Full Time Equivalent (FTE) number employed in the Company. Compared to December 2008, a reduction of 402 FTEs was achieved by the end of December 2009 and this has laid the foundation for significant cost savings in the future.

Other operating costs were reduced by 4.7% to €210m. This was a considerable achievement as the Company continued its investment in marketing and in the An Post brand.

TANGIBLE FIXED ASSETS

Capital expenditure in the year amounted to €51.4m, reflecting significant expenditure on buildings, equipment and the transport fleet. The programme of renewal for the transport fleet continued with 650 replacement vehicles acquired during 2009. There were no significant asset disposals during the year. Further capital investment plans are in place for 2010-12, including investment in the next generation of mail sorting equipment, which will enable the sorting of 80% of all mail to delivery route level.

TREASURY POLICY AND CASH RESOURCES

The strong cash position on the balance sheet allows the Company to plan for investment. Both in capital expenditure and in the implementation of the change programme, this will set the foundation for providing world class mail operations into the future.

The Group's treasury function operates under a Board-approved policy which is low-risk and non-speculative. In the past year, there has been considerable change in the Financial Services sector and, with Board approval, the treasury function took appropriate steps to protect the financial assets of the Group. The primary objective of the treasury function is to ensure the availability of funds for trading activities while optimising the return on available cash resources.

PENSION SCHEMES

Pension schemes in the Group are accounted for under FRS 17 and show an accounting deficit of €403m compared to €582m in 2008. In 2009, there was a recovery in the value of the assets of the schemes following a very disappointing experience in 2008 arising from the performance of the financial markets. At the end of 2009, the assets of the pension schemes amount to €1.7 billion, representing an increase of €206m over December 2008.

In common with the majority of Defined Benefit (DB) pension schemes, the An Post DB schemes do not meet the Minimum Funding Standards required by the Pensions Board. Discussions amongst all the interested parties have commenced with a view to formulating an agreed funding plan to address the requirements of the Minimum Funding Standards. The agreed plan must be submitted to the Pensions Board for its approval by the end of 2010.

BALANCE SHEET

THE GROUP BALANCE SHEET SHOWS FIXED ASSETS OF €243M, CASH BALANCES OF €288M AND A NET ASSETS POSITION BEFORE PENSION LIABILITY OF €356M.

The Group's balance sheet provides a stable financial basis on which to implement its strategy.

ECONOMIC OUTLOOK

The economic environment for a national postal operator was very adverse in 2009. The Company has however, adjusted rapidly to the circumstance and remains profitable. Actions to mitigate this impact include vigorous cost control and further efficiency improvements. The full effect of the economic environment continues to be monitored and the business will react to this as the circumstances dictate. It is expected that the climate will be better in 2010 and the improvements in the cost base and the income generating developments underway will show benefits in the near future.

UNIVERSAL SERVICE

UNDER THE EUROPEAN COMMUNITIES (POSTAL SERVICES) REGULATIONS, 2002, S.I. 616 OF 2002 ('THE REGULATIONS') AND DIRECTIONS ISSUED BY THE COMMISSION FOR COMMUNICATIONS REGULATION (COMREG), AN POST IS REQUIRED TO PUBLISH IN ITS ANNUAL REPORT INFORMATION RELATING TO UNIVERSAL SERVICE.

REQUIREMENTS OF THE USO (UNIVERSAL SERVICE OBLIGATION)

Under Regulation 4 (2) (a) of the Regulations, An Post is designated as a universal service provider with the obligation to provide a universal postal service.

Under Regulation 4 (3) (a), a universal service provider shall guarantee, on every working day and not less than 5 days a week, save in circumstances or geographical conditions deemed exceptional by ComReg, as a minimum:

- i one clearance, and
- ii one delivery to the home or premises of every natural or legal person or, by way of derogation, under conditions at the discretion of ComReg, one delivery to appropriate installations.

Under Regulation 4 (4), universal service shall include the following minimum facilities:

- A the clearance, sorting, transport and distribution of postal items up to 2 kgs;
- B the clearance, sorting, transport and distribution of postal packages up to 20 kgs;
- C services for registered items;
- D services for insured items within the State and to and from all countries which, as signatories to the Convention of the Universal Postal Union, declare their willingness to admit such items whether reciprocally or in one direction only.

Under Regulation 4(6) the universal services shall cover both national and cross-border services.

Under Regulation 5, a universal service provider shall meet the following requirements with respect to the provision of the universal service:

- A the service shall guarantee compliance with the essential requirements;
- B an identical service shall be offered to users under comparable conditions;
- C the service shall be made available without any form of discrimination whatsoever, especially without discrimination arising from political, religious or ideological considerations;
- D the service shall not be interrupted or stopped except in cases of force majeure; and
- E the service shall evolve in response to the technical, economic and social environment and to the needs of users.

Under Regulation 8, certain services are reserved for An Post as a universal service provider, namely the clearance, sorting, transport and delivery of items of domestic correspondence, cross-border correspondence and direct mail, whether by accelerated delivery or not, within both of the following weight and price limits (from 1 January 2006):

- i the weight limit shall be 50 grams;
- ii these weight limits do not apply if the price is equal to or more than two and a half times the public tariff for an item of correspondence in the first weight step of the fastest category (i.e.€1.375).

The free postal service for blind and partially sighted persons is also reserved to An Post.

ACCESS TO UNIVERSAL SERVICES

An Post provides access to its services through its network of 57 Company post offices, 1,179 postmaster-operated post offices and 177 postal agents. In addition, some 2,705 retail premises are licensed to sell postage stamps, as active licensed agents. To facilitate physical access to the service, approximately 5,000 post boxes are distributed widely throughout the State. There are 43 designated acceptance points for bulk mail services.

TARIFFS

The following is a summary of the current prices (which have been effective from 3 March, 2008) for standard services.

Ireland & NI (up to C5)	Letters (<100g)	Large Envelopes (<100g)	Packets (<0.5kg)	Parcels
Standard Post <100g	55c 54c if Ceadúnas or meter	95c	€2.20	€6.50
Registered Post*	€5.25	€5.25	€5.25	€10.50

*The fee payable for the basic registered service covers compensation up to a maximum of €320. Further compensation up to a limit of €1,500 is available for €4 and up to a limit of €2,000 for €5 based on declared value at time of posting.

International destinations	Letters (up to C5 100g)	Large Envelopes (<100g)	Packets (<100g)	Parcels (<0.5kg)
Standard Post	82c	€1.50	€2.70	GB €18.25 Europe €22.00 ROW €22.00
Registered Post*	€5.17	€5.85	€7.05	GB €23.00 Europe €27.00 ROW €27.00

*Availability of service dependent on postal administration in destination country. Compensation up to €320 in GB; €150 in Europe; €100 for parcels and €35 for letters outside Europe.

UNIVERSAL SERVICE (CONTINUED)

QUALITY OF SERVICE

International

The quality performance standard for the delivery of intra-Community cross-border mail was set by the European Commission and was transposed into Irish law under Regulation 12(2) of the Regulations and its Schedule. The quality standard for postal items of the fastest standard category is as follows:

D+3: 85% of items; D+5: 97% of items, where D refers to the day of posting.

Domestic

The Regulations require ComReg to set a quality-of-service standard for the universal service and the standard set for domestic mail must be compatible with those for intra-Community cross-border services. ComReg have set a quality-of-service target for domestic single piece priority mail as follows:

D+1: 94% D+3: 99.5%, where D refers to the day of posting.

Quality monitoring

Monitoring of performance against the international targets is carried out by Research International on behalf of International Post Corporation (IPC). Monitoring of the domestic quality of service is carried out by IPSOS mrbi on behalf of ComReg. Details of the most recent results are available from our website www.anpost.ie, with domestic performance also available on ComReg's website www.askcomreg.ie.

CUSTOMER COMPLAINTS

AN POST IS REQUIRED TO MAINTAIN RECORDS OF CUSTOMER COMPLAINTS TAKING INTO ACCOUNT THE RELEVANT EUROPEAN STANDARD IS: EN 14012:2003.

The table on page 25 provides, in relation to mail, a breakdown of written complaints received from customers during 2009. The total continues to represent a minute fraction of the entire mail traffic handled during the year.

Included in the total figure are complaints about registered items, which number 5,453.

In 2009, there were 353,162 telephone calls made to An Post Customer Services. Most of these were routine or general enquiries rather than complaints.

The An Post Complaint and Dispute Resolution Procedures are set out in *Getting it Sorted*, which is available on our website, in retail outlets, and our Customer Services Centre.

FURTHER INFORMATION

Additional information in relation to services provided by An Post is available by phoning An Post Customer Services on CallSave 1850 57 58 59, by email at customer.services@anpost.ie, by visiting www.anpost.ie, or by calling into your local post office.

Written complaints received from customers	
Items lost or substantially delayed	17,954
Items damaged	740
Items arriving late	458
Mail collection or delivery:	
<i>Time of delivery</i>	235
<i>Failure to make daily delivery to home or premises</i>	412
<i>Collection times/Collection failures</i>	24
Misdelivery	364
Access to customer service information	32
Underpaid mail	95
Tariffs for single piece mail/discount schemes and conditions	11
Change of address (Redirections)	204
Behaviour and competence of postal personnel	33
How complaints are treated	1
Other (not included in above)	7,999
Total	28,562

SUSTAINABILITY AT AN POST

OUR VISION

SUSTAINABILITY IS A CENTRAL ELEMENT OF OUR BUSINESS SUCCESS; DELIVERING HIGH QUALITY AND AFFORDABLE SERVICES AND RESPECTING THE COMMUNITIES AND THE ENVIRONMENT IN WHICH WE LIVE.

In 2008, we published our vision for Sustainability in An Post. In the meantime we have begun to formally integrate this approach into the way we do business.

Our activities touch everyone who lives and works in this country and we aim to make a positive impact at every stage of the supply-chain which we operate, be it mail or retail.

We made steady progress in 2009 and Sustainability is now managed as one of a small number of strategic projects within the Company. A robust and appropriate Governance structure was developed and implemented as well as a formal Energy and Carbon Policy. We engaged in a number of environmental initiatives designed to reduce carbon output and energy usage and we committed to a 20 per cent reduction in carbon emissions by 2020. We invested considerable resources in the continued professional development of our management and staff and we implemented a number of health-related initiatives. We also commenced two new staff engagement programmes, which have been evaluated and subsequently modified.

During the year we focused on integrating Sustainability within our business strategy. This required the Company to establish:

- Rigorous and linked targets for carbon and energy reduction;
- Well-entrenched internal reporting processes and governance structures including a Project Board which provides a mechanism for cross-directorate decision making at manager and director level;
- Individual energy and carbon targets/metrics in senior manager performance appraisals; and

- Collaborative working with government agencies and within the International Post Corporation (IPC) to develop accounting methods and national standards for energy management.

ENVIRONMENT

THE COMPANY NOW HAS A FORMAL ENERGY AND CARBON POLICY WHICH WILL GUIDE US IN REDUCING OUR ENERGY USE AND CARBON EMISSIONS AND ENSURE SUSTAINED ACCESS TO DIVERSE ENERGY RESOURCES, THEREBY CONTRIBUTING TO THE ORGANISATION'S BUSINESS AND REPUTATION.

It sets out the ways in which An Post will manage energy consumption, emissions from buildings, transport and operations as well as the risks associated with climate change. In essence this policy encourages the development and implementation of responsible business practice. While committing the Company to particular targets it will facilitate a management system which aims to integrate energy and emissions into our decision-making and review processes.

Our 2008/2009 carbon-related data has been benchmarked and assured by the International Post Corporation (IPC).

IPC represents postal operators from Europe, Asia Pacific and the US, who together account for 80 per cent of global mail volumes, 275 million addresses, 600,000 vehicles and 100,000 facilities. To coincide with the UN Climate Change Conference (Copenhagen, December 2009) we participated in an IPC initiative which published sectoral data and illustrated the relative carbon management proficiencies of member postal administrations. The report commits us to a 20 per cent reduction in carbon emissions by 2020. An Post also agreed to take part in a new Environmental Management and Monitoring System (EMMS) for rating postal operators' performance on carbon management and emissions. An Post has been reducing its carbon output

for many years through energy and waste management initiatives and the Company-wide focus on Sustainability has already yielded further carbon reductions and cost savings. We have just completed a contract for the supply of electricity generated from 100 per cent renewable sources.

We also operate one of the largest fleets in the country. Significant efficiencies are also emerging from advanced driver training, including eco-driver techniques, fuel management and the use of Ad Blue bio-fuel additive.

A Building Energy Rating initiative is underway in the Company's largest premises, including our four national mail processing centres in Dublin, Cork, Athlone and Portlaoise. This is designed to encourage improved energy awareness and usage at each location. Heating and lighting control systems have already achieved savings in the region of €100,000, while simultaneously reducing carbon emissions.

Integrated waste management systems at the Company's General Post Office headquarters and 13 other sites in the Dublin area have yielded savings of more than €80,000 and up to 70 per cent of office waste has been diverted away from landfill. A pilot scheme within one mails delivery service unit (DSU) has reduced water charges by €800 per annum.

WORKPLACE

WITH OVER 9,500 FULL TIME EQUIVALENT STAFF, ENSURING EQUALITY, FAIRNESS AT WORK AND THE HEALTH AND WELLBEING OF OUR STAFF IS A PRIORITY FOR THE COMPANY.

In 2009 we completed a significant investment programme involving the continuing professional development of our staff. *Leading for Results* was delivered to over 200 senior managers, equipping them with additional tools to successfully to work effectively within the competitive environment following the introduction of a fully liberalised market in 2011.

This was aligned with additional investment in staff development among our frontline management, administration and operations staff. The *Learning to Succeed* programme has been rolled out to headquarter's middle management.

Sustainability formed a distinct module within our senior management development programme and formed the basis of a session at our senior management conference.

To mark European Men's Health Week (June 15- 22), *Male Minder – A guide to Male Health* for An Post Staff was posted to over 9,500 employees. In addition, members of the Company's Occupational Health and Support (OHS) team visited our larger offices during the week, to promote health awareness. The initiative was rigorously evaluated and was very well received.

The An Post Cycle to Work Scheme encourages staff to travel to and from work by bicycle. The scheme allows staff to pay part of their wages in exchange for a bicycle and safety equipment. The equipment is then treated as a tax-free benefit-in-kind, enabling employees to make savings on tax and PRSI. This initiative benefits both the Company and our staff. In 2009, 380 staff registered with the scheme.

COMMUNITY

AN POST IS AN IMPORTANT PART OF DAILY LIFE IN EVERY HOUSEHOLD AND BUSINESS IN THE COUNTRY, ACTING AS A TRUSTED INTERMEDIARY FOR MAIL, PERSONAL FINANCE AND BUSINESS TRANSACTIONS.

We are conscious of the unique reach our Company has through our retail network, employees, products and services.

SUSTAINABILITY AT AN POST (CONTINUED)

We continue to provide the Universal Service Obligation (USO) which requires us to deliver mail to all premises five days a week. We continue to operate the country's largest retail network with post offices and postal agents servicing up to two million people each week.

The economic climate and pressure on the labour market has created a new demand for literacy and numeracy training among adults who are more concerned than ever about their suitability for employment.

They are likely to be unskilled in computer technology, may be unbanked and requiring support in the area of lifelong education.

AN POST'S LITERACY AWARENESS CAMPAIGN IN CONJUNCTION WITH THE NATIONAL ADULT LITERACY AGENCY (NALA) PROMOTES A FREEPHONE INFORMATION AND REFERRAL SERVICE, THROUGH MULTIPLE CHANNELS.

At the outset we specifically targeted people with only basic literacy and numeracy, which was creating a barrier to their employment, education or general participation in society.

During 2009, our literacy awareness campaign resulted in:

- Increased participation in education, community and the economy at large;
- Reduced embarrassment and fear amongst those with literacy issues;
- A reliable, safe information source and referral service for those who need it;
- More than 2,600 contact calls received directly attributed to the communications and direct marketing campaign; and
- 50% recall An Post's promotion of literacy awareness.

OUR CONTINUING COMMITMENT TO RAISING AWARENESS OF LITERACY ISSUES AND RESOURCES HAS MADE A DIFFERENCE TO THE LIVES OF THOUSANDS.

Technical literacy and digital inclusion are areas of growing demand and concern for older people and their extended families, with particular focus on access to goods and services. Through our support for *Log On, Learn*, An Post, along with Intel and Microsoft, offers both older and younger members of communities all over Ireland the opportunity to connect and be included in online communications and to pursue leisure time interests.

The programme is fully subscribed for the remainder of the 2009/2010 school term. 3,600 senior citizens have completed the programme with over 200 secondary schools participating nationwide. Among those surveyed, recognition of the *Log On, Learn* advertisement was 78% at end 2009, while 40% of people recall An Post's promotion of technical literacy among older people.

An Post first became involved with cycling in 2008 and is now established as the main commercial sponsor of the sport in Ireland. The introduction of the An Post Cycle Series has completed this comprehensive portfolio of activity. The Series is a community cycling initiative. From May until September 2009, 5,500 riders from all over Ireland took part in the 2009 Series.

These are club riders, friends, families, work colleagues and serious riders who participated in large scale, community cycling events, for fun or for a serious challenge. The economic benefit of the Series to the hosting communities was also significant with estimates ranging from €230,000 being spent in the north Co. Clare area and approximately €450,000 being injected into the Dungarvan economy by the Sean Kelly Challenge with the Sligo, Meath, and Cork economies also benefitting to a similar extent. The Series is co-ordinated by Local Sports Partnerships in conjunction with their cycling club, local and county partners. An Post and the Irish Sports Council support the initiative at national and local level with the aim of growing participation in the sport at all levels of ability.

Leaders, a photographic exhibition which showcases the contribution made by migrant networks in Ireland took place during May in Trinity College Dublin. The exhibition documents the work and achievements of eighteen individuals and organisations in rights advocacy, gender issues, culture, the media, and religion and highlights how these migrant networks and their leaders facilitate social, cultural, and political integration in Ireland. Following this the exhibition toured the IFSC, Dublin City Council Civic Offices and Dublin City Libraries. The *Leaders* exhibition has taken up permanent residence at Croke Park where it receives a constantly changing national audience. More than 1.7 million people had an opportunity to view the exhibition in 2009. The public exhibition was organised by the Trinity Immigration Initiative Migrant Networks Project and supported by An Post.

THE DISABILITY ACT

THE DISABILITY ACT, 2005 PLACES A DUTY ON PUBLIC ORGANISATIONS TO ENSURE THAT THEIR PUBLIC BUILDINGS AND SERVICES ARE, AS FAR AS IS PRACTICABLE, ACCESSIBLE TO PEOPLE WITH DISABILITIES.

In particular, those areas of buildings to which the public has access are to be made accessible not later than 2015. Overall, An Post is on target to meet its commitments with regard to access under the Act. The majority of post offices are, however, operated on a contract basis by postmasters and postmistresses appointed by An Post and the Company is not in a position to oblige them to alter their premises. The Company has contacted them all; informed them of the requirements of the Disability Act; and encouraged them to address any access issues that may exist on their premises. All new contracts require the postmaster or postmistress to provide accessible premises. In addition, a programme to install hearing induction loops to assist the hard of hearing at post offices was successfully completed in 2009.

STAMP ISSUES AND PHILATELIC PUBLICATIONS

THE PHILATELIC SERVICE PAID TRIBUTE TO 24 SUBJECTS IN 2009 WITH THE ISSUE OF 48 SPECIAL AND COMMEMORATIVE STAMPS. AMONG THE MANY HIGHLIGHTS OF THE 2009 STAMP PROGRAMME WAS THE 250TH ANNIVERSARY OF THE GUINNESS BREWERY WHICH WAS COMMEMORATED WITH THE ISSUE OF A SPECIAL ELONGATED STAMP DEPICTING ITS PHILANTHROPIC FOUNDER ARTHUR GUINNESS.

The stamp issue marking the bicentenary of the birth of Louis Braille, which issued in January 2009, stood out as it incorporated the use of Braille.

Significantly for the Company, 2009 was the 25th Anniversary of An Post. This was marked with the issue of 10 stamps representing different aspects of our business and replacing the definitive booklets and boxes of stamps for the year.

With the Volvo Ocean Race making a stopover in Galway in May 2009, two beautiful stamps were designed by renowned artist Vincent Killowry to mark the occasion. The stamps depicted the competing Irish entry in action in what is known as the 'Everest of Sailing' round the world yacht race.

Other issues of note for the Irish Philatelic Service include a diamond shaped stamp commemorating the 150th Anniversary of The Irish Times, the use of Jim Larkin's image as he addressed the crowd on a stamp marking a century since the Founding of the ITGWU and three portrait style stamps for our Modern Irish Playwrights issue.

In addition to the annual special and commemorative issues, the Philatelic Service also issued five miniature sheets, one prestige booklet for the classical composers and a set of prints for the Volvo Ocean Race issue.

An array of annual product was also printed, including a Year Pack and First Day Cover collection. Once again, the Irish Stamps Yearbook was produced to the highest standards of design in text and imagery featuring all issues from the annual programme in both a standard and luxury edition.

