Postal and Courier Sector Review 2010

Vilnius, April 2011

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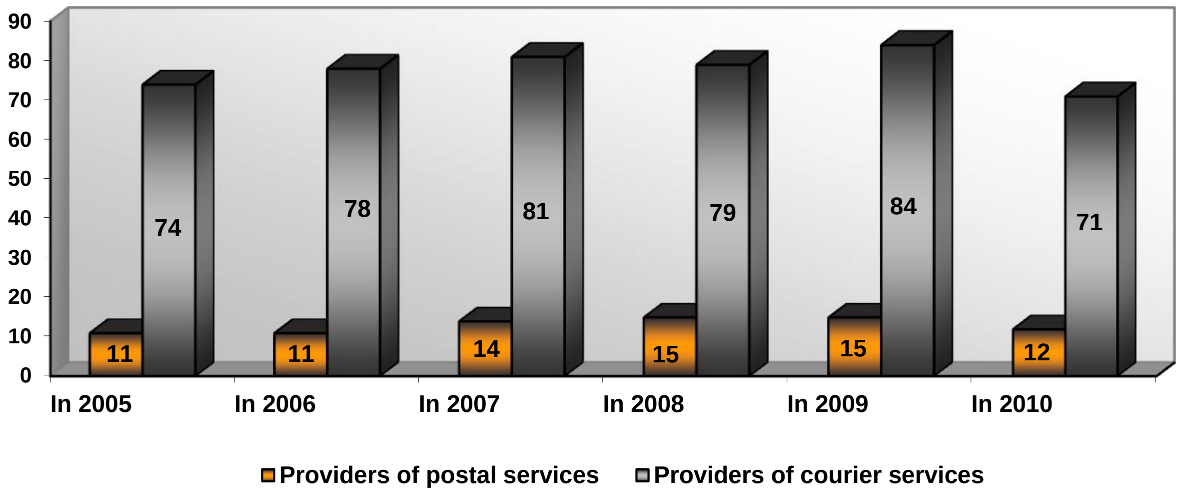
1. OVERALL MARKET OF POSTAL AND COURIER SERVICES

The economic downturn of 2010 had an effect on the postal and courier services markets, as well. The postal and courier services sector, which was consistently growing between 2005 and 2007, suffered a decline in 2009/10.

In 2010 RRT included 10 economic entities into the list of postal and/or courier services providers and deleted 24 of them. At the end of 2010, 71 economic entities operated in the postal and/or courier services market, 12 of which provided postal services, and 71 economic entities provided courier services. Compared to 2009, the number of market players reduced by 15.5 percent in 2010 (economic entities from 84 in 2009 down to 71 in 2010).

Dynamics of postal and courier services providers in Lithuania between 2005 and 2010 reveals that the number of postal services providers kept growing from 2005 to 2008, remained stable in 2009, and in 2010 it dropped by 20 percent (providers from 15 in 2009 down to 12 in 2010). The number of players in the courier services market reduced by 15.5 percent from 84 in 2009 down to 71 in 2010 (see Figure 1).

Figure 1. Dynamics of postal and courier services providers in Lithuania between 2005 and 2010



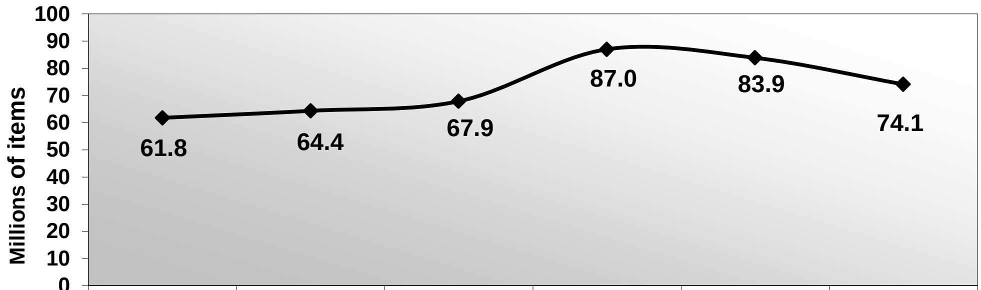
Performance indicators of postal and courier services providers

It was estimated that between 2005 and 2008 the total volume* of letter-post items (including direct mail) featured an annual growth of 5.5 percent in 2006, 20 percent in 2007, and 6.8 percent in 2008. The volume* of letter-post items reduced by 3.6 percent in 2009 and by 11.6

*A new methodology is used to calculate amounts of sent and received letter-post items.

percent in 2010 – a decline from 83.9 million down to 74.1 million items compared with 2009 (see Figure 2) .

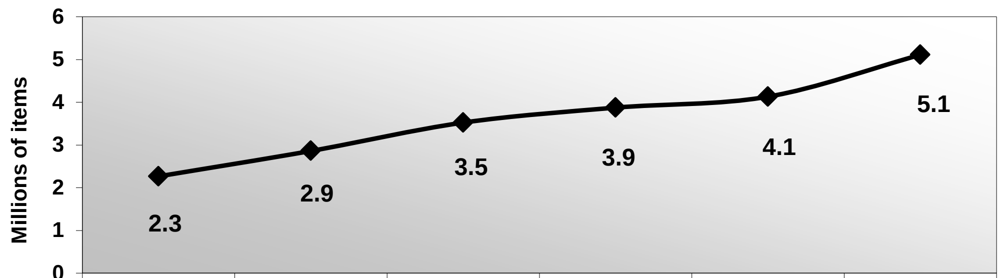
Figure 2. Volumetric dynamics of letter-post items (including direct mail) of postal and courier services providers between 2005 and 2010 by, millions of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Letter-post items	61795767	64374122	67897845	87026020	83874788	74117413

Between 2005 and 2010, the total volumes of postal parcels delivered by postal and courier services providers were rising and accounted for an increase of 26.2 percent in 2006, 23.2 percent in 2007, 9.9 percent in 2008, 6.6 percent in 2009, and 23.7 percent in 2010 (see Figure 3).

Figure 3. Volumetric dynamics of postal parcels delivered by postal and courier services providers between 2005 and 2009, by millions of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Postal parcels	2267167	2861246	3524489	3875023	4131444	5109331

Compared to 2009, the total volume* of letter-post items (including direct mail) delivered by all postal and courier services providers reduced by 11.6 percent in 2010 from 83.9 million items in 2009 down to 74.1 million items in 2010. The volumes of postal parcels grew by 23.7 percent from 4.1 million items in 2009 up to 5.1 million items in 2010. Compared to 2009, the year of 2010 saw a growth in received letter-post items (by 2.6 percent), sent postal parcels (by 25.6 percent), and received postal parcels (by 9.2 percent), while the volumes of sent letter-post items fell by 12.7 percent, as shown in Table 1.

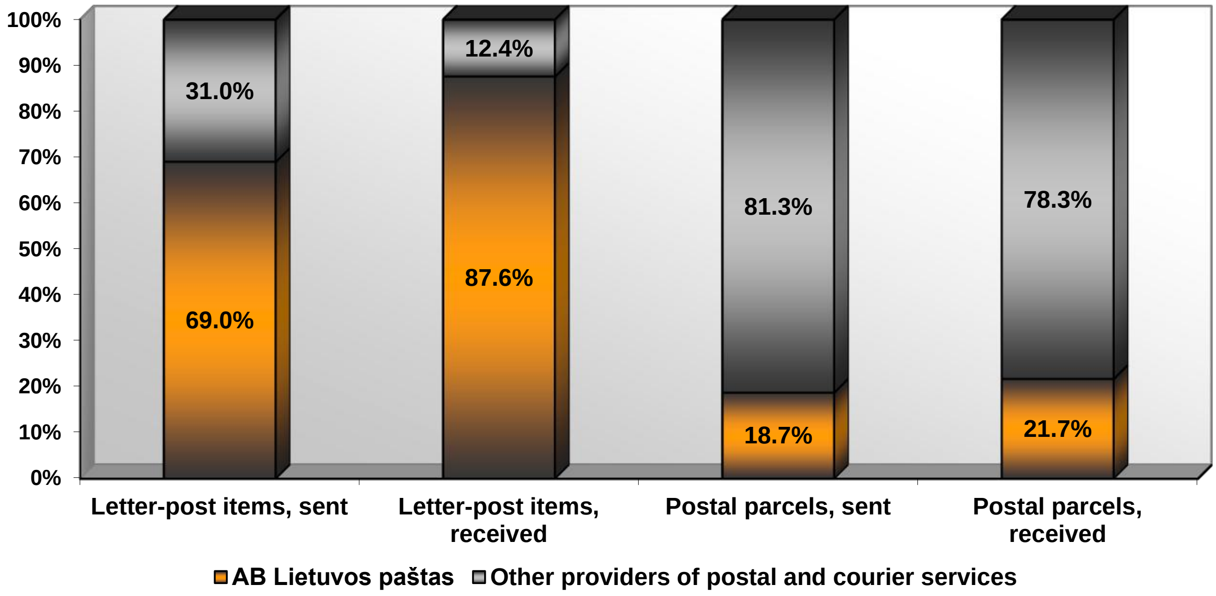
Table 1. Postal and courier services provided in 2009/10 in total

Indicator		In 2009 (items)	In 2010 (items)	Percentage ratio 2010 /2009 (%)
Letter-post items	Sent	70 743 192	61 732 122	-12.7
	Received	9 073 535	9 310 635	2.6
Direct mail	Sent	4 034 895	3 025 287	-25.0
	Received	23 166	49 369	2.13 times
	In total:	83 874 788	74 117 413	-11.6
Postal parcels	Sent	3 654 070	4 588 119	25.6
	Received	477 374	521 212	9.2
	In total:	4 131 444	5 109 331	23.7

It is estimated that, in terms of sent and received postal items, other providers of postal and courier services occupied the largest share of postal and courier services market, accounting for 81.3 percent of sent and 78.3 percent of received postal parcels.

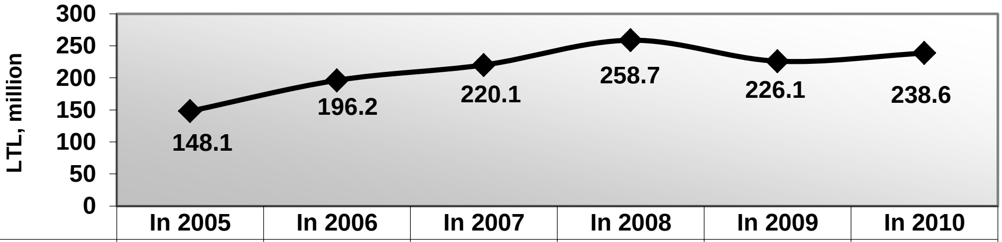
AB Lietuvos Paštas dominated in the market of letter-post items with a share of 69.0 percent of sent and 87.6 percent of received letter-post items (see Figure 4).

Figure 4. Market shares of AB Lietuvos Paštas and other providers of postal and courier services in individual segments of the market, by volumes of postal items in 2010, percent



In line with the increasing volumes of letter-post items between 2005 and 2008, revenues from postal and courier services kept growing as well, accounting for an increase of 32.5 percent in 2006, 12.2 percent in 2007, and 17.5 percent in 2008. However, revenues from postal and courier services reduced by 12.6 percent in 2009 and rose again by 5.6 percent in 2010 (see Figure 5).

Figure 5. Changes in revenues from postal and courier services between 2005 and 2010, LTL, million



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Revenues from postal and courier services	148124082	196195177	220121492	258742479	226068504	238637900

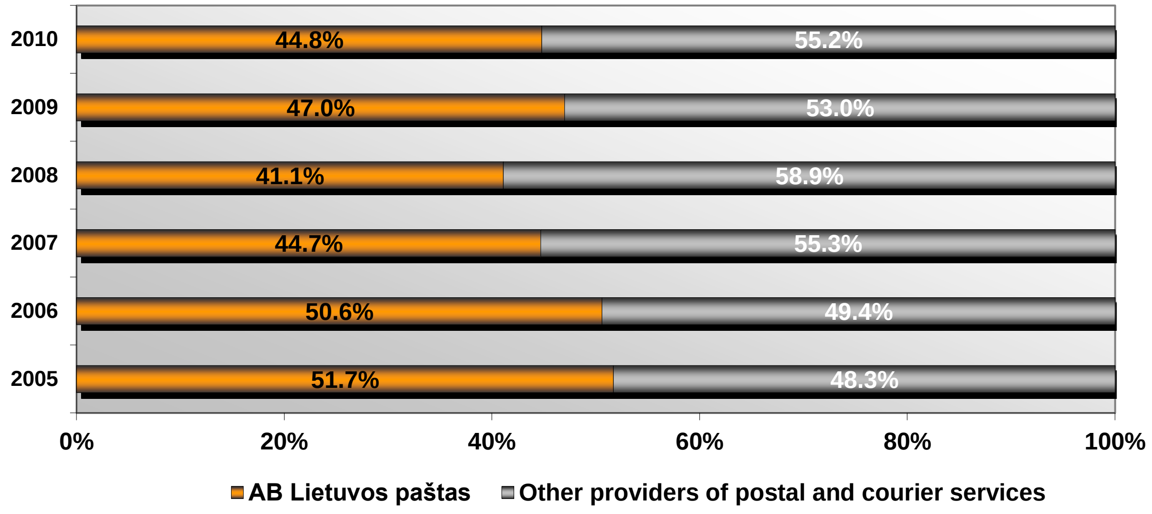
Compared to 2009, in 2010 the total revenues of postal and courier services market increased from LTL 226.1 million up to LTL 238.6 million, i.e., by 5.6 percent. In 2010 revenues from courier services grew by 5.6 percent (from LTL 128.4 million up to LTL 135.6 million), and revenues from postal services went up by 5.5 percent (from LTL 97.7 million up to LTL 103.0 million (see Table 2).

Table 2. Changes in revenues of the postal and courier services market in 2009/10

Indicator		In 2009 (LTL)	In 2010 (LTL)	Percentage ratio 2010 / 2009 (%)
Revenues from postal and courier services activities, in total:		226 068 504	238 637 900	5.6
Including:	Revenues from courier services	128 393 538	135 589 581	5.6
	Revenues from postal services	97 674 966	103 048 319	5.5

AB Lietuvos Paštas' share of postal and courier services market, in terms of revenues, reduced by 10.6 percent between 2005 and 2008, with a growth of 5.9 percent in 2009, and decrease of 2.2 percent in 2010, from 47 percent to 44.8 percent. Other providers of postal and courier services occupied 55.2 percent of the total market share of postal and courier services in 2010 (see Figure 6).

Figure 6. Market shares of AB Lietuvos Paštas and other providers of postal and/or courier services, by revenues received between 2005 and 2010, percent



In 2010 AB Lietuvos Paštas' revenues from postal and courier services generated approximately 60.6 percent and revenues from activities, other than postal and courier services, accounted for 39.4 percent of total company's revenue. AB Lietuvos Paštas' revenues from provision of postal services was 10.2 times higher than the revenues from courier services.

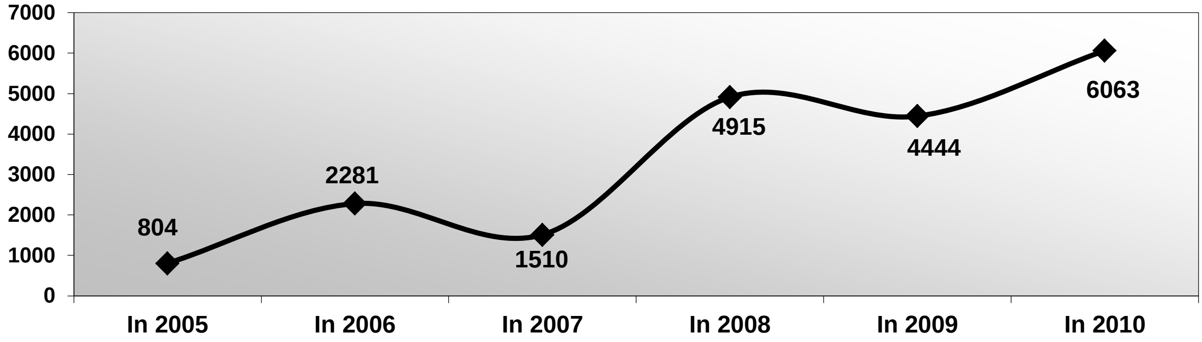
In 2010 other providers of postal and courier services generated revenues from other than postal and courier services activities, accounting for 51.4 percent and 48.6 percent of total revenues respectively. (see Table 3).

Table 3. Revenues of AB Lietuvos Paštas and other providers of postal and courier services in 2010 by structure, LTL

Revenues		**AB Lietuvos Paštas**	**Other providers of postal and courier services**
Revenues from postal and courier services		106 935 843	131 702 057
Including:	From postal services	97 395 503	5 652 816
	From courier services	9 540 340	126 049 241
Revenues from activities, other than postal and courier services		69 589 315	124 519 661
Total revenues		176 525 158	256 221 718

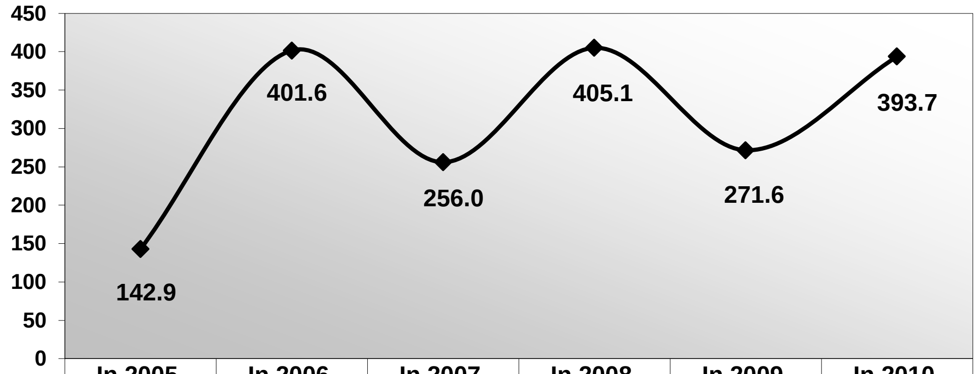
Data submitted to RRT by postal and courier services providers show that the number of complaints lodged by users of postal services increased 2.8 times in 2006, fell by 33.8 percent in 2007, again rocketed up 3.3 times in 2008 and went down by 9.6 percent in 2009. The number of complaints significantly increased again in 2010 by 36.4 percent, compared to 2009 (see Figure 7).

Figure 7. Consumers' complaints received by postal and courier services providers between 2005 and 2010, by items



Between 2005 and 2010 the value of damage compensated by postal and courier services providers varied depending on the amount of complaints received. The compensable damage increased 2.8 times (from LTL 143,000 to LTL 402,000) in 2006, reduced by 36.3 percent in 2007, rose 1.6 times in 2008, decreased by 33 percent in 2009, and grew by 45 percent in 2010 (see Figure 8).

Figure 8. The value of damage compensated by postal and courier services providers between 2005 and 2010, LTL (thousands)



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Value of compensable damage	142912	401586	255975	405062	271592	393732

2. MARKET OF POSTAL SERVICES

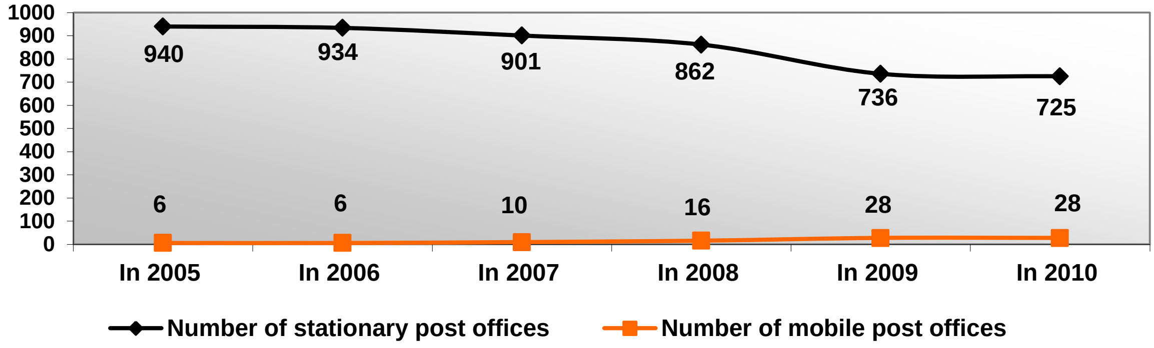
2.1. SERVICES PROVIDED BY AB LIETUVOS PAŠTAS

2.1.1. Universal postal services provision of and the reserved area

In the reporting period of 2010 the sole provider of universal postal services was AB Lietuvos Paštas which ensures permanent provision of universal postal services throughout the Republic of Lithuania each working day and no less than five days a week to all users ofpostal services under equal terms. AB Lietuvos Paštas shall provide the services of clearance, distribution, transportation, delivery and handing in of reserved items of domestic correspondence, direct mail, and incoming cross-border items of correspondence until the opening of postal market on 1 January 2013 when postal services providers will operate under the same competitive conditions on the market. As of 1 January 2006, the weight limit of 50 grams has been applied to reserved postal items. To provide reserved postal services, other postal operators must apply a tariff rate which is no less than 2.5 times higher than the tariff set for AB Lietuvos Paštas items of postal correspondence in the first weight step, as approved by Resolution No. 745 on approval of tariff ceilings on universal postal services of 11 July 2007 of the Government of the Republic of Lithuania.

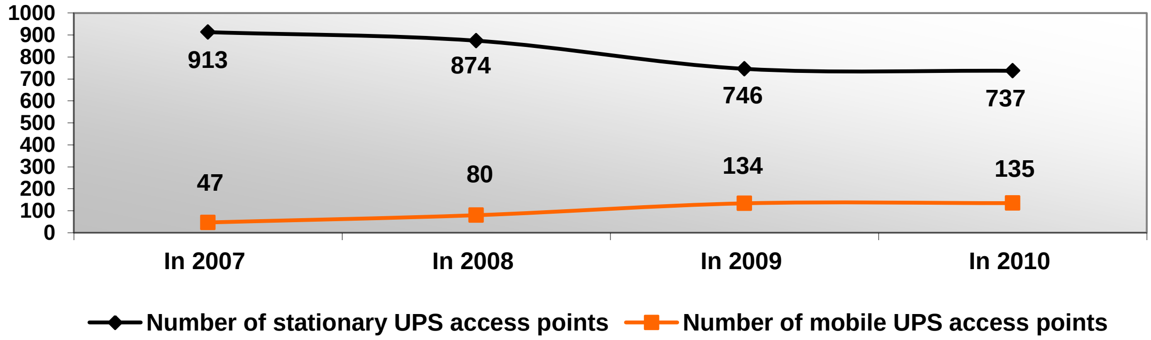
To optimize its performance, from 2005 to 2010 the provider of universal postal services reduced the number of loss-generating stationary post offices as follows: by 0.6 percent in 2006, by 3.5 percent in 2007 , by 4.3 percent in 2008%, by 14.6 percent in 2009, and by 1.5 percent in 2010. At the same time it established new mobile post offices, i.e., modern vehicles adapted for the delivery of postal correspondence items, postal parcels, as well as for the provision of other services in settlements at a fixed time. In 2005 AB Lietuvos Paštas launched the operation of 6 mobile post offices, maintaining their number in 2006, and established 4 more of them in 2007, totaling to 10 mobile offices, which served 47 access points of universal postal services (hereinafter - UPS). In 2008, 16 mobile offices served 80 UPS access points; 28 mobile post offices served 134 UPS access points in 2009; ,28 mobile post offices served 135 UPS access points in 2010 (see Figure 9).

Figure 9. Dynamics of the amount of stationary and mobile post offices of AB Lietuvos Paštas between 2005 and2010, by units



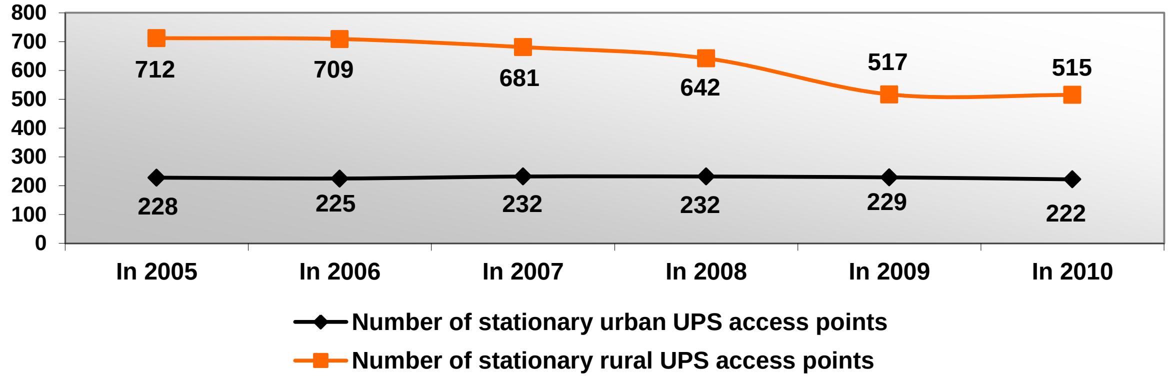
The network of UPS access points includes stationary access points (stationary post offices and post office divisions in urban and rural areas) and UPS access points served by mobile post offices in rural areas whose number was growing year by year, increasing by 70.2 percent in 2008 , by 67.5 percent in 2009, and by 0.8 percent in 2010 (see Figure 10).

Figure 10. Changes in the number of stationary and mobile UPS access points of AB Lietuvos Paštas between 2007 and 2010, by units



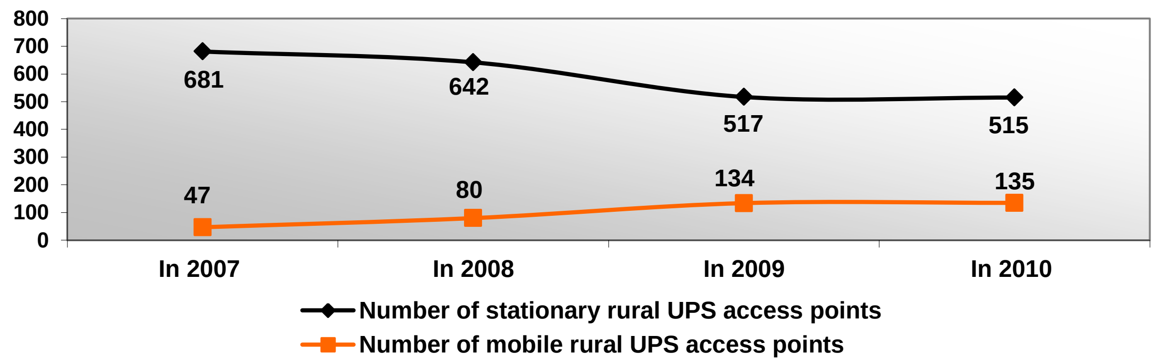
Stationary UPS access points are located both in urban and rural areas. From 2006 to 2010 the number of stationary UPS access points in rural areas was shrinking: in 2006 – by 0.4 percent, in 2007 – by 4 percent, in 2008 – by 5.7 percent, in 2009 – by 19.5 percent, and in 2010 – by 0.4 percent. In the cities the number of stationary UPS access points underwent the following changes: reduced by 1.3 percent in 2006, increased by 3.1 percent in 2007, remained stable in 2008, reduced by 1.3 percent and by 3.1 percent in 2009 and in 2010 respectively (see Figure 11).

Figure 11. Changes in the number of stationary urban and rural UPS access point of AB Lietuvos Paštas between 2005 and 2010, by units



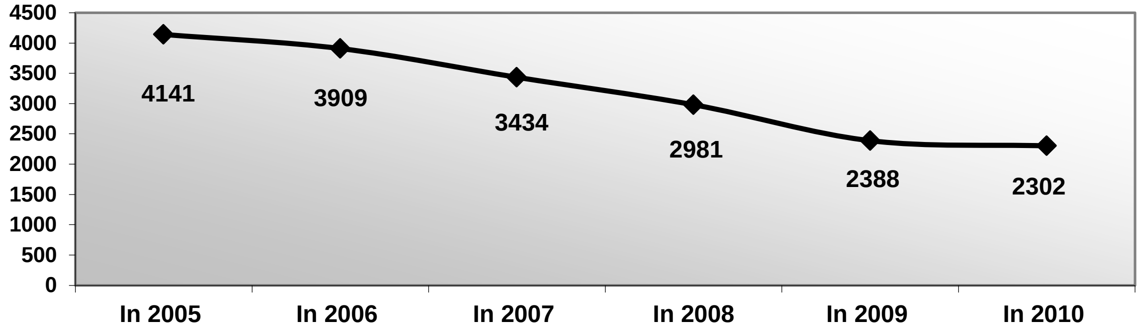
The rural network of UPS access points consisted both of stationary and UPS access points served by mobile post offices. From 2007 to 2010 the number of stationary UPS access points reduced (in 2008 - by 5.7 percent, in 2009 - by 19.5 percent, in 2010 - by 0.4 percent), while the number of UPS access points served by mobile post offices increased (in 2008 - by 70.2 percent, in 2009 – by 67.5 percent, in 2010 - by 0.75 percent) (see Figure 12).

Figure 12. Dynamics of stationary and mobile access point numbers of AB Lietuvos Paštas in rural residential settlements between 2007 and2010, by units



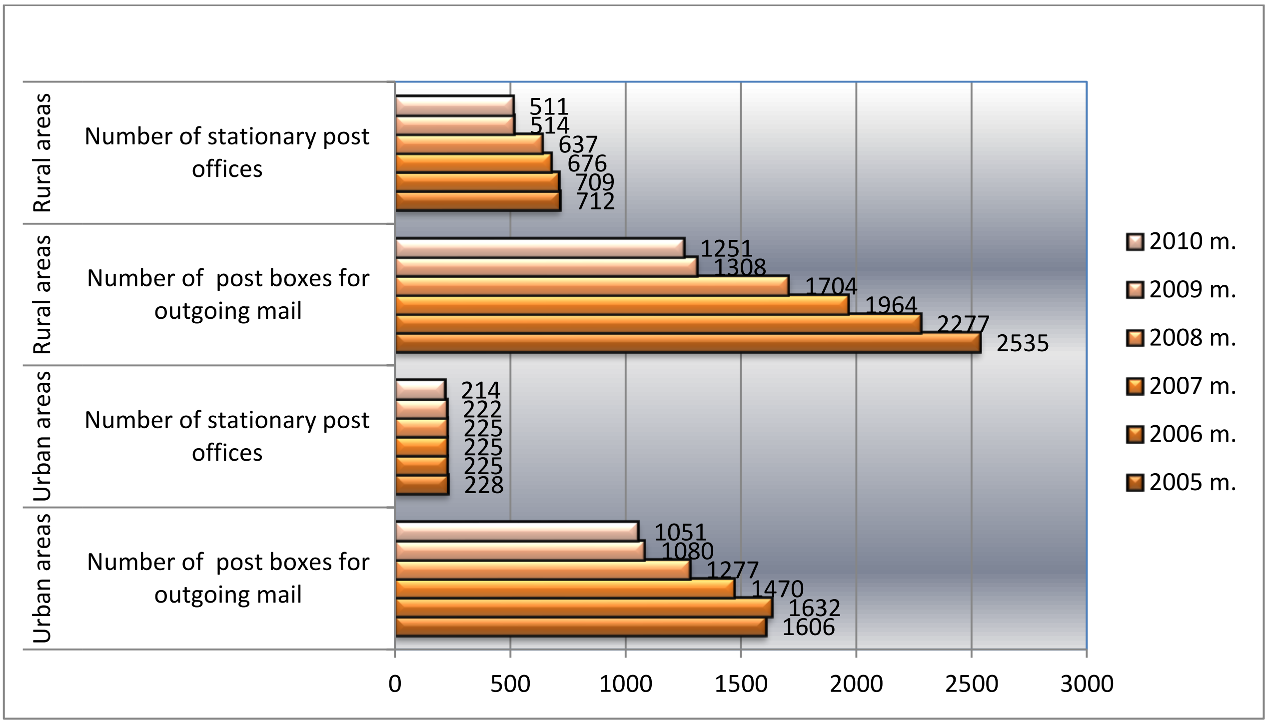
Between 2005 and 2010 the number of AB Lietuvos Paštas' post boxes for outgoing mail reduced as follows: in 2006 – by 5.6 percent, in 2007 – by 12.2 percent, in 2008 – by 13.2 percent, in 2009 – by 19.9 percent, and in 2010 - by 3.6 percent. This reduction was caused by the above mentioned network optimization (see Figure 13).

Figure 13. Dynamics of numbers of AB Lietuvos Paštas' post boxes for outgoing mail between 2005 and 2010, by units



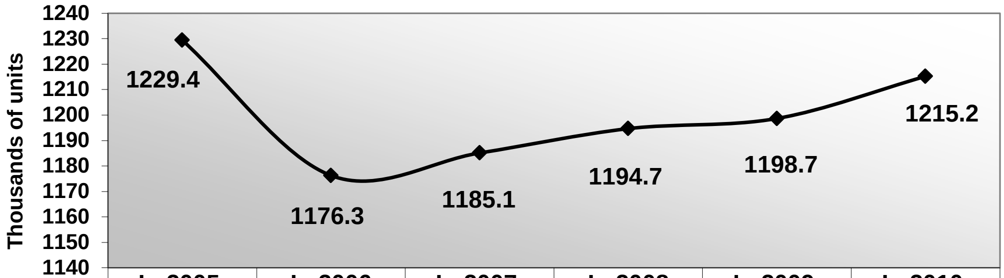
Rural areas witnessed the steepest decline in the number of post boxes for outgoing mail and stationary post offices. The number of post boxes for outgoing mail in rural areas reduced as follows: in 2006 - by 10.2 percent, in 2007 – by 13.7 percent, in 2008 – by 13.2 percent, in 2009 – by 23.2 percent, and in 2010 – by 4.4 percent. The number of stationary post offices in rural areas reduced as follows: in 2006 – by 0.4 percent, in 2007 – by 4.7 percent, in 2008 – by 5.8 percent, in 2009 – by 19.3 percent, and in 2010 - by 0.6 percent. The number of stationary post offices in urban areas reduced very slightly by 1.3 percent in 2006, was stable in 2007/08, reduced by 1.3 percent and by 3.6 percent in 2009 and in 2010 respectively. The number of post boxes for outgoing mail in urban areas grew by 1.6 percent in 2006, and between 2007 and 2010 it reduced: in 2007 – by 9.9 percent, in 2008 – by 13.1 percent, in 2009 – by 15.4 percent, and in 2010 – by 2.7 percent (see Figure 14).

Figure 14. Numerical distribution of rural and urban post boxes for outgoing mail and stationary post offices of AB Lietuvos Paštas, between 2005 and 2010 by units



The number of post boxes for incoming mail reduced by 4.3 percent in 2006, and was slightly growing since 2007: in 2007/08 – by 0.8 percent each year, in 2009 – by 0.3 percent, and in 2010 – by 1.4 percent (see Figure 15).

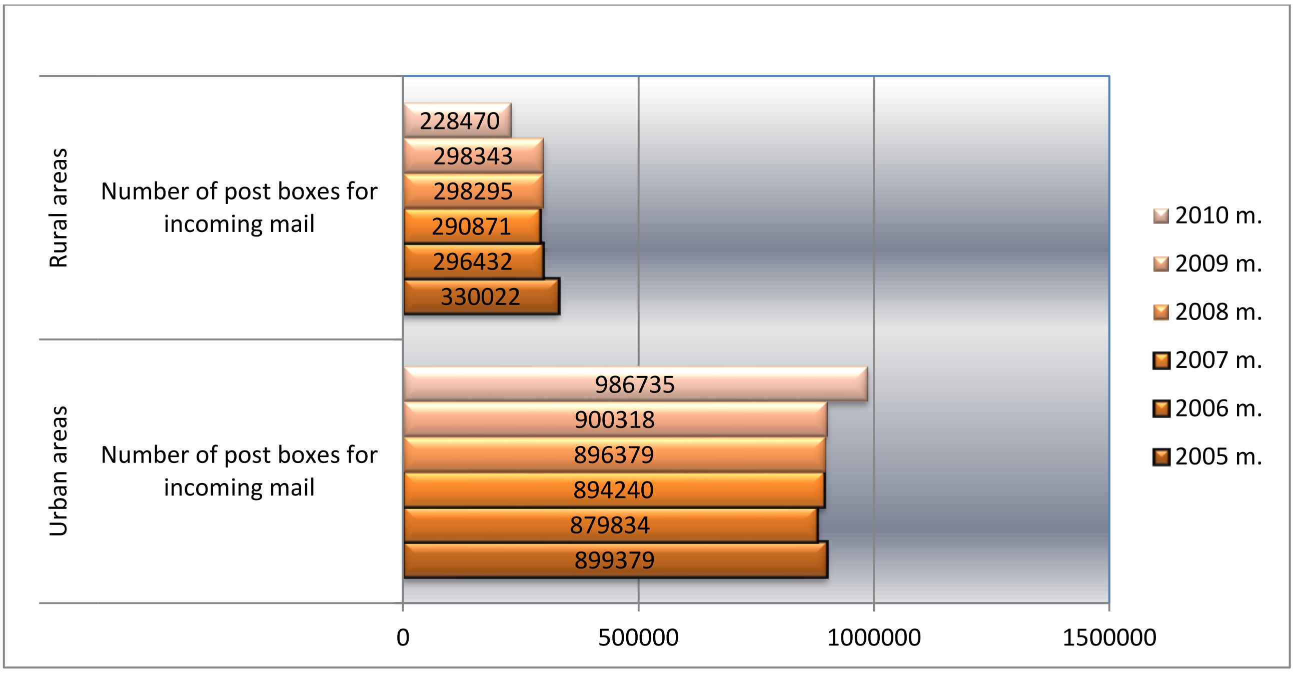
Figure 15. Dynamics of number of post boxes for incoming mail between 2005 and 2010, by thousands of units



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Number of post boxes for incoming mail	1229401	1176266	1185111	1194674	1198661	1215205

The number of urban post boxes for incoming mail reduced by 2.2 percent in 2006 and was slightly increasing since 2007: in 2007 - by 1.6 percent, in 2008 – by 0.2 percent, in 2009 – by 0.5 percent, and in 2010 it leaped by 9.6 percent. The latter leap was caused by new residential neighborhoods and individual houses built in urban areas, thus increasing the number of newly installed post boxes for incoming mail. In rural areas the number of post boxes for incoming mail reduced in 2006 and 2007 by 10.2 percent and 1.9 percent respectively, in 2008 and 2009 it slightly increased by 2.6 percent and 0.02 percent, and in 2010 went down by 23.4 percent (see Figure 16).

Figure 16. Dynamics of number of rural and urban post boxes for incoming mail between 2005 and2010, by thousands of units



Quality verification of universal postal services provided by AB Lietuvos Paštas

In line with the Postal Law of the Republic of Lithuania, in 2010 RRT continued an independent verification of quality of universal postal services provided by AB Lietuvos Paštas to identify if universal postal services meet requirements for their quality set forth for outgoing letter-post items.

Following the requirements set forth by the Ministry of Transport and Communications for the quality of universal postal services, 85 percent of priority letter-post items have to be delivered the following day (D+1), 97 percent of priority letter-post items have to be delivered on the third business day (D+3).

In Quarter II 2010 AB Lietuvos Paštas delivered 70.72 percent of priority letter-post items the following day, 98.45 percent on the third business day, and 77.9 percent and 99.4 percent respectively in Quarter IV 2010.

In 2010 the amount of sent test letters totaled to 3,600. The yearly verification resulted in the following: 74.3 percent of letters were delivered the following day (D+1), and 98.9 percent of all priority letter-post items were delivered on the third business day (D+3). Once a year RRT makes the results of independent verification of quality of universal postal services publicly available.

Table 4. Results of quality verification of universal postal services between 2005 and 2010

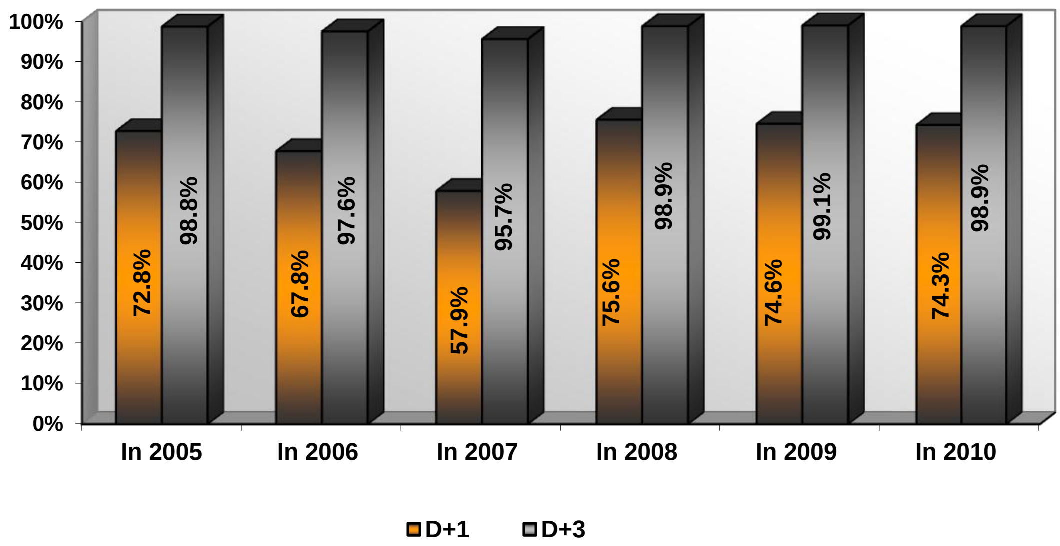
Indicators of delivery quality (terms)	Results of quality verification						Quality requirements set forth
	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010	
The same day (D+0)	0.17%	0.73%	0.81%	0.59%	1.04%	1.4832	
1st day (D+1)	**72.78%**	**67.79%**	**57.85%**	**75.56%**	**74.61%**	**74.3012**	**85%**
2nd day (D+2)	95.30%	93.53%	86.60%	95.01%	96.14%	95.5220	
3rd day (D+3)	**98.76%**	**97.57%**	**95.66%**	**98.92%**	**99.08%**	**98.9162**	**97%**
4th day (D+4)	99.26%	98.92%	98.17%	99.63%	99.50%	99.4867	
5th day (D+5)	99.55%	99.34%	99.22%	99.72%	99.58%	99.6864	
6th day (D+6)	99.75%	99.72%	99.63%	99.78%	99.64%	99.8290	
7th day (D+7)	99.84%	99.83%	99.79%	99.91%	99.70%	99.9146	
8th day (D+8)	99.88%	99.83%	99.91%	99.94%	99.82%	99.9146	
9th day (D+9)	99.96%	99.97%	99.94%	100.00%	100.00 %	99.9146	
10th day (D+10)	100.00%	100.00%	100.00%	100.00%	100.00 %	100.0000	

* **D** means the date of dispatching letter-post items

** **n** means the number of business days since dispatching a letter-post item to its delivery to the addressee.

*** **Requirements** mean the *Specification of Requirements for Quality of Universal Postal Services* approved by Order No 3-495 of the Minister of Transport and Communications of 12 October 2004 (*Valstybės Žinios* (Official Gazette) No 157-5742, 2004, No 91-3670, 2007).

Figure 17. Comparison of quality verification results for universal postal services between 2005 and 2010



The provider of universal postal services AB Lietuvos Paštas is obliged to apply the Standard *LST EN 13850 Postal Services. Quality of Services. Measurement of the Total Transit Time of Separate Priority Mail*[1] under the Order No 3-145 *On supplementing the Order No 3-306 On Specification of Requirements for Quality of Universal Postal Services of 12 October 2004 of the Minister of Transport and Communications of the Republic of Lithuania* , of 26 July 2006 of the Minister of Transport and Communications of the Republic of Lithuania.

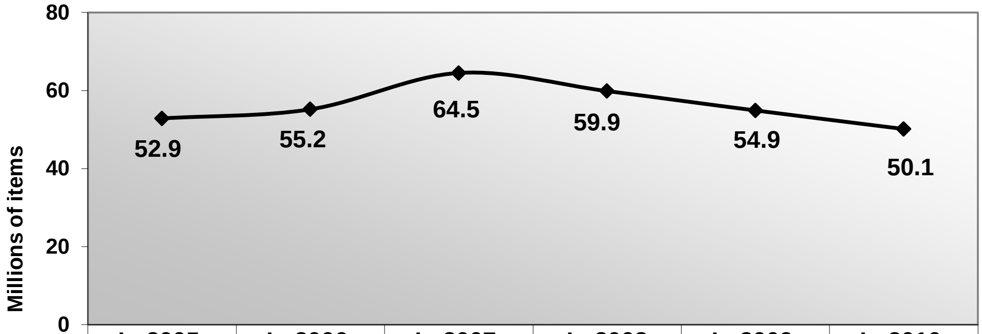
On 26 January 2010 AB Lietuvos Paštas signed a contract with UAB Seikonas on application of the Standard *LST EN 13850 Postal Services. Quality of Services. Measurement of the Total Transit Time of Separate Priority Mail*[1]. In 2010 UAB Seikonas did a survey to measure the transit time of priority test letters. During 2010, 5,040 priority unregistered test letters were sent: 80 percent of total letters from post boxes for outgoing mail, and 20 percent from post offices. The following directions for sending letters were selected: 15 percent of all letters were sent from urban to rural areas, 65 percent from urban to urban areas, 10 percent from rural to urban areas, 10 percent from rural to rural areas. At the beginning of 2011 the following general Lithuanian letter delivery indicator was identified: D+1 – 65 percent, D+3 – 97.6 percent (in 2010 the result was D+1 – 77.1 percent; D+3 – 98.5 percent).

[1] The provider of universal postal services AB Lietuvos Paštas is obliged to apply the above mentioned Standard under the Order No 3-306 of 26 July 2006 of the Minister of Transport and Communications of the Republic of Lithuania, which has supplemented the Order No 3–495 *On Specification of Requirements for Quality of Universal Postal Services* of 12 October 2004 of the Minister of Transport and Communications of the Republic of Lithuania.

Indicators of universal postal services and the reserved area of AB Lietuvos Paštas

In 2010 the volume of universal postal services provided by AB Lietuvos Paštas amounted to 50.1 million items, reducing by 8.7 percent, compared to 2009 (54.9 million items). Between 2005 and 2010, the highest volume of universal postal services was provided in 2007 (64.5million items), with a decrease of 22.3 percent in 2010, compared to 2007 (see Figure 18).

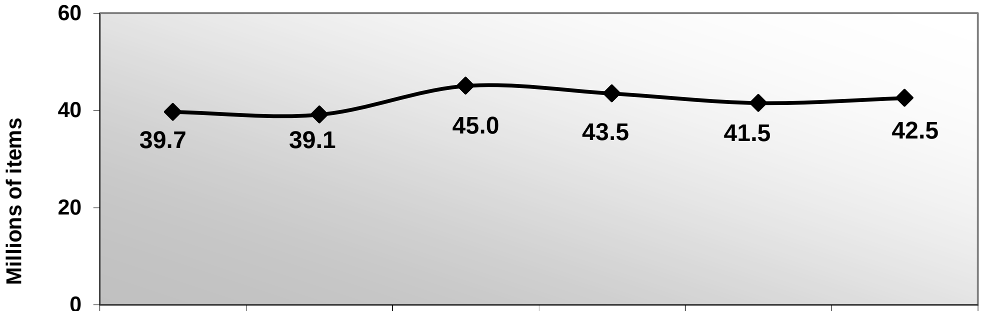
Figure 18. Changes in volumes of universal postal services provided by AB Lietuvos Paštas between 2005 and 2010, by millions of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Universal postal services	52855275	55192610	64513586	59863390	54893941	50141841

The volume of reserved postal services (sent and received domestic correspondence items, direct mail, incoming international correspondence items with the weight equal to or below 50 grams), reduced by 3.5 percent in 2008 and by 4.5 percent in 2009, showing a slight increase by 2.5 percent in 2010 from 41.5million items in 2009 up to 42.5million items in 2010, as shown in Figure 19.

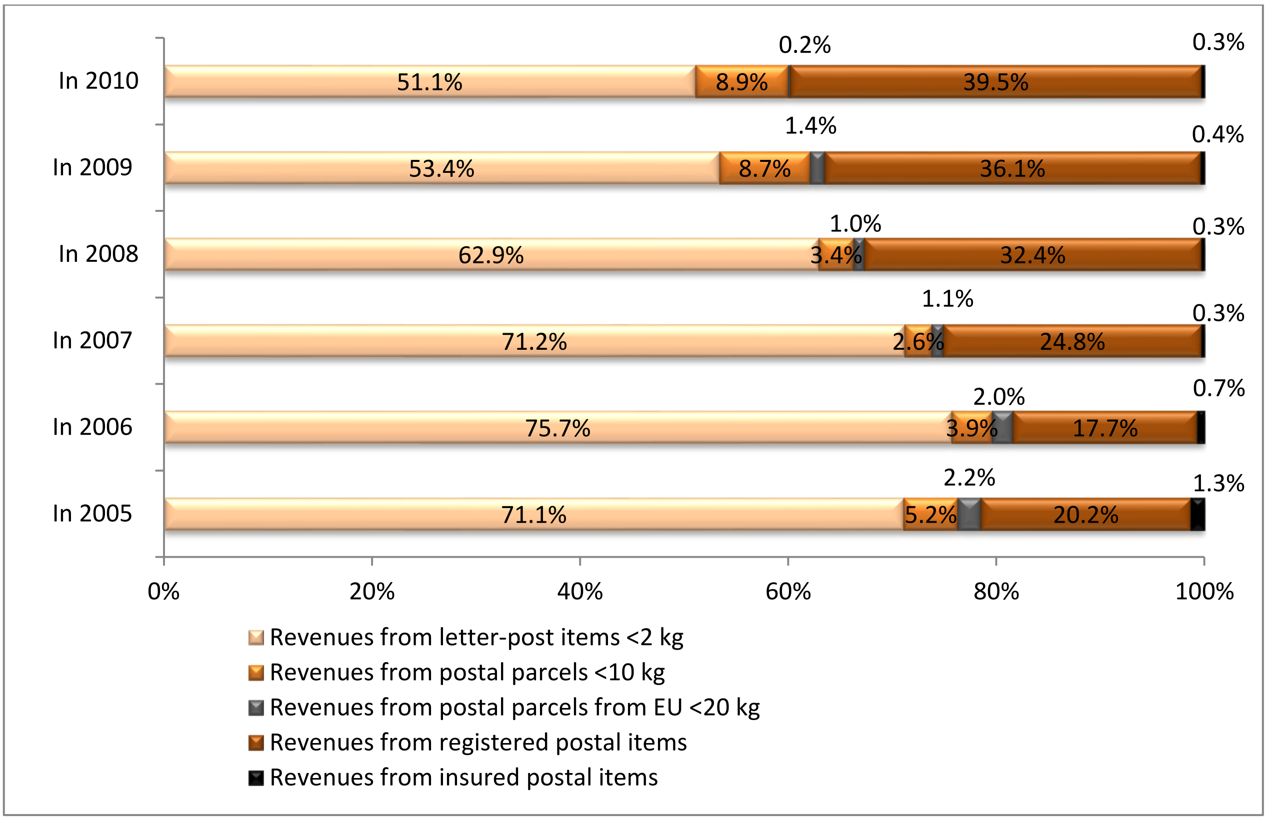
Figure 19. Changes in the volumes of reserved postal services provided by AB Lietuvos Paštas between 2005 and 2010, by millions of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Reserved postal services	39686001	39133008	45038934	43475296	41521020	42540979

AB Lietuvos Paštas' revenues from the provision of universal postal services include revenues from letter-post items with the weight below or equal to 2kg, postal parcels with the weight below or equal to 10kg, postal parcels from the EU above 10kg and below or equal to 20kg in weight, registered and insured postal items. Between 2005 and 2010 the major share of revenues from universal postal services was generated in the segment of letter-post items weighing 2kg or less. Between 2006 and 2010 the share of revenues from universal postal services generated by letter-post items whose weight is equal to or less than 2kg reduced in the overall structure of revenues from universal postal services from 75.7 percent in 2006 down to 51.1 percent in 2010. At the same time the share of revenues from registered postal items kept growing from 17.7 percent in 2006 up to 39.5 percent in 2010, while the shares of revenues from postal parcels below or equal to 10kg in weight, from postal parcels received from the EU whose weight is more than 10kg and less or equal to 20kg, and from insured postal items remained modest in the overall structure of revenues from universal postal services (see Figure 20).

Figure 20. Structure of universal postal services provided by AB Lietuvos Paštas by revenue generated between 2005 and 2010, percent



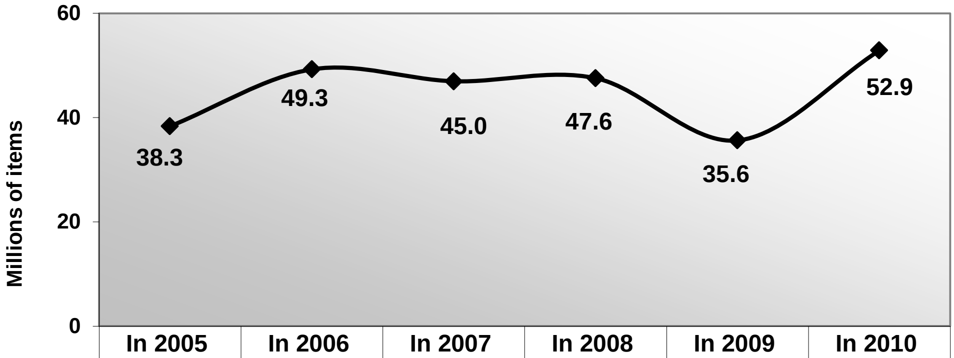
Compared to 2009, AB Lietuvos Paštas' revenues from the provision of universal postal services reduced by 0.1 percent in 2010 from LTL 85.9 million down to LTL 85.8 million. Compared to 2009, revenues from letter-post items with the weight equal to or below 2kg reduced by 4.6 percent in the overall structure of revenues from universal postal services in 2010, while revenues from postal parcels with the weight equal to or below 10kg rose by 3 percent. Revenues from postal parcels received from the EU which are more than 10kg and equal to or below 20 kg in weight reduced by 89.0 percent (from LTL 1.2 million down to LTL 129.800), as illustrates Table 5.

Table 5. AB Lietuvos Paštas’ revenues from universal postal services in 2009/10, LTL

Revenues from:		In 2009 (LTL)	In 2010 (LTL)	Percentage ratio 2010 / 2009 (%)
Universal postal services		85 911 517	85 802 190	-0.1
Including	Letter-post items ≤2 kg	45 945 794	43 825 687	-4.6
	Postal parcels ≤10 kg	7 445 891	7 667 886	3.0
	Postal parcels from the EU ≤20 kg	1 180 581	129 773	-89.0
	Registered postal items	31 023 901	33 902 362	9.3
	Insured postal items	315 350	276 482	-12.3

AB Lietuvos Paštas’ revenues of from the reserved postal services increased by 28.5 percent in 2006, reduced by 4.6 percent in 2007, again slightly rose by 1.3 percent in 2008, and fell by 25.1 percent in 2009. Compared to 2009, revenues of AB Lietuvos Paštas from the reserved postal services increased by 48.5 percent from LTL 35.6 million up to LTL 52.9 million in 2010, as shown in Figure 21.

Figure 21. Changes in volumes of reserved postal services provided by AB Lietuvos Paštas between 2005 and 2010, by millions of items

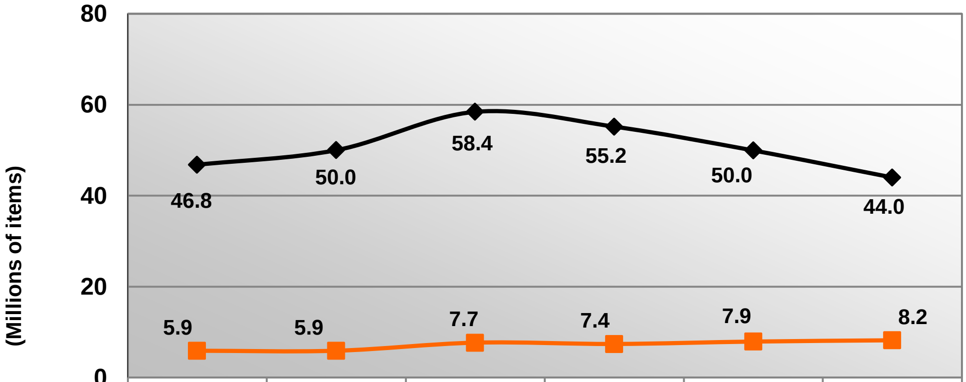


	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Revenues from reserved postal services	38350747	49260228	46974739	47561268	35624818	52887139

2.1.2. Indicators of postal services provided by AB Lietuvos Paštas

In the postal segment, the volumes of sent letter-post items of AB Lietuvos Paštas (including sent direct mail) increased by 6.9 percent and 16.9 percent in 2006 and 2007 respectively and was reducing year by year since: by 5.6 percent in 2008, by 9.5 percent in 2009, by 11.9 percent in 2010. The volumes of sent ordinary letter-post items shrank to a greater extent, as companies increasingly e-mailed their invoices to their customers. The volumes of received letter-post items (including received direct mail) kept growing from 2005 to 2007: by 4 percent in 2005, by 0.1 percent in 2006, by 30.1 percent in 2007. In 2008 they reduced by 3.7 percent and went up again by 7.1 percent and 3.6 percent in 2009 and 2010 respectively, as illustrates Figure 22.

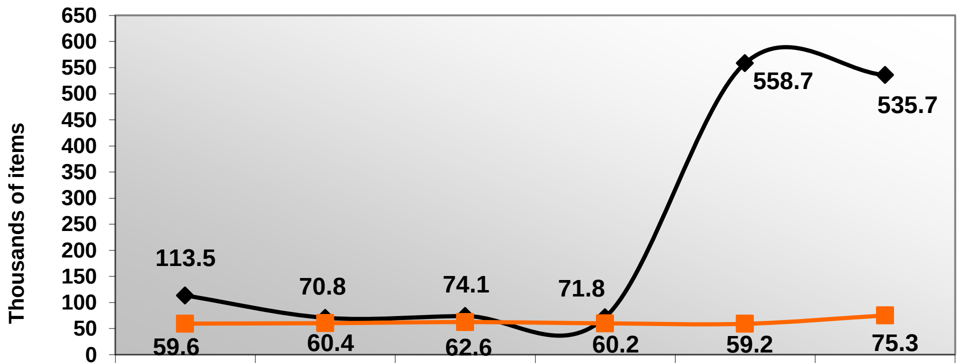
Figure 22. Dynamics of sent and received volumes of letter-post items of AB Lietuvos Paštas[*] (including direct mail) between 2005 and 2010, by millions of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Sent letter-post items	46809256	50015010	58448373	55189116	49952612	44011315
Received letter-post items	5896861	5900355	7678133	7390997	7916409	8197529

From 2005 to 2007 the number of received postal parcels of AB Lietuvos Paštas kept growing by 1.4 percent in 2006 and by 3.6 percent in 2007 and reduced by 3.9 percent and 1.6 percent in 2008 and 2009 respectively, following a 27.1 percent increase in 2010 (from 59.200 items in 2009 to 75.300 items in 2010). Compared to 2005, the number of sent postal parcels reduced by 37.6 percent in 2006, rose by 4.7 percent in 2007, and reduced by 3.1 percent in 2008. In 2009 the volume of such postal parcels increased to a greatest extent (7.8 times), as AB Lietuvos Paštas attributed mail order sales (selling goods by post) and parcel consignments to postal parcels. In 2010 the volumes of such parcels decreased by 4.4 percent due to reduction in volumes of mail order services, as a result of loss of one major AB Lietuvos Paštas' client and a decision of another equally important client to use AB Lietuvos Paštas' courier services instead of mail orders (see Figure 23).

Figure 23. Dynamics of volumes of sent and received postal parcels of AB Lietuvos Paštas between 2005 and 2010, by thousands of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Sent postal parcels	113454	70752	74062	71790	558654	535686
Received postal parcels	59601	60425	62579	60164	59215	75272

[*] A new methodology is used to calculate amounts of sent and received letter-post items.

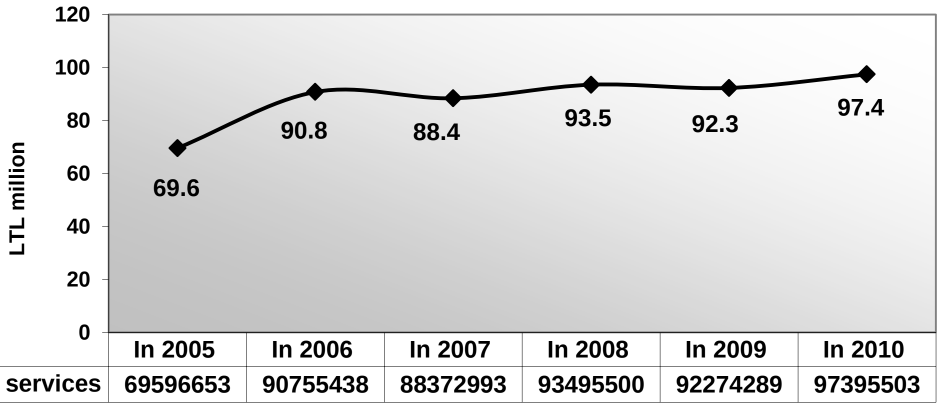
Compared to 2009, in 2010 the total volumes of letter-post items sent and received by AB Lietuvos Paštas[*] (including direct mail) reduced by 9.8 percent, and the volumes of sent and received postal parcels reduced by 1.1 percent (see Table 6).

Table 6. Postal services provided by AB Lietuvos Paštas in 2009/10 by items

Indicator		2009 (units)	2010 (units)	Percentage ratio 2010 /2009 (%)
Letter-post items	Sent	46 406 052	41 370 377	-10.9
	Received	7 905 983	8 190 195	3.6
Direct mail	Sent	3 546 560	2 640 938	-25.5
	Received	10 426	7 334	-29.7
	In total:	57 869 021	52 208 844	-9.8
Postal parcels	Sent	558 654	535 686	-4.1
	Received	59 215	75 272	27.1
	In total:	617 869	610 958	-1.1

Compared to 2009, revenues of AB Lietuvos Paštas from postal services increased by 5.6 percent in 2010, accounting for 91.1 percent of revenues from postal and courier services, and showed a 4.2 percent growth, compared to 2009 (see Figure 24).

Figure 24. Changes in revenues from postal services provided by AB Lietuvos Paštas between 2005 and 2010, LTL, million

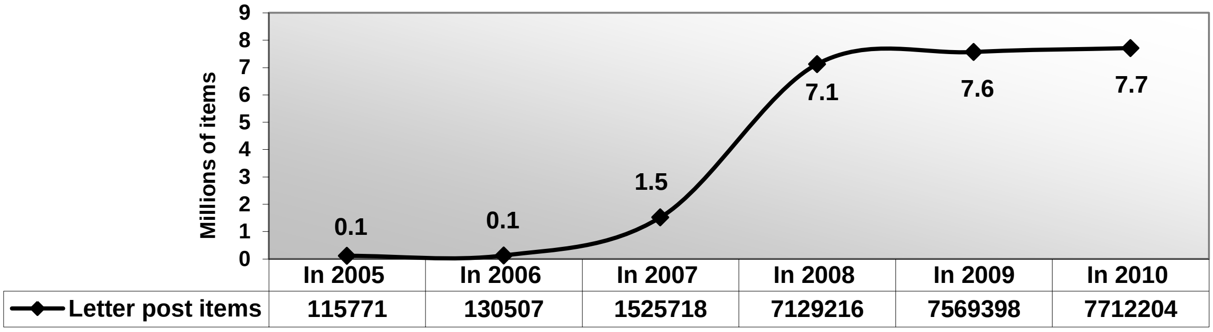


2.2. Indicators of postal services offered by other providers of postal service

In the postal segment, the volumes[*] of sent and received letter-post items (including direct mail) of other providers of postal services increased between 2005 and 2010: by 12.7 percent in 2006, 11.7 times in 2007, 4.7 times in 2008, by 6.2 percent in 2009, and by 1.9 percent in 2010 (see Figure 25).

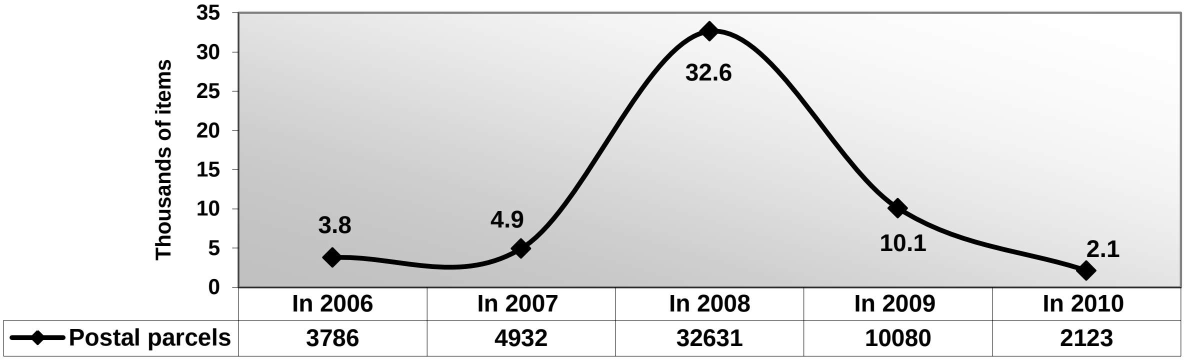
[*]A new methodology is used to calculate amounts of sent and received letter-post items.

Figure 25. Changes in volumes* of letter-post items (including direct mail) provided by other postal operators between 2005 and 2010, by millions of items



Compared to 2007, the volumes of sent and received postal parcels of other providers of postal services grew 6.6 times in 2008 (from 4.900 up to 32.600 items), but reduced 3.2 times in 2009 (from 32.600 to 10.100 items) and fell down 4.8 times in 2010 from 10.100 items in 2009 to 2.100 items in 2010. This reduction was mostly affected by the decreased number of postal services providers and stopped provision of postal services by some previous providers of both postal and courier services (see Figure 26).

Figure 26. Dynamics of volumes of postal parcels provided by other postal operators between 2006 and 2010, by thousands of items



During 2010 the volumes[*] of received letter-post items of other providers of postal services reduced by 69.7 percent, and the volumes of sent letter-post items grew by 2.1 percent (see Table 7).

Table 7. Postal services provided by other postal operators in 2009/10 by items

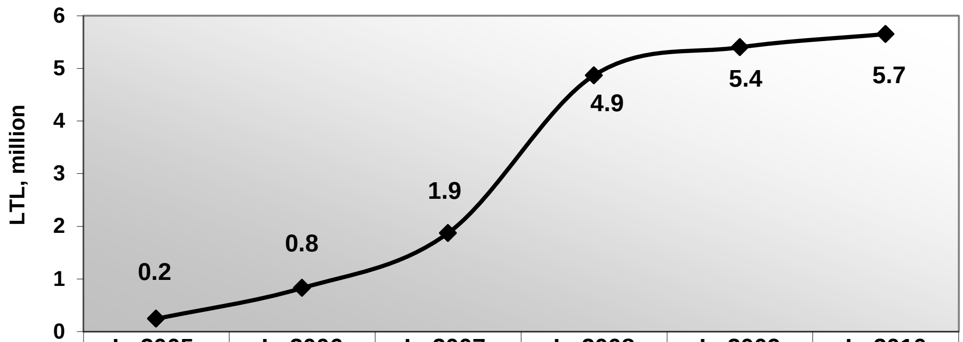
Indicator		2009 (items)	2010 (items)	Percentage ratio 2010 /2009 (%)
Letter-post items	Sent	7 549 450	7 706 647	2.1
	Received	18 370	5 557	-69.7

[*] A new methodology is used to calculate amounts of sent and received letter-post items.

Direct mail	Sent	1 578	0	-
	Received	0	0	-
	In total:	7 569 398	7 712 204	1,9
Postal parcels	Sent	10 080	2 123	-78.9
	Received	0	0	-
	In total:	10 080	2 123	-78.9

Between 2005 and 2010 revenues from postal services generated by other providers of postal service kept increasing: 3.4 times in 2006, 2.3 times in 2007, 2.6 times in 2008, by 10.9 percent in 2009 and by 4.7 percent in 2010 (see Figure 27).

Figure 27. Dynamics of revenues from postal services provided by other postal operators between 2005 and 2010, LTL (million)



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Revenues from postal services	242422	827180	1872509	4868093	5400677	5652816

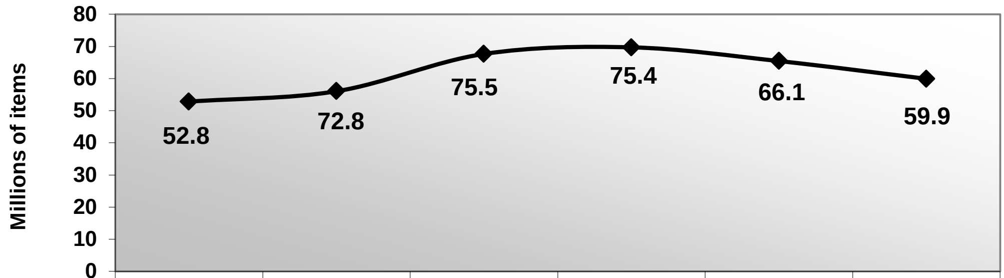
2.3. Overall market of postal services

In 2010 one economic entity, Paštas UAB, was included into the list of postal services providers. The following four economic entities were removed from the list of postal services providers: World Post UAB, Nacionalinė Sąskaitų Siuntimo Tarnyba UAB, Euro Paštas UAB and Superpost UAB. As of 31 December 2010, 12 economic entities had the right to provide postal services.

Between 2005 and 2008 the total volume[*] of sent and received letter-post items (including direct mail) of all postal services providers grew from 52.8 million to 69.7 million items by 32.0 percent. Between 2008 and 2010 the total volume of letter-post items on the postal market reduced from 69.7 million to 59.9 million items by 14.0 percent (see Figure 28).

[*] A new methodology is used to calculate amounts of sent and received letter-post items.

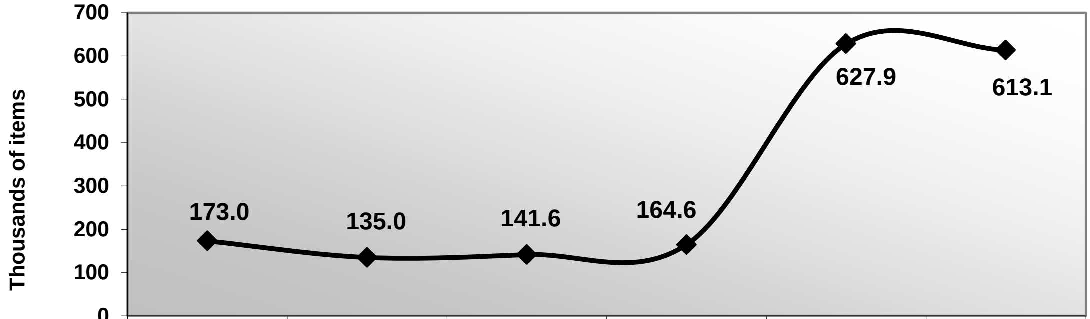
Figure 28. Changes in the volume[*] of total letter-post items (including direct mail) between 2005 and 2010, by millions of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Letter-post items	52821888	56045872	67652224	69709329	65438419	59921048

Between 2006 and 2009 the total volume of sent and received postal parcels of all postal services providers increased as follows: by 4.9 percent in 2007, by 16.3 percent in 2008, and 3.8 times in 2009. Such steep growth in postal parcels in 2009 was caused by the fact that AB Lietuvos Paštas attributed mail order sales and parcel consignments to postal parcels. In 2010 the volume of such parcels reduced by 2.4 percent due to reduced volumes of mail order services, which was caused by the loss of one major AB Lietuvos Paštas' client and a decision of another equally important client to use AB Lietuvos Paštas' courier services instead of mail orders (see Figure 29).

Figure 29. Changes in total volumes of postal parcels between 2005 and 2010, by thousands of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Postal parcels	173055	134963	141573	164585	627949	613081

Compared to 2009, in 2010 the total volumes[*] of letter-post items sent and received (including direct mail) by all postal services providers reduced by 8.4 percent from 65.4 million in 2009 down to 59.9 million items in 2010, and the volumes of postal parcels decreased from 627.900 items in 2009 down to 613,000 items in 2010 (see Table 8).

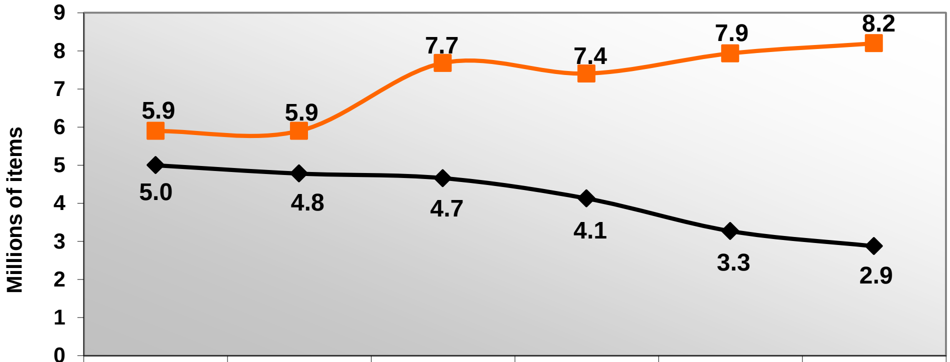
[*]A new methodology is used to calculate amounts of sent and received letter-post items.

Table 8. Total volumes of postal services provided in 2009/10, by items

Indicator		In 2009 (items)	In 2010 (items)	Percentage ratio 2010 /2009 (%)
Letter-post items	Sent	53 955 502	49 077 024	-9
	Received	7 924 353	8 195 752	3.4
Direct mail	Sent	3 548 138	2 640 938	-25.6
	Received	10 426	7 334	-29.7
	In total:	65 438 419	59 921 048	-8,4
Postal parcels	Sent	568 734	537 809	-5.4
	Received	59 215	75 272	27.1
	In total:	627 949	613 081	-2.4

Postal services providers received more cross-border letter-post items (including direct mail) from foreign countries than sent them, as shown in Figure 31. The volumes of sent letter-post items kept regularly reducing from 2005 to 2010: by 4.4 percent in 2006, by 2.5 percent in 2007, by 11.4 percent in 2008, by 20.8 percent in 2009, and by 12.6 percent in 2010. The volumes of received letter-post items increased by 0.1 percent in 2006, by 30.2 percent in 2007, following a reduction of 3.6 percent in 2008 and then rise by 7.1 percent and 3.3 percent in 2009 and in 2010 respectively.

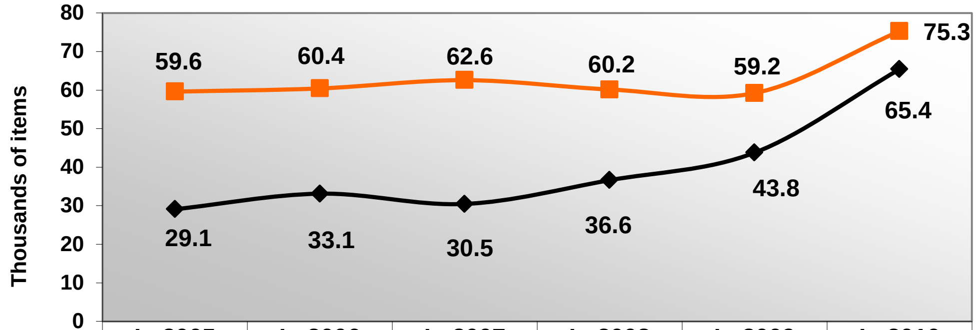
Figure 30. Dynamics of the volumes of sent and received letter-post items (including direct mail) between 2005 and 2010, by millions of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Sent letter-post items	4997285	4779679	4659470	4126577	3270226	2872551
Received letter-post items	5896861	5900479	7683253	7406371	7934779	8197529

Until 2008 the volumes of received cross-border postal parcels exceeded the volumes of sent ones approximately twice in average. From 2005 to 2007 the volumes of received postal parcels increased by 1.4 percent in 2006 and by 3.6 percent in 2007, then reduced by 3.9 percent and 1.6 percent in 2008 and 2009 respectively, and grew by as much as 27.12 percent in 2010. The year of 2007 was the only year when, compared to 2006, the volume of sent cross-border postal parcels reduced by 8.1 percent, but ever after this volume kept increasing: in 2006 – by 13.9 percent, in 2008 – by 20.2 percent, in 2009 – by 19.5 percent, and in 2010 – by 49.5 percent (see Figure 31).

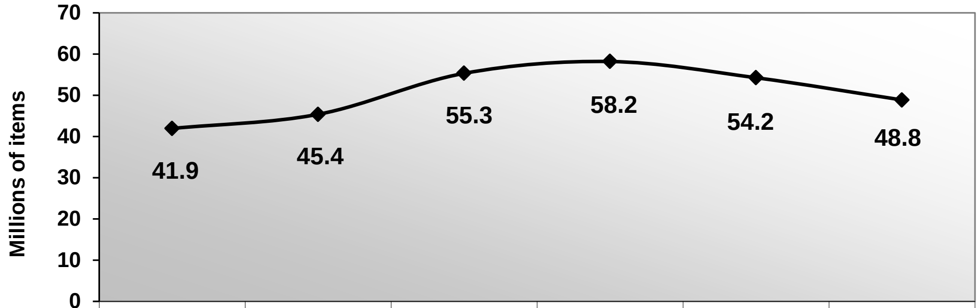
Figure 31. Changes in volumes of sent and received cross-border postal parcels between 2005 and2010, by thousands of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Sent postal parcels	29085	33133	30462	36630	43761	65404
Received postal parcels	59601	60425	62579	60164	59215	75272

Between 2005 and 2008 the volumes[*] of domestic letter-post items (including direct mail) sent by postal services providers kept growing: in 2006 – by 8.2 percent, in 2007 – by 21.9 percent, in 2008 – by 5.2 percent, and t reduced by 6.8 percent and 9.9 percent in 2009 and 2010 respectively (see Figure 32).

Figure 32. Changes in the volumes* of sent domestic letter-post items (including direct mail) between 2005 and2010, by millions of items

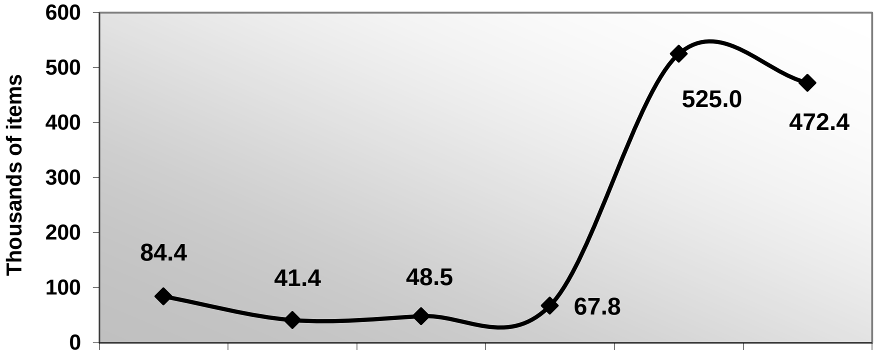


	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Sent letter-post items	41927742	45365714	55309501	58176381	54233414	48845411

From 2005 to 2007 the volumes* of sent domestic postal parcels reduced 1.7 times from 84.400 down to 48.500 items with an increase of 39.7 percent in 2008. The year of 2009 featured a rapid growth, but as mentioned above, it was caused by the fact that AB Lietuvos Paštas attributed mail order sales and parcel consignments to postal parcels. In 2010 the indicator dropped by 10.0 percent (see Figure 33).

[*]A new methodology is used to calculate amounts of sent and received letter-post items.

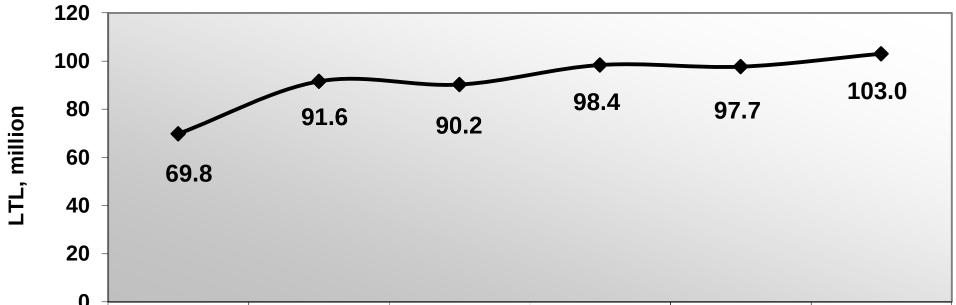
Figure 33. Changes in the volume of sent domestic postal parcels between 2005 and 2010 by thousands of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Domestic postal parcels, sent	84369	41405	48532	67791	524973	472405

The year of 2006 featured the steepest growth of 31.1 percent in the total share of revenues from postal services generated by all postal services providers. Compared to 2006, the revenues reduced by 1.5 percent in 2007, grew 9 percent in 2008, reduced by 0.7 percent in 2009 and grew by 5.5 percent in 2010 (see Figure 34).

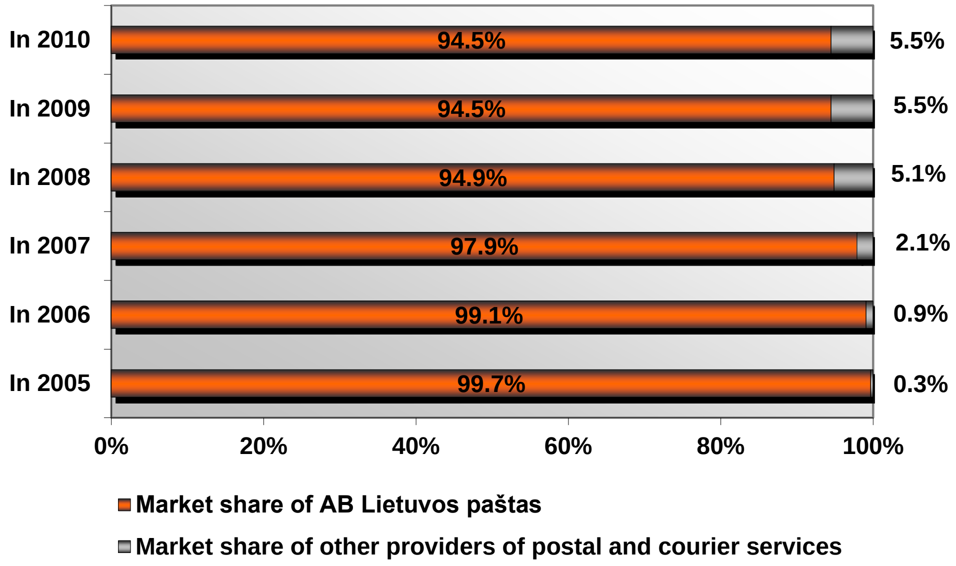
Figure 34. Changes in revenues from postal services between 2005 and 2010, LTL, million



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Revenues from postal services	69839075	91582618	90245502	98363593	97674966	103048319

In 2010 AB Lietuvos Paštas had the largest market share of postal services by revenues generated from postal services provided (94.5 percent). Between 2005 and 2009 the market share of other providers of postal services kept constantly growing and totaled to 5.5 percent in 2009. In 2010 the market share of AB Lietuvos Paštas and other providers of postal services remained the same as in 2009 (see Figure 35).

Figure 35. Dynamics in postal services market shares between 2005 and 2010, percent

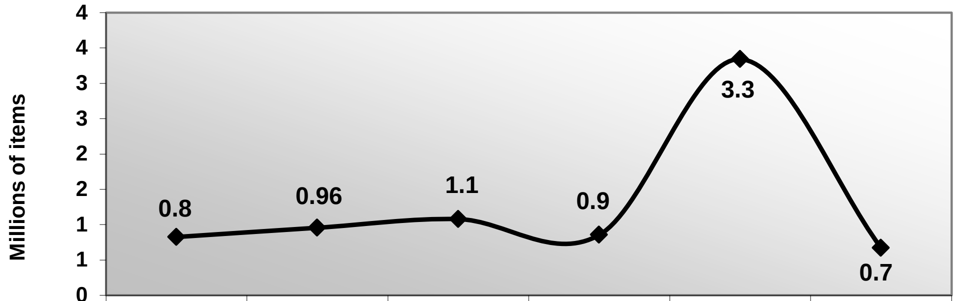


3. MARKET OF COURIER SERVICES

3.1. Indicators of courier services provided by AB Lietuvos Paštas

In the courier services market, AB Lietuvos Paštas' volumes of sent and received letter-post items (including direct mail) grew from 2005 to 2007 by 15.9 percent in 2006 and by 12.8 percent in 2007. Compared to 2007, the volumes of sent and received letter-post items reduced by 20.8 percent in 2008 from 1.1 million to 0.9 million items. In 2009 the volumes of letter-post items of AB Lietuvos Paštas increased 3.9 times, as AB Lietuvos Paštas delivered voting ballots for the Lithuanian presidential and the European Parliament elections. In 2010 the indicator dropped by 79.9 percent (see Figure 36).

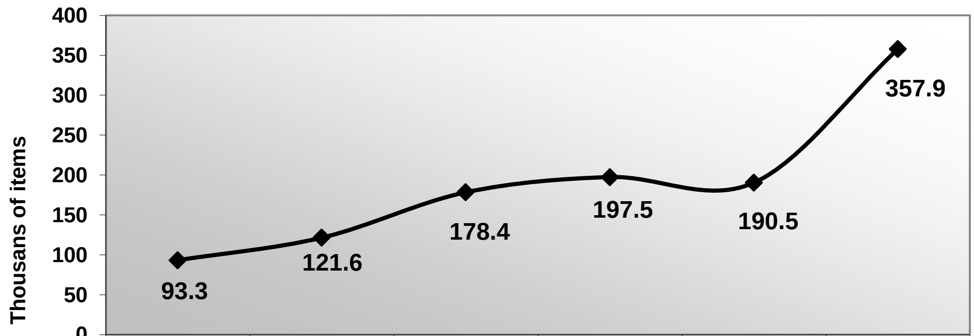
Figure 36. Changes in the volume of letter-post items (including direct mail) of AB Lietuvos Paštas between 2005 and 2010, by millions of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Letter-post items	825188	956303	1078516	854647	3341768	672623

Between 2005 and 2008 the volumes of sent and received postal parcels of AB Lietuvos Paštas grew by 30.3 percent in 2006,by 46.7 percent in 2007, by 10.7percent in 2008, reducing by 3.6 percent in 2009. Compared to 2009, the volume of postal parcels grew by 87.9 percent in 2010 which was determined by a decision of one AB Lietuvos Paštas' client to use courier services instead of mail order services ones (see Figure 37).

Figure 37. Changes in volumes of AB Lietuvos Paštas' postal parcels between 2005 and 2010, by thousands of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Postal parcels	93320	121565	178385	197470	190453	357893

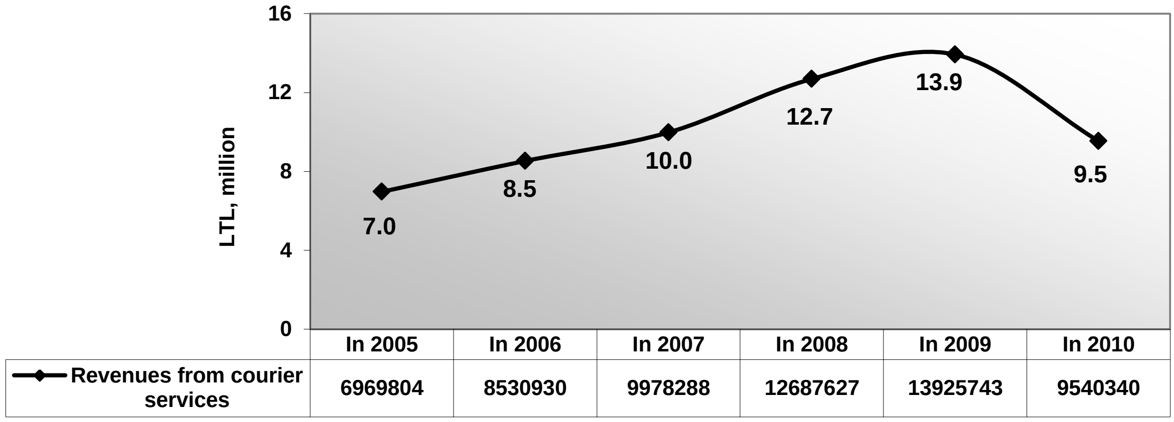
Compared to 2009, the volumes of sent and received letter-post items of AB Lietuvos Paštas' courier services reduced by 79.9 percent in 2010. Such growth in the volumes of letter-post items in 2009 was determined by the Lithuanian presidential and the European Parliament elections of 2009. At the same time the volumes of sent and received postal parcels increased by 87.9 percent from 190.400 up to 357.900 items (see Table 9).

Table 9. Courier services provided by AB Lietuvos Paštas in 2009-2010, by items

Indicator		In 2009 (items)	In 2010 (items)	Percentage ratio 2010 /2009 (%)
Letter-post items	Sent	3 335 937	666 761	-80
	Received	5 831	5 862	0.5
Direct mail	Sent	0	0	-
	Received	0	0	-
	In total:	3 341 768	672 623	-79.9
Postal parcels	Sent	152 420	320 047	2.1
	Received	38 033	37 846	-0.5
	In total:	190 453	357 893	87.9

Revenues from courier services kept increasing from 2005 to 2009. Compared to 2007, revenues from courier services grew by 27.2 percent in 2008 and by 9.8 percent in 2009 (compared to 2008), with a reduction of 31.5 percent in 2010 (compared to 2009) (see Figure 38).

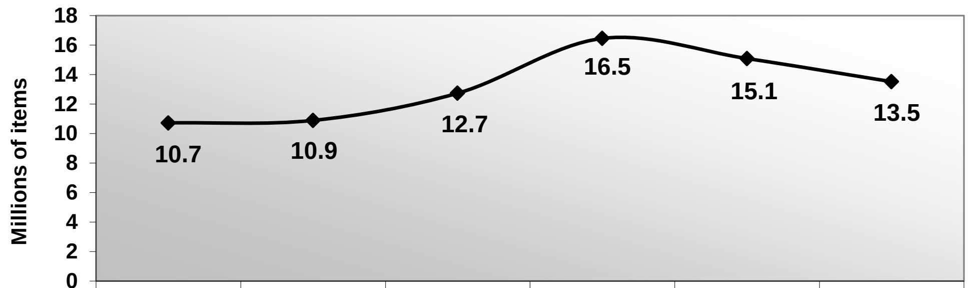
Fig. 38. Dynamics of revenues from courier services of AB Lietuvos Paštas between 2005 and 2010, LTL, million



3.2. Indicators of courier services provided by other providers of courier services

Between 2005 and 2008 the volumes of letter-post items (including direct mail) of other providers of courier services increased by 1.6 percent in 2006, by 17 percent in 2007, and by 29.2 percent in 2008. From 2005 to 2008 the volumes of letter-post items increased by 77.3 percent, from 9.3 million up to 16.5 million items, but in 2009 and 2010 the volumes of letter-post items reduced by 8.3 percent and 10.4 percent respectively (see Figure 39).

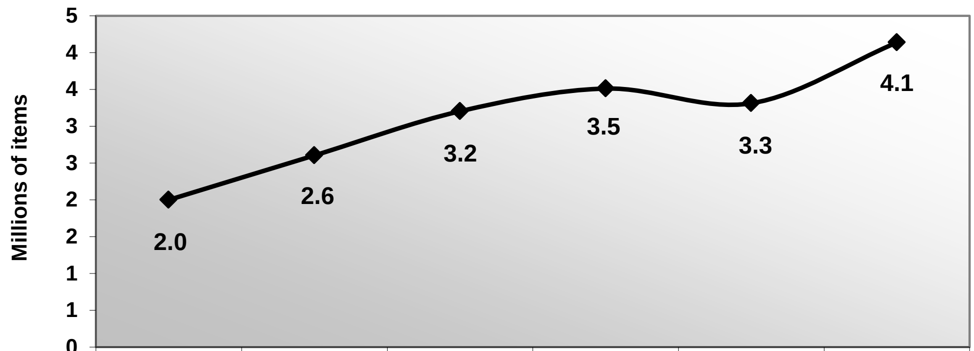
Figure 39. Changes in the volume of letter-post items (including direct mail) of other providers of courier service between 2005 and 2010, by millions of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Letter-post items	10727046	10895670	12742398	16462044	15094601	13523742

Between 2005 and 2008 the volume of sent and received postal parcels increased as well: in 2006 – by 30.2 percent, in 2007 – by 23 percent, in 2008 – by 9.6 percent. From 2005 to 2008 the volume of postal parcels grew by 75.6 percent from 2 million to 3.5 million items, reduced by 5.7 percent in 2009, and increased by 24.9 percent in 2010 (see Figure 40).

Figure 40. Changes in volumes of postal parcels of other providers of courier services between 2005 and 2010, by millions of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Postal parcels	2000792	2604718	3204531	3512968	3313042	4138357

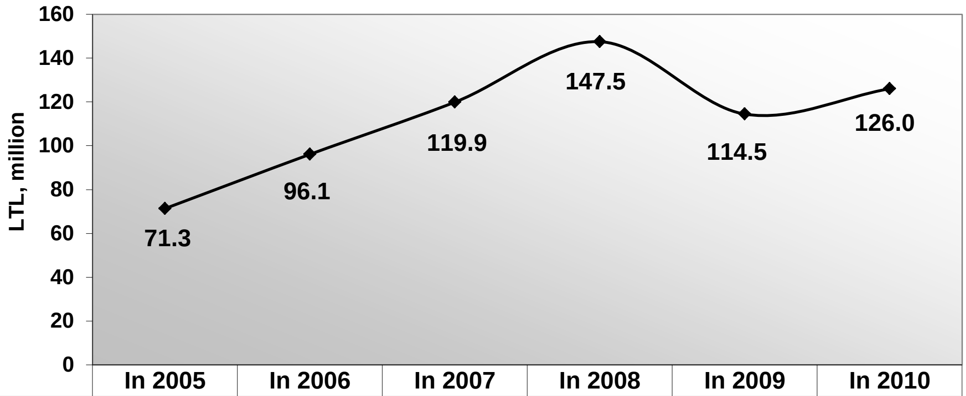
In the courier segment, if compared to 2009, the volumes of sent and received letter-post items (including direct mail) of other providers of courier services reduced by 10.4 percent in 2010 from 15.1 million items in 2009 to 13.5 million items in 2010. The volumes of postal parcels increased by 24.9 percent from 3.3 million items in 2009 up to 4.1 million items in 2010 (see Table 10).

Table 10. Courier services provided by other providers of courier services in 2009/10, by items

Indicator		In 2009 (items)	In 2010 (items)	Percentage ratio 2010 /2009 (%)
Letter-post items	Sent	13 451 753	11 988 337	-10.9
	Received	1 143 351	1 109 021	-3
Direct mail	Sent	486 757	384 349	-21
	Received	12 740	42 035	3.3 times
	In total:	15 094 601	13 523 742	-10.4
Postal parcels	Sent	2 932 916	3 730 263	27.2
	Received	380 126	408 094	7.4
	In total:	3 313 042	4 138 357	24.9

Revenues received from courier services provided by other providers of courier services kept increasing between 2005 and 2008: in 2006 – by 34.7 percent, in 2007 – by 24.8 percent, in 2008 – by 23 percent. In 2009 revenues from courier services reduced by 22.4 percent and totaled to LTL 126 million in 2010, increasing by 10.1 percent, compared to 2009 (LTL 114.7 million) (see Figure 41).

Figure 41. Dynamics of revenues from courier services provided by other providers of courier services between 2005 and 2010, LTL, million



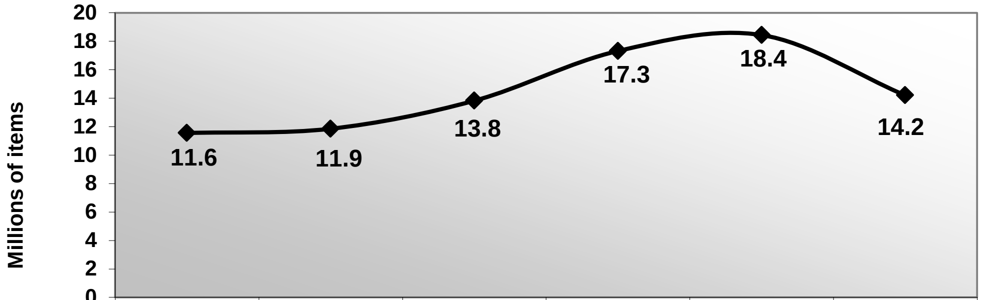
	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Revenues from courier services	71315203	96081629	119897702	147510952	114467795	126049241

3.3. Overall market of courier services

In 2010, the following 10 economic entities were included into the list of courier services providers: Ritransa IĮ, Baltic Krantas UAB, Libat UAB, Veloma UAB, A.P. Ašvienis UAB, B.E.S.T.Logistic UAB, I. Piliutienės IĮ, VšĮ Kultūros Vizija, Linkera UAB, Paštas UAB. The following 23 economic entities were removed from list of courier services providers: P. Mansevičiaus Firma Alytaus Kurjeris, E. Kazlausko Komercinė Firma, Vaclovo Karaliaus IĮ, World Post UAB, Brevitra UAB, Ventozo UAB, Euro Paštas UAB, Kamiga UAB, AD REM UAB, Paslaugų Pasaulis UAB, AGJ UAB, Šiaulių Kurjeris UAB, A. Škėrio TŪB Be Priekaištų, Eudena UAB, Miltoma UAB, VšĮ Laisvoji Komunikacija, Apsaugos Technologijos UAB, R. Vindašiaus IĮ Inredorė, Siuntos UAB, J.Strankausko Individuali Įmonė, A.P.Ašvienis UAB, Sporaks UAB, Libat UAB. As of 31 December 2010, 71 economic entities had the right to provide courier services.

Between 2005 and 2009 the total volume of sent and received letter-post items (including direct mail) of all courier services providers grew from 11.6 million to 18.4 million items by 59.6 percent, namely, by 2.6 percent in 2006, by 16.6 percent in 2007, by 25.3 percent in 2008, and by 6.5 percent in 2009. In 2010, however, it dropped by 23 percent from 18.4 million items in 2009 to 14.2 million items in 2010 (see Figure 42).

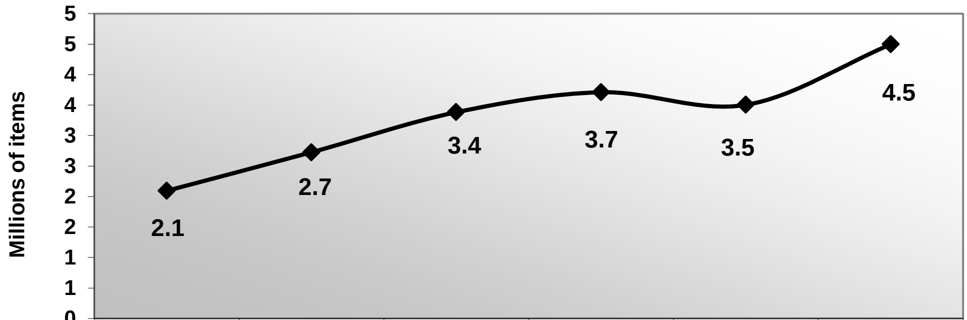
Figure 42. Changes in the total volume of letter-post items (including direct mail) between 2005 and 2010,by millions of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Letter-post items	11552234	11851973	13820914	17316691	18436369	14196365

Between 2005 and 2008 the total volumes of sent and received postal parcels of all courier services providers increased: in 2006 – by 30.2 percent, in 2007 – by 24.1 percent, in 2008 – by 9.7 percent; in 2009 the volume of postal parcels reduced by 5.6 percent and again rose by 28.3 percent in 2010 (see Figure 43).

Figure 43. Dynamics of the total volume of postal parcels between 2005 and 2010, by millions of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Postal parcels	2094112	2726283	3382916	3710438	3503495	4496250

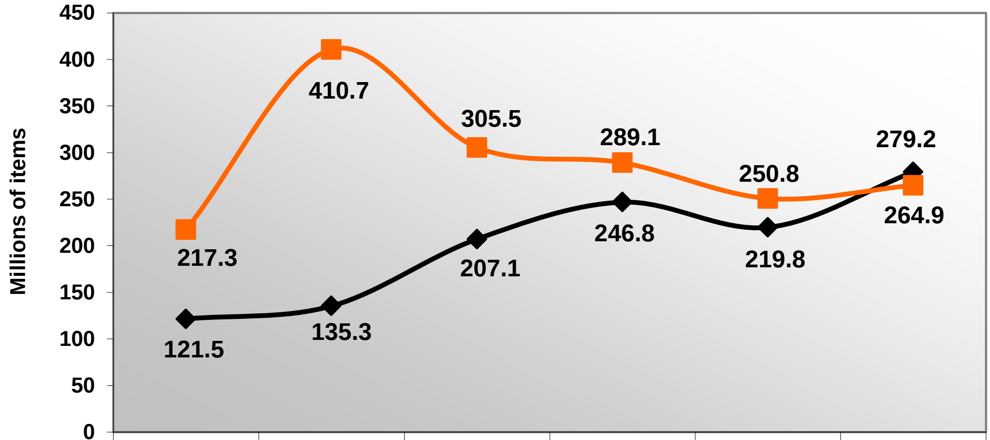
In the courier segment, the total volume of sent and received letter-post items (including direct mail) of all courier services providers reduced by 23 percent from 18.4 million items in 2009 to 14.2 million items in 2010. The volume of postal parcels increased from 3.5 million items in 2009 to 4.5 million items in 2010, by 28.3 percent (see Table 11).

Table 11. Total volume of courier services provided in 2009/10, by items

Indicator		In 2009 (items)	In 2010 (items)	Percentage ratio 2010 /2009 (%)
Letter-post items	Sent	16 787 690	12 655 098	-24.6
	Received	1 149 182	1 114 883	-3.0
Direct mail	Sent	486 757	384 349	-21.0
	Received	12 740	42 035	3.3 times
	In total:	18 436 369	14 196 365	-23.0
Postal parcels	Sent	3 085 336	4 050 310	31.3
	Received	418 159	445 940	6.6
	In total:	3 503 495	4 496 250	28.3

In 2009 courier services providers received more cross-border letter-post items (including direct mail) from foreign countries than sent them, as shown in Figure 31. The situation reversed in 2010: the number of letter-post items sent to foreign countries exceed the number of received ones. From 2005 to 2008 volumes of sent cross-border letter-post items kept increasing: in 2006 – by 11.4 percent, in 2007 – by 53.1 percent, in 2008 – by 19.1 percent, and reduced by 10.9 percent in 2009. Compared to 2009, volumes of letter-post items increased by 27.1 percent in 2010. The volumes of received letter-post items rose 1.9 times in 2006, and between 2007 and 2009 reduced as follows: in 2007 – by 25.6 percent, in 2008 – by 5.4 percent, in 2009 – by 13.3 percent, and in 2010 they increased by 5.6 percent.

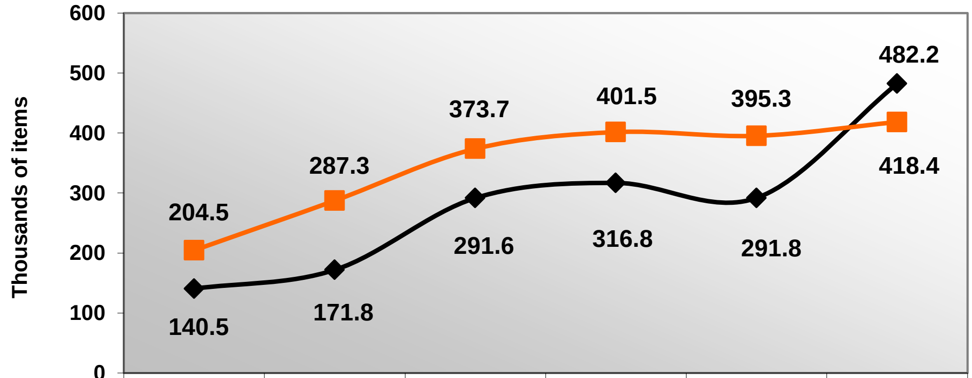
Figure 44. Changes in volumes of sent and received cross-border letter-post items (including direct mail) between 2005 and 2010, by millions of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Sent letter-post items	121498	135326	207147	246772	219782	279244
Received letter-post items	217312	410748	305504	289089	250774	264902

Between 2005 and 2009 the annual volume of received cross-border postal parcels was approximately 1.4 times higher than the volume of the sent ones. In 2010 the situation reversed: the volume of sent cross-border postal parcels exceeded the received ones. The volume of received cross-border postal parcels grew as follows: in 2006 – by 40.5 percent, in 2007 – by 30.1 percent, and in 2008 – by 7.5 percent. In 2009 it reduced by 1.6 percent. Compared to 2009, the volume of received postal parcels grew by 5.8 percent in 2010. The volume of sent cross-border postal parcels underwent similar changes. From 2005 to 2008 it also increased: in 2006 – by 22.3 percent, in 2007 – by 69.7 percent, in 2008 – by 8.7 percent, with a reduction of 7.9 percent in 2009. In 2010 this postal parcel volume grew by 65.3 percent (from 291.800 items in 2009 up to 482.200 items in 2010) (see Figure 45).

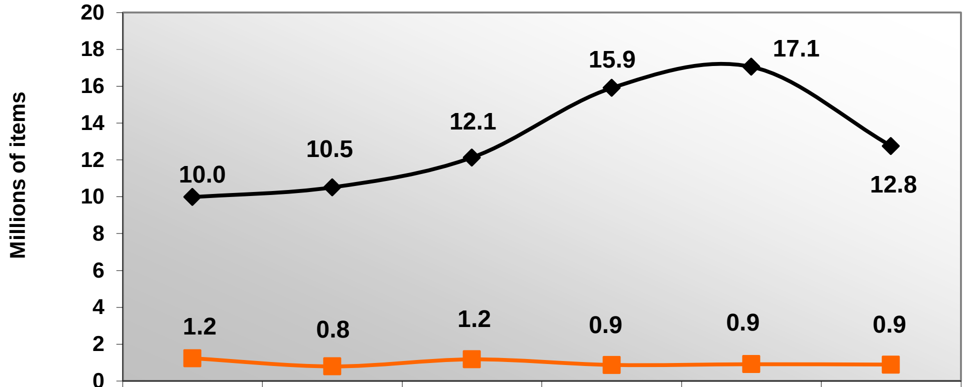
Figure 45. Changes in volumes of sent and received cross-border postal parcels between 2005 and 2010, by thousands of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Sent postal parcels	140501	171816	291602	316837	291790	482232
Received postal parcels	204471	287261	373682	401537	395281	418363

From 2005 to 2009 the volume of sent domestic letter-post items (including direct mail) of courier services providers kept growing: in 2006 – by 5.3 percent, in 2007 – by 15.4 percent, in 2008 – by 31.1 percent, and in 2009 – by 7.2 percent, decreasing by 25.2 percent in 2010 . The volume of received domestic letter-post items (including direct mail) reduced by 35.7 percent and by25.7 percent in 2006 and 2008 respectively and grew by 48.3 percent and 4.4 percent in 2007 and 2009 respectively. In 2010 it slumped down by 2.1 percent (see Figure 46).

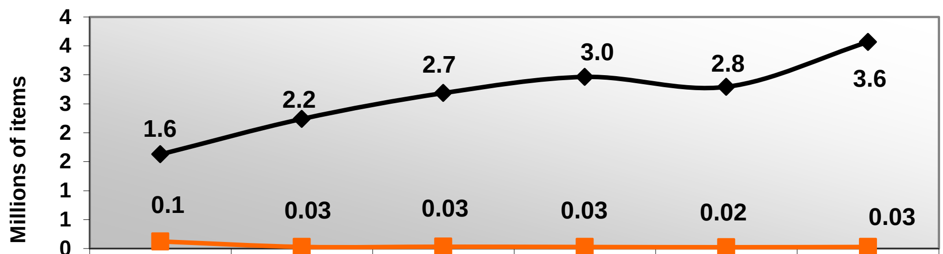
Figure 46. Changes in the volume of sent and received domestic letter-post items (including direct mail) between 2005 and 2010, by millions of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Sent letter-post items	9981505	10513756	12133199	15908328	17054665	12760203
Received letter-post items	1231919	792143	1175064	872502	911148	892016

Between 2005 and 2008 the volume of sent domestic postal parcels grew 1.8 times, from 1.6 million to 3 million items, reducing by 5.8 percent in 2009 and again rising by 27.7 percent in 2010. The volume of received domestic postal parcels of courier services providers reduced 4.3 times in 2006, grew by 12.7 percent in 2007, and reduced by 14.6 percent and 16.4 percent in 2008 and 2009 respectively. In 2010 it increased by 20.5 percent (see Figure 47).

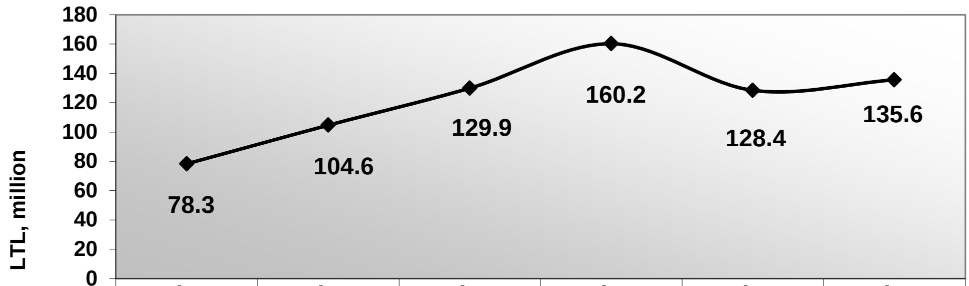
Figure 47. Changes in the volume of sent and received domestic postal parcels between 2005 and 2010, by millions of items



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Sent postal parcels	1626467	2238794	2685614	2964710	2793546	3568078
Received postal parcels	122673	28412	32018	27354	22878	27577

The period between 2005 and 2008 was market by a significant growth in the total revenues from courier services generated by all courier services providers: in 2006 – by 33.6 percent, in 2007 – by 24.1 percent, in 2008 – by 23.4 percent. Despite that, courier services market shrank by 19.9 percent in 2009 due to economic downturn and reached the level of 2007. In 2010 revenues from courier services provided by all courier services providers increased by 5.6 percent (see Figure 48).

Figure 48. **Dynamics of revenues from courier services between 2005 and 2010, LTL, million**

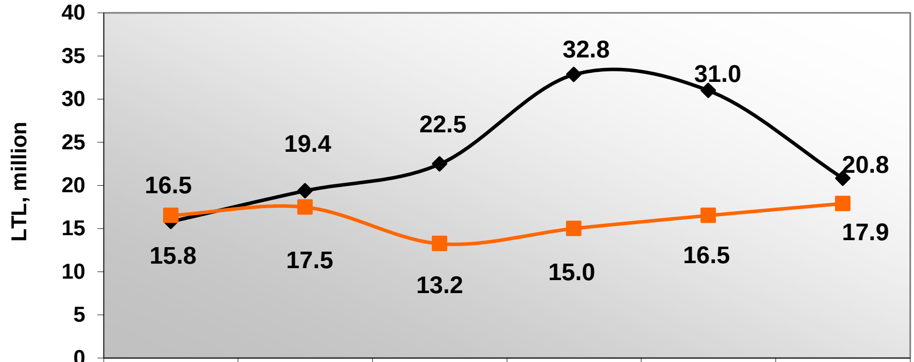


	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Revenues from courier services	78285007	104612559	129875990	160198579	128393538	135589581

From 2006 to 2008 the total revenues of all courier services providers from domestic letter-post items, including direct mail, increased by 22.6 percent, 15.9 percent and 46.2 percent respectively, and reduced by 5.7 percent in 2009. Compared to 2009, the said revenues reduced by 32.8 percent in 2010.

The total revenues of all courier services providers from cross-border letter-post items, including direct mail, reduced by 5.9 percent in 2006, by 24.2 percent in 2007, and since 2008 they kept growing: in 2008 – by 13.3 percent, in 2009 – by 10.1 percent, in 2010 – by 8.4 percent (see Figure 49).

Figure 49. Changes in courier services providers' revenues from domestic and cross-border letter-post items, including direct mail, between 2005 and 2010, LTL, million

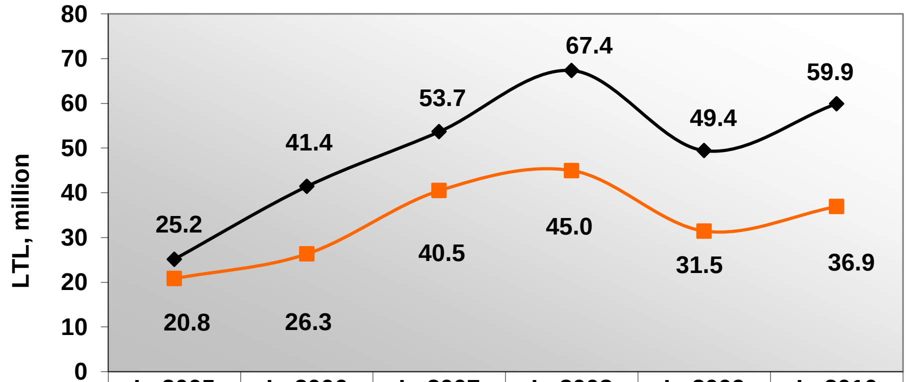


	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Revenues from domestic letter-post items	15804781	19381821	22473922	32849359	30989453	20826058
Revenues from cross-border letter-post items	16513909	17479325	13243944	15008880	16517226	17900078

The total revenues of all courier services providers from domestic postal parcels increased by 64.7 percent, 29.6 percent and 25.5 percent in 2006, 2007 and 2008 respectively, reducing by 26.6 percent in 2009. Compared to 2009, they increased by 21.2 percent in 2010. The total revenues of all courier services providers from cross-border postal parcels increased by 26.5

percent, 53.8 percent and 11.1 percent in 2006, 2007 and 2008 respectively, with a reduction of 30.1 percent in 2009. Compared to 2009, they increased by 17.4 percent in 2010 (see Figure 50).

Figure 50. Dynamics of courier services providers' revenues from domestic and cross-border postal parcels between 2005 and 2010, LTL, million



	In 2005	In 2006	In 2007	In 2008	In 2009	In 2010
Revenues from domestic postal parcels	25150861	41420812	53675292	67355905	49433934	59932985
Revenues from cross-border postal parcels	20815455	26330601	40482832	44984435	31452925	36930460

Compared to 2009, the courier market share of AB Lietuvos Paštas, in terms of revenues from courier services, dropped by 3.9 percent in 2010 and accounted for 7 percent (see Figure 51).

Figure 51. Dynamics of courier services market shares of AB Lietuvos Paštas and other providers of courier services in terms of revenues between 2005 and 2010, percent