



TNT EXPRESS N.V.

a public limited liability company (*naamloze vennootschap*) incorporated in the Netherlands with its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands

This prospectus (this **Prospectus**) concerns the first admission to listing and trading (the **Listing**) of 542,033,181 ordinary shares (the **Ordinary Shares**) in the share capital of TNT Express N.V. (the **Company**), a public company with limited liability incorporated under the laws of the Netherlands, on NYSE Euronext in Amsterdam (**Euronext Amsterdam**).

The Listing is part of the demerger of the Express Business (as defined in this Prospectus) from TNT N.V. TNT N.V. intends to separate the Express Business from its other business including its Mail Business (as defined in this Prospectus) by way of legal demerger and subsequent legal merger (the **Demerger**). If the shareholders of TNT N.V. approve the Demerger, they will be allotted one Ordinary Share for each share they hold in TNT N.V. on 30 May 2011 as part of the Demerger. Except where otherwise noted, this Prospectus has been prepared assuming approval of the Demerger by the shareholders of TNT N.V. at the extraordinary general meeting of the shareholders, expected to be held on 25 May 2011.

After the Demerger, TNT N.V. will hold such number of Ordinary Shares, representing 29.9% of the issued and outstanding share capital of the Company. The Company and TNT N.V. will operate independently from each other after the Demerger.

The Ordinary Shares will constitute the entire issued and outstanding share capital of the Company after the Demerger. Neither the Company nor TNT N.V. will receive any proceeds from the Demerger or Listing. At the date of this Prospectus, the Company is a wholly owned subsidiary of TNT N.V. Prior to the Listing, there has been no public market for the Ordinary Shares. Application has been made to list all the Ordinary Shares under the symbol "TNTE" on Euronext Amsterdam.

Trading in the Ordinary Shares on an "as-if-and-when-issued" basis on Euronext Amsterdam is expected to start on or about 26 May 2011 (the **First Trading Date**). Allotment, delivery and settlement of the Ordinary Shares is expected to take place on or about 31 May 2011 through the book-entry systems of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. trading as Euroclear Nederland (**Euroclear Nederland**), in accordance with its normal settlement procedures applicable to equity securities.

Investing in the Ordinary Shares involves certain risks. See chapter 2 "Risk Factors" for a description of certain risks that should be carefully considered by prospective investors prior to an investment in the Ordinary Shares.

This Prospectus constitutes a prospectus for the purposes of Article 3 of European Union (**EU**) Directive 2003/71/EC (the **Prospectus Directive**) and has been prepared in accordance with Chapter 5.1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder (the **Dutch Financial Supervision Act**). This Prospectus was approved by the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*) (the **AFM**).

Distribution of this Prospectus may, in certain jurisdictions, be subject to specific regulations or restrictions. Persons in possession of this Prospectus are urged to inform themselves of any such restrictions which may apply in their jurisdiction and to observe them. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. TNT N.V. and the Company disclaim all responsibility for any violation of such restrictions by any person.

This Prospectus is dated 11 April 2011.

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I. SUMMARY

The following information should be read as an introduction to this Prospectus only. Any decision to invest in the Ordinary Shares should be based on a consideration of this Prospectus and the information incorporated by reference into this Prospectus, as a whole and not just this summary.

This summary does not provide a complete overview and does not contain all the information that you should consider in connection with any decision relating to the Ordinary Shares. Civil liability attaches to the Company in respect of this summary and any translation of this summary but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State, the plaintiff investor may, under the national legislation of that Member State, be required to bear the costs of translating this Prospectus or any document incorporated in this Prospectus by reference before the legal proceedings are initiated. Certain capitalised terms used in this summary are defined in chapter 18 "Definitions".

I.1 The Express Business

The Company operates in the global transportation industry and is dedicated to providing transportation solutions to its customers. The Company offers domestic, regional and intercontinental delivery services, mainly to B2B customers. The largest part of the Company's revenues is generated in Europe, but the share of revenues generated outside of Europe increases.

The Company picks up, transports and delivers documents, parcels and freight around the world. Its services are tailored to its customers' requirements with a focus on time-certain and day-definite delivery. The Company combines physical infrastructures such as depots, aircraft and vehicles with electronic infrastructures such as billing and track-and-trace systems.

The Company offers a wide range of services to its customers. The Company's services are primarily classified by speed, distances to be covered, weights and sizes of consignments. The Company's customers are large companies and multinationals as well as small and medium enterprises. The main industries the Company serves are high-tech electronics, automotive, industrial, healthcare and lifestyle (fashion).

The Company operates interconnected air and road networks:

- the air network consists of an air hub in Liege, Belgium and a fleet of 50 aircraft; and
- the road networks include networks in Europe, South America, Asia and the Middle East.

I.2 Risk factors

The following is a summary of what the Company believes are the essential risks associated with investing in the Company and the Ordinary Shares. For a more detailed discussion, see chapter 2 "Risk Factors". Prospective investors should carefully consider these risk factors together with all other information included and incorporated by reference in this Prospectus.

- The express business is cyclical and highly sensitive to fluctuations of trade flows which could affect the Company's revenues and profitability in case of an economic downturn.
- Changes in customer preferences or shipping patterns could result in a shift by existing customers from premium services to economy services or a loss of customers which could affect the Company's revenues and profitability.
- The acquisition and integration of acquired businesses may involve significant challenges (including costs) and could affect the Company's revenues, profitability and financial position.
- The Company derives a significant portion of its revenues from its international operations and is subject to the risks of doing business in emerging markets. A downturn in these markets could affect the Company's revenues, financial position and profitability.
- Changes in market conditions and/or relationships with joint venture partners may require the Company to revise its strategies that could affect its revenues, financial position and profitability.
- Measures taken to reduce costs, including employee redundancies, may be delayed and/or may not achieve the results intended and could affect the Company's revenues and profitability.

- The loss of key suppliers and subcontractors could have a significant impact on the Company's operations and thereby affect its revenues and profitability.
- Failure by subcontractors to meet obligations for social security and other fiscal requirements could have a significant impact on the Company's profitability.
- The Company may decide to exit certain businesses or markets in the future, which could result in additional costs related to closure of operations, impairment of goodwill or other contractual liabilities which could affect the Company's financial position, revenues and profitability.
- Intensifying competition in the CEP market may put downward pressure on prices and could affect the Company's revenues and profitability.
- A terrorist attack and increased anti-terrorism requirements could impose substantial additional security costs on the Company and this could affect its profitability.
- The Company may be unable to use commercial airlines as part of its line haul needs due to increased regulatory pressure on security and this could affect its revenues and profitability.
- The Company's operations and employees are subject to risks related to natural disasters and extreme weather events that could affect both revenue and profitability.
- The Company's operations are subject to risks related to climate change regulation which could affect its revenues and profitability.
- Increases to the prices of fuel and energy may affect the Company's profitability.
- The Company depends on a number of infrastructure facilities for which the Company has limited or no comparable back-up facilities. In the event of operational disruptions at one or more of these facilities, the Company's revenues and profitability could be affected.
- A failure of the Company's IT could affect the Company's revenue and profitability.
- Incidents resulting from the transport of hazardous materials and confidential consignments or a major incident involving sorting centres, warehousing facilities and air or road fleet could affect the Company's reputation, revenues and profitability.
- The Company may not accurately forecast future infrastructure requirements which could result in excess or insufficient capacity and this could affect the Company's revenues and profitability.
- The Company's reputation, as well as its profitability could be affected by fatalities as a result of road traffic accidents.
- The Company faces risks related to health epidemics and other outbreaks of contagious diseases, including pandemic influenza which could affect its revenues and profitability.
- Investigations relating to anti-trust regulations could result in fines which affect the Company's reputation, revenues and profitability.
- The Company operates in many jurisdictions, in which it is confronted with complex legal and regulatory requirements; especially in emerging markets the legal systems are in varying stages of development. This creates risks that might, should they materialise, affect the Company's revenues, financial position and profitability.
- The Company is in the business of transporting goods that are subject to specific restrictions and regulations; violation could affect revenues and profitability.
- Unfavourable decisions by competition authorities concerning joint ventures, acquisitions or divestments could restrict the Company's growth, strategic progress and ability to compete in the market for the Company's services that could affect its revenues and profitability.
- The securing of effective flight slot times may result in significant changes to the Company's operations and could limit the Company's flexibility in operating its business and affect its revenues and profitability.

- The legal concept of limited liability for loss of or damage to goods carried by the Company is increasingly being challenged and this could result in increased exposure to claims, thus affecting the Company's revenues and profitability.
- Subcontractors might be qualified as employees of the Company which could affect its current business model, thereby affecting the Company's profitability.
- Employee, subcontractor and supplier misconduct could result in financial losses, the loss of clients and fines or other sanctions imposed by the national and local governments and other regulators affecting the Company's reputation and profitability.
- Changes in the shareholder base of the Company or in the domicile of TNT Airways SA could impact the Company's ability to secure and maintain landing rights in certain countries and the use of airports which could in turn affect the Company's revenues and profitability.
- There is no certainty that the Company will obtain and be able to maintain its targeted BBB+ credit rating and a lower rating may increase financing costs and harm its ability to finance operations and acquisitions which could negatively affect revenues and profitability.
- Currency and interest rate fluctuations could affect the Company's revenues and profitability.
- Changes in markets, useful lives of assets and the Company's business plans may result in impairments of the carrying value of assets, thereby affecting the Company's financial position and profitability.
- The Company's income tax liability may substantially increase if the tax laws and regulations in countries in which it operates change or become subject to adverse interpretations or inconsistent enforcement.
- If profitability were to be reduced, the Company could be unable to utilise fully its deferred tax assets.
- The Company's insurance policy includes a retention and may not cover all damages which could affect profitability.
- Investors who hold American depository receipts (ADRs) could be affected by changes in the value of the euro which could reduce the value of any (indirect) investment in the Company and any dividends received.
- After the Demerger certain liabilities will remain for the Company which may impact the Company's financial position and profitability.
- Following the Listing, 29.9% of the Ordinary Shares will remain with TNT N.V. which is able to exercise proportionate but still significant influence. This could affect the trading volume and market price of the Ordinary Shares.
- There has been no public trading in the Ordinary Shares prior to the Listing, the price of the Ordinary Shares may be volatile and investors may not be able to sell the Ordinary Shares at or above the price on the date they were acquired.
- The Company may in the future seek to raise capital by conducting equity offerings, which may dilute Shareholders' shareholdings.
- The Articles of Association contain provisions that may prevent, slow down or discourage takeover attempts and resist unwanted influence on and pressure to amend the strategy of the Company by the Shareholders that may be favourable to the Shareholders.
- Future sales – or the possibility of future sales – of a substantial number of the Ordinary Shares may affect the market price of the Ordinary Shares.
- Shareholders outside the Netherlands may not be able to exercise pre-emptive rights in future offerings.
- If securities or industry analysts do not publish research or reports about the Company's business, or if they adversely change their recommendations regarding Ordinary Shares, the market price and trading volume of Ordinary Shares could be affected.

- The rights and responsibilities of a Shareholder will be governed by Dutch law and will differ in some respects from the rights and obligations of shareholders under the laws of other jurisdictions, and the shareholder rights under Dutch law may not be as clearly established as shareholder rights are established under the laws of some other jurisdictions.
- The Company's ability to pay dividends to Shareholders may be constrained.
- US investors may have difficulty enforcing their rights against the Company and its directors and officers.

I.3 Summary of the terms of the Listing

Company	TNT Express N.V.
Shares outstanding	<p>As at the date of this Prospectus, the Company's issued and outstanding share capital comprises 45,000 Ordinary Shares.</p> <p>After the Demerger, the Company's issued and outstanding share capital will comprise 542,033,181 Ordinary Shares.</p>
First Trading Date	<p>Trading in the Ordinary Shares on an "as-if-and-when-issued" basis on Euronext Amsterdam is expected to start on 26 May 2011.</p> <p>The Company and Euronext do not accept any responsibility or liability with respect to any person as a result of the annulment of any transaction in Ordinary Shares on Euronext Amsterdam executed on an "as-if-and-when-issued" basis as from the First Trading Date until the Settlement Date.</p>
Listing and trading	Application has been made to list the Ordinary Shares on Euronext Amsterdam under the symbol "TNTE". The ISIN code is NL0009739424. Listing and trading of the Ordinary Shares on Euronext Amsterdam will commence on the First Trading Date.
Record date	The record date for determining the holders of the outstanding shares in TNT N.V. who will be allotted Ordinary Shares is 30 May 2011 after close of business at Euronext Amsterdam and the holders of the ADRs of shares in TNT N.V. is 26 May 2011.
Legal demerger	The deed of demerger will be executed between 17:30 and 21:00 CET on 30 May 2011. The legal demerger becomes effective immediately after 00:00 CET 31 May 2011.
Allotment, delivery and settlement	<p>Allotment, delivery and settlement of the Ordinary Shares will take place on or about 31 May 2011 through the book-entry facilities of Euroclear Nederland, in accordance with its normal settlement procedures applicable to equity securities. The common code is 060748292.</p> <p>Initial settlement of trades on the First Trading Date is expected to take place on 31 May 2011. This is also the first day of irrevocable trading of the Ordinary Shares.</p>
Legal merger	The deed of merger will be executed on 31 May 2011. The legal merger becomes effective immediately after 00:00 CET 1 June 2011.
Voting rights and ranking	Shareholders are entitled to one vote per Share at General Meetings. The rights of the holders of Ordinary Shares will rank <i>pari passu</i> with each other and with the Preference Shares with respect to voting rights.
Dividends and distributions	The Ordinary Shares will rank <i>pari passu</i> with each other and will be eligible for any dividends which the Company may declare on the Ordinary Shares. If Preference Shares are outstanding, the Company must first pay a dividend on those Preference Shares.
Listing Agent	ING Bank N.V.

I.4 Summary of financial information

The following table presents data from the Combined Financial Statements.

COMBINED INCOME STATEMENTS

<i>(in € millions)</i>	Year ended and position at 31 December		
	2010	2009	2008
Total revenues	7,053	6,208	6,926
Other income	12	0	9
Salaries and social security contributions	(2,190)	(2,007)	(2,106)
Depreciations, amortisation and impairments	(209)	(237)	(270)
Other expenses	(4,486)	(3,903)	(4,273)
Total operating expenses	(6,885)	(6,147)	(6,649)
Operating income	180	61	286
Profit before income taxes	126	35	206
Profit/(loss) for the period	69	(8)	140
Profit attributable to the equity holders of the parent	66	(11)	140

COMBINED STATEMENTS OF FINANCIAL POSITION

<i>(in € millions)</i>	Year ended and position at 31 December		
	2010	2009	2008
Non-current assets	3,281	3,219	3,082
Current assets	2,246	2,142	3,405
Assets classified as held for sale	4	10	15
Total assets	5,531	5,371	6,502
Equity of entities contributed in kind	2,994	2,751	4,368
Non-controlling interests	8	3	1
Total	3,002	2,754	4,369
Non-current liabilities	468	575	531
Current liabilities	2,061	2,042	1,602
Total liabilities and net investment	5,531	5,371	6,502

COMBINED STATEMENTS OF CASH FLOWS

<i>(in € millions)</i>	Year ended and position at 31 December		
	2010	2009	2008
Net cash from operating activities	241	316	525
Net cash used in investing activities	(150)	(185)	(199)
Net cash used in financing activities	(121)	261	(105)
Total changes in cash	(30)	392	221

2. RISK FACTORS

Prospective investors should carefully consider the risk factors set out below, together with the other information contained in this Prospectus, before making an investment decision with respect to investing in the Ordinary Shares. If any of the following risks actually occurs, the Company's business, prospects, financial condition or results of operations may be materially adversely affected. In that case, the value of the Ordinary Shares may decline and investors may lose all or part of the value of their investments.

Although the Company believes that the risks and uncertainties described below are the most material risks and uncertainties, they are not the only ones it may face. All of these factors are contingencies which may or may not occur. Additional risks and uncertainties not presently known to the Company or that it currently deems immaterial may also have a material adverse effect on its business, results of operations or financial condition and may negatively affect the price of the Ordinary Shares.

The sequence in which these risks are presented in no way reflects any order of importance, chance or materiality.

Prospective investors should carefully review the entire Prospectus and should form their own views before making an investment decision with respect to the Ordinary Shares. Before making an investment decision with respect to any Ordinary Shares, prospective investors should also consult their own financial, legal and tax advisers to carefully review the risks associated with an investment in the Ordinary Shares and consider such an investment decision in light of the prospective investor's personal circumstances.

The risks described in this chapter have been classified by the risk categories as defined by the Committee of Sponsoring Organizations of the Treadway Commission – Enterprise Risk Management-Integrated Framework 2004 (COSO – ERM) and the categories also recommended by the Monitoring Committee of the Dutch Corporate Governance Code which are strategic risks, operational risks, legal and regulatory risks and financial risks.

2.1 Strategic risks

The express business is cyclical and highly sensitive to fluctuations of trade flows which could affect the Company's revenues and profitability in case of an economic downturn.

The express business is cyclical and highly sensitive to fluctuations of trade flows. There is a strong correlation between trade flows and economic development. In case of an economic downturn there is a risk of a sharp decline in trade volumes. Such decline of trade volumes could lead to a significant decrease in volumes and weight per consignment offered for transport by the Company and pressure on revenue-quality. This could affect the Company's revenues and profitability.

Changes in customer preferences or shipping patterns could result in a shift by existing customers from premium services to economy services or a loss of customers which could affect the Company's revenues and profitability.

Driven by economic developments or cost rationalisation, customers' preferences or shipping patterns could shift from the Company's higher priced premium services to its slower, cheaper economy services. In addition, the Company may also lose customers due to negative economic developments or cost rationalisation. This could affect the Company's revenues and profitability.

The acquisition and integration of acquired businesses may involve significant challenges (including costs) and could affect the Company's revenues, profitability and financial position.

The Company has entered into and will from time to time continue to make acquisitions (see section 8.2 "Company history"). The Company may grow its business through limited acquisitions where appropriate, with a focus on emerging markets. Emerging markets, by their nature, contain higher levels of market and execution risk and expose the Company to uncertainty arising from the stability of its emerging platforms.

There is a risk that the Company might not select the optimum target company, it might overpay for the target company or overestimate potential synergies, it might not adequately limit its exposure in the execution of the acquisition and achieve optimal integration of the acquired company. In 2010, the Company incurred additional integration-related costs in relation to its acquisitions in Brazil due to claims and provisions that impacted the Company's operating income. This example highlights that the uncertainty and cultural differences, especially in emerging markets, as well as the demands on management and resources to achieve the integration of the newly acquired businesses, can result in a risk that the

integration of acquisitions is sub-optimal. The Company may face additional or new integration-related costs pursuant to already acquired or newly acquired companies.

If an existing or future integration effort is delayed, is not successful, or involves large costs the Company's revenues and, as a result of additional costs, profitability could be affected. The value of the investment in the acquired company may decrease significantly and may be permanently impaired affecting the Company's financial position.

The Company derives a significant portion of its revenues from its international operations and is subject to the risks of doing business in emerging markets. A downturn in these markets could affect the Company's revenues, financial position and profitability.

As the Company has significant international operations it is continually exposed to changing economic, political and social developments beyond its control. Emerging markets are typically more volatile than mature markets, and any downturn in these markets is typically more pronounced than those in the developed world. A downturn in (one or more of) these markets could negatively impact the Company's revenues, financial position and profitability.

Changes in market conditions and/or relationships with joint venture partners may require the Company to revise its strategies that could affect its revenues, financial position and profitability.

Changes in market conditions may lead the Company to revise the strategies in which joint ventures are concluded. Revised strategies may lead the Company to demerge these businesses or terminate these joint ventures. The resulting employment reduction or other significant restructuring costs could affect Company's revenues and profitability. The value of the investment in the joint venture may decrease significantly and may be permanently impaired affecting the Company's financial position.

Measures taken to reduce costs, including employee redundancies, may be delayed and/or may not achieve the results intended and could affect the Company's revenues and profitability.

The cost-saving targets and initiatives are based on assumptions and expectations that may not be valid. Restructuring of operations and other cost-reducing measures may not achieve the results intended and may incur restructuring and other costs and charges to the Company. In addition, restructuring costs are based on forecasts. If these are not valid, the Company may incur additional restructuring cost. Deviations from the forecasted savings and restructuring costs could affect the Company's revenue and profitability.

The loss of key suppliers and subcontractors could have a significant impact on the Company's operations and thereby affect its revenues and profitability.

The Company's business model is dependent upon the extensive use of key suppliers and subcontractors. Their insolvency or bankruptcy could affect the Company's operations. Such disruption of the Company's operation could affect its revenues and/or profitability.

Failure by subcontractors to meet obligations for social security and other fiscal requirements could have a significant impact on the Company's profitability.

In some jurisdictions failure by subcontractors to meet obligations for social security and other fiscal requirements can result in the hiring company becoming liable. If the Company is held liable for its subcontractors' breach of social security or fiscal obligations, its profitability could be affected.

The Company may decide to exit certain businesses or markets in the future, which could result in additional costs related to closure of operations, impairment of goodwill or other contractual liabilities which could affect the Company's financial position, revenues and profitability.

The Company may choose to change its strategy and either fully or partially exit certain businesses or markets, for example, due to changes in strategic focus, unattractive market conditions, aggressive competitor pricing policies or other protectionist behaviour by governments. A full or partial exit could affect the Company's revenues, and its profitability and financial position due to additional costs due to the closure of operations, the impairment of goodwill and other contractual liabilities.

Intensifying competition in the CEP market may put downward pressure on prices and could affect the Company's revenues and profitability.

The Company competes with many companies and services on a local, regional, European and international level. The Company's competitors include the incumbent postal operators of other nations in Europe, Asia, Australia and the United States, motor carriers, express companies, logistics service providers, freight forwarders and air couriers. The competition might intensify in the future in the Company's business.

Targeted, aggressive actions by competitors may put downward pressure on prices. This may force down prices for the Company's services and thus affect its revenues and profitability.

2.2 Operational risks

A terrorist attack and increased anti-terrorism requirements could impose substantial additional security costs on the Company and this could affect its profitability.

Escalating concerns about global terrorism and perceived insufficient levels of aviation security have caused governments and airline operators around the world either to adopt or contemplate adopting stricter disciplines that will increase operating costs, especially for the transportation industry. These enhanced rules and regulations or other future security requirements for air cargo carriers could impose material costs that could affect the Company's profitability.

The Company may be unable to use commercial airlines as part of its line haul needs due to increased regulatory pressure on security and this could affect its revenues and profitability.

As a result of recent aviation security incidents, such as those reported in Yemen and Greece in 2010, many governments have implemented additional security measures for passenger aircraft and all-cargo aircraft, particularly cargo sent to the United States on all-cargo flights.

These additional security measures could result in bans by some airlines or countries on transporting certain items on aircraft. This may increase security costs and impact operations and service quality. This would drastically limit the Company's ability to provide current levels of connectivity and service without significant investments which could affect its revenues and profitability.

The Company's operations and employees are subject to risks related to natural disasters and extreme weather events that could affect both revenue and profitability.

In April 2010, the Company's operations were impacted by the closure of the European air space following the volcanic eruption in Iceland. In the final weeks of 2010, operations were significantly disrupted by extreme adverse weather conditions that closed many airports across northern and western Europe, creating significant delays in both air and road operations. Furthermore, the Company's employees living in risk-prone areas could potentially be affected by extreme weather events (such as the recent earthquake and tsunami in Japan, the flooding in Australia, the earthquakes in Chile and New Zealand and the 2009 typhoons in the Philippines).

The risk of similar future events is impossible to predict and could affect the Company's revenue and profitability.

The Company's operations are subject to risks related to climate change regulation which could affect its revenues and profitability.

Global concern about climate change could lead to governmental actions or regulations that requires the Company to reduce CO₂ emissions by its air and road fleet. Such action or regulation could affect the Company's air and road transport. Many local governments are imposing regulations to limit both the volume of road traffic and emissions in city centres. These actions and regulations could also affect the Company's subcontractors. This could affect the Company's revenues and profitability.

Increases to the prices of fuel and energy may affect the Company's profitability.

The Company's operations depend on its air and road transport. As a result, fuel and energy costs form a significant part of the Company's cost base. Raising fuel and energy prices will affect the Company's profitability. Electricity prices may see further increase as a result of a more stringent regulation of power utilities under the EU ETS scheme. Middle East turmoil could also cause raising of fuel and energy prices. Increases to fuel and energy prices could affect its revenues and profitability.

The Company depends on a number of infrastructure facilities for which the Company has limited or no comparable back-up facilities. In the event of operational disruptions at one or more of these facilities, the Company's revenues and profitability could be affected.

A portion of the Company's infrastructure is concentrated in single locations for which there are either limited or no comparable back-up facilities, or very expensive back-up scenarios in the event of a disruption of operations. An example of this is its air express hub in Liege, Belgium. The operation of the Company's facilities is prone to a number of risks, including power failures, the breakdown, failure or substandard performance of equipment, the possibility of work stoppages or civil unrest, natural disasters, catastrophic incidents such as aeroplane crashes, fires and explosions, and normal hazards associated with

operating a complex infrastructure. If there were to be a significant interruption of operations at one or more of the Company's key facilities and operations could not be transferred or could only be transferred at very high costs to other locations, the Company might not be able to meet its contractual obligations, incur liabilities and revenues and profitability could be affected.

A failure of the Company's IT could affect the Company's revenue and profitability.

The Company's operations and administration is dependent on an IT infrastructure that is critical to the day-to-day management of the Company's operations and administration. If one or more elements of the Company's IT infrastructure fails and back-up facilities do not operate successfully, it may prevent or hamper the Company's operation and affect its revenues and profitability.

Incidents resulting from the transport of hazardous materials and confidential consignments or a major incident involving sorting centres, warehousing facilities and air or road fleet could affect the Company's reputation, revenues and profitability.

The Company transports hazardous materials for a number of customers in the automotive, biomedical and chemical industries. The hazardous consignments include airbags, batteries, paint, blood samples, medical substances, dry ice and chemicals. It may also transport hazardous or dangerous goods without notification of the nature of the goods transported. The Company faces a number of risks by transporting these materials, such as personal injury or loss of life, severe damage to and destruction of property and equipment, and environmental damage. Incidents involving these materials could result from a variety of causes including sabotage, terrorism, accidents or the improper packaging or handling of the materials.

In addition, the Company transports confidential and sensitive consignments on behalf of some of its customers. It does not always know the confidential and sensitive nature of these consignments and customers may choose to enter consignments into its network without registering the consignment, with the result that they cannot be tracked and traced.

If a significant incident occurred involving the handling of hazardous materials or if confidential consignments were misplaced or lost, the Company's operations could be disrupted and the Company could be subject to a wide range of additional measures or restrictions imposed on it by local or government authorities as well as potentially large civil and criminal liabilities. This could affect the Company's revenues and profitability. A significant incident, particularly a well-publicised incident involving potential or actual harm to members of the public, could damage the Company's reputation.

As an owner and operator of a sizeable air and road fleet, the Company could be exposed to liability in case of a major air or road incident involving the Company's aircraft or vehicles.

Any of these incidents could affect the Company's reputation, revenues and profitability.

The Company may not accurately forecast future infrastructure requirements which could result in excess or insufficient capacity and this could affect the Company's revenues and profitability.

In order to maintain market position and future growth, the Company must make ongoing investments in infrastructure such as aircraft, vehicles and depots. Infrastructure investments are based on forecasts of future capacity requirements. Forecasts for future requirements might not be accurate. As a result, there may be a mismatch between investment and actual requirements.

If the Company underestimates its future capacity requirements, customer needs may not be met, and it could lose business, its market share, revenues and profits. If the Company overestimates future needs, or if major contracts are cancelled by customers, it may experience costly excess capacity and this could affect its revenues and profitability.

The Company's reputation, as well as its profitability could be affected by fatalities as a result of road traffic accidents.

The Company operates a large fleet of vehicles. The drivers could be involved in accidents causing fatalities. The number of accidents has significantly increased in emerging markets as the Company has made acquisitions there. Adverse weather conditions, as well as a general increase in road traffic, have also contributed to this. The Company reputation could be affected if an increase in fatal accidents occurs in both its mature and emerging platforms, apart from potentially civil liabilities that could affect its profitability.

The Company faces risks related to health epidemics and other outbreaks of contagious diseases, including pandemic influenza which could affect its revenues and profitability.

Outbreaks of contagious diseases such as H1N1 and SARS and other adverse public health developments could affect the Company's operations. They could impact the Company's ability to ship consignments or otherwise make deliveries of products originating in affected countries, as well as causing temporary closure of offices or other facilities. Such closures or shipment restrictions could severely disrupt the Company's operations.

The Company may also be required by regulation and/or by stakeholder expectation to put in place measures to ensure continuity of operations in the event of such an outbreak and this could increase costs as the Company prepares to mitigate such risks.

This could affect the Company's revenues and profitability.

2.3 Legal and regulatory risks

Investigations relating to anti-trust regulations could result in fines which affect the Company's reputation, revenues and profitability.

Recent investigations into price fixing and/or anti-competitive behaviour by some companies may result in an increased focus on the transportation sector by regulators. The Company may be required from time to time to cooperate with law enforcement agencies in various jurisdictions as part of a wider industry investigation. Such actions could distract management from the day-to-day running of the business and could result in the Company incurring legal costs. If the Company were found to have acted in breach of anti-trust regulations, fines and other sanctions could be imposed, which may adversely affect the Company's reputation, revenues and profitability.

The Company operates in many jurisdictions, in which it is confronted with complex legal and regulatory requirements; especially in emerging markets the legal systems are in varying stages of development. This creates an uncertain business and investment environment and related risks that might, should they materialise, affect the Company's revenues, financial position and profitability.

The Company operates around the globe and provides a worldwide service with facilities in many countries. As a result, the Company is confronted with complex legal and regulatory requirements in many jurisdictions. These include tariffs, trade barriers, limitations on foreign ownership of assets and share capital and taxes on remittances and other payments.

In many of the jurisdictions in which the Company operates, in particular emerging markets (such as China, India, Brazil, Russia and the Middle East), the legal systems are in varying stages of development. This creates an uncertain business and investment environment and related risks. These risks include the absence of an independent and experienced judiciary, the necessity to use nominee constructs, and that the Company may be unable to enforce contracts. Should any of these risks materialise, this might affect the Company's ability to implement its policies and strategies, and might affect its revenues, financial position and profitability.

The Company is in the business of transporting goods that are subject to specific restrictions and regulations; violation could affect revenues and profitability.

The Company provides transportation services to many different industry sectors and countries, some of which may be subject to specific export or import controls, customs, disclosures and denied parties regulations. In addition, the Company is occasionally required to provide information requested by authorities that are investigating transport of certain restricted or regulated consignments to and from certain denied or restricted parties. The controls applied by the Company may be insufficient to ensure all consignments comply with applicable regulations in all jurisdictions. This can lead to investigations and operational measures and, in case of any violations, the Company may be subject to fines and other administrative sanctions, as well as contractual liabilities.

This could affect the Company's revenues and profitability.

Unfavourable decisions by competition authorities concerning joint ventures, acquisitions or divestments could restrict the Company's growth, strategic progress and ability to compete in the market for the Company's services that could affect its revenues and profitability.

The Company occasionally seeks alliances with or acquires shares in companies, or seeks to divest part of its business. Some joint ventures, acquisitions or divestments of shares or a business require approval by

the competition authorities and this approval may contain certain restrictions or conditions with respect to the intended transaction or may not be granted at all. This could affect the Company's revenues and profitability.

The securing of effective flight slot times may result in significant changes to the Company's operations and could limit the Company's flexibility in operating its business and affect its revenues and profitability.

The Company operates various types of aircraft throughout Europe and between Europe and Asia. In some of the countries in which the Company operates, regulations have been adopted (or proposed) which impose night-time take-off and landing restrictions, aircraft capacity limitations and similar measures in order to address the concerns of local communities. The Company relies on night-time operations at its air express hub in Liege, Belgium, for a substantial part of its international express business. A curtailment of night-time take-offs and landings at any of the Company's key facilities, such as Liege, could affect its operations and services that the Company can offer to its customers.

In addition, as the provider of time-sensitive delivery services, the Company needs to secure adequate and effective flight slot times from airport coordination (or other local) authorities in all the countries and airports the Company operates into and out of. The limited availability of these slots could have an impact on the efficient operations of the Company's time-sensitive air and road networks and could result in a breach of its contractual obligations.

This could affect the Company's revenues and profitability.

The legal concept of limited liability for loss of or damage to goods carried by the Company is increasingly being challenged and this could result in increased exposure to claims, thus affecting the Company's revenues and profitability.

The Company transports goods under the conditions of the international conventions regarding the carriage of goods by air (the Warsaw Convention) and by road (the Convention on the Contract for the International Carriage of Goods by Road). These conventions contain provisions that limit the Company's liability in the event that it loses or damages shipments belonging to its customers.

In the past, this principle was generally accepted as normal business practice, but in recent years, courts and regulators in an increasing number of jurisdictions, like Brazil, set aside the principles of limited liability. This exposes the Company to higher claims, and could thus affect the Company's revenues and profitability.

Subcontractors might be qualified as employees of the Company which could affect its current business model, thereby affecting the Company's profitability.

The Company uses subcontractors to perform aspects of its operations. In certain jurisdictions, the authorities have brought criminal actions and subcontractors and/or their employees have brought civil actions alleging that subcontractors or their employees engaged by the Company are to be regarded as the Company's own unregistered employees. As a result, the Company could incur costs such as legal costs, social security contributions, wage taxes and overtime payments in respect of such employees. If these actions were successful, operating expenses would rise and this could affect profitability.

Employee, subcontractor and supplier misconduct could result in financial losses, the loss of clients and fines or other sanctions imposed by the national and local governments and other regulators affecting the Company's reputation and profitability.

The Company may be unable to prevent in all cases its employees from engaging in misconduct, fraud, bribery or other improper activities that could affect the Company's business and reputation. As a result of employee misconduct, the Company could incur fines and penalties imposed by governments in the countries in which it does business. The Company's customers could also file claims and/or terminate the contract for breach thereof. Any such fines, penalties or claims could affect profitability. In addition, negative publicity in relation to employee misconduct could affect the Company's reputation and revenues.

The same risks apply with regard to misconduct by the Company's subcontractors and suppliers.

Changes in the shareholder base of the Company or in the domicile of TNT Airways NV/SA could impact the Company's ability to secure and maintain landing rights in certain countries and the use of airports which could in turn affect the Company's revenues and profitability.

TNT Airways SA is incorporated in Belgium and qualifies as a Belgian and EU carrier. This brings a number of privileges that include the Company's use of Liege Airport, routings and reciprocal landing rights and trade arrangements. Changes in the Company's shareholder base such that the majority of the Ordinary Shares are held by non-EU shareholders may result in TNT Airways NV/SA no longer being able to benefit from its privileges. Changing the domicile of TNT Airways NV/SA or other changes to its legal structure as a result of which it no longer qualifies as a Belgian carrier may result in TNT Airways NV/SA not being able to use certain airports, including Liege Airport. This could affect the Company's revenues and profitability.

2.4 Financial risks

There is no certainty that the Company will obtain and be able to maintain its targeted BBB+ credit rating and a lower rating may increase financing costs and harm its ability to finance operations and acquisitions, which could negatively affect revenues and profitability.

There is no certainty that the Company will obtain its targeted credit rating of BBB+. In addition, if it obtains a credit rating, the Company's credit rating might be downgraded, e.g. as a result of the Demerger. This absence of a credit rating or a downgrade of the Company's credit rating may increase its financing costs and harm its ability to finance its operations and acquisitions, which could affect revenues and profitability.

Currency and interest rate fluctuations could affect the Company's revenues and profitability.

The Company operates and sells its services globally, and a substantial portion of its assets, liabilities, costs, sales and income are denominated in currencies other than the euro (the Company's reporting currency). The exchange rates between foreign currencies and the euro may fluctuate. Part of the Company's borrowings and financial assets incur floating interest rates.

Although the Company generally enters into hedging arrangements and other contracts in order to attempt to reduce its exposure to currency and interest fluctuations, these measures may be inadequate or may subject the Company to increased operating or financing costs, affecting the Company's profitability.

There are no net investment hedges outstanding. However, significant acquisitions and local debt are usually funded in the currency of the underlying assets. These form a natural hedge against foreign currency cash flow and earnings risks.

As a result, currency and interest fluctuations will affect the Company's revenues and profitability.

Changes in markets, useful lives of assets and the Company's business plans may result in impairments of the carrying value of assets, thereby affecting the Company's financial position and profitability.

Regular review of the carrying value of assets (including intangible, tangible and financial fixed assets) may require the Company to recognise additional impairment charges. Among other things, events in the markets where the Company conducts its businesses, including current trading, macroeconomic developments, significant declines in share prices, market capitalisations and credit ratings of market participants, as well as the Company's ongoing review and refinement of its business plans, are elements included in these regular reviews. In addition, the Company might need to recognise increased depreciation and amortisation charges if it is determined that the useful lives of the Company's fixed assets are shorter than originally expected. This could affect the Company's financial position and profitability.

The Company's income tax liability may substantially increase if the tax laws and regulations in countries in which it operates change or become subject to adverse interpretations or inconsistent enforcement.

Taxes payable by companies in many of the countries in which the Company operates include profit taxes, value-added tax, payroll related taxes, property taxes and other taxes. Tax laws and regulations in some of these countries may be subject to frequent change, varying interpretation and inconsistent enforcement. Ineffective tax collection systems and continuing budget requirements may increase the likelihood of the imposition of arbitrary or onerous taxes and penalties, which could have a material adverse effect on the Company's financial condition and results of operations. In addition to the usual tax burden imposed on taxpayers, these conditions create uncertainty as to the tax implications of various business decisions. This

uncertainty could expose the Company to fines and penalties and to enforcement measures despite its best efforts at compliance, and could result in a greater than expected tax burden.

In addition, many of the jurisdictions in which the Company operates have adopted transfer pricing legislation. If tax authorities impose significant additional tax liabilities as a result of transfer pricing adjustments, this could have a material adverse effect on its financial condition and results of operations and may lead to double taxation. It is also possible that tax authorities in the countries in which the Company operates will introduce additional revenue raising measures. The introduction of any such provisions may affect its overall tax efficiency and may result in significant additional taxes becoming payable. Any such additional tax exposure could have a material adverse effect on its financial condition and results of operations. The Company may also face a significant increase in its income taxes if tax rates increase or the tax laws or regulations in the jurisdictions in which it operates, or treaties between those jurisdictions, are modified in an adverse manner. This may adversely affect its cash flows, liquidity and ability to pay dividends.

If profitability were to be reduced, the Company could be unable to utilise fully its deferred tax assets.

As at 31 December 2010, the Company had €230 million recorded as net deferred tax assets in its Combined Financial Statement. These assets can be utilised only if, and only to the extent that, its operating subsidiaries generate adequate levels of taxable income in future periods to offset the tax loss carry-forwards and reverse the temporary differences prior to expiration. At 31 December 2010, the amount of future income required to recover the Company's deferred tax assets was approximately €800 million (over a period of at least ten years) at certain operating subsidiaries.

The Company's ability to generate taxable income is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond its control. If the Company generates lower taxable income than the amount it has assumed in determining its deferred tax assets, then the value of its deferred tax assets will be reduced.

The Company's insurance policy includes a retention and may not cover all damages which could affect profitability.

The Company is insured via an in-house captive insurance company for catastrophic risks under insurance covers that are in line with market practice. The insurance policy provide a retention (own risk). The insurance policy may not cover all potential damages as the coverage is limited both in the size of insured amounts as well as in nature of the damage claims. In case of damages, these might not be fully covered which could affect the Company's profitability.

2.5 Risks relating to the Demerger, the Ordinary Shares and the Listing

Investors who hold American depository receipts (ADRs) could be affected by changes in the value of the euro which could reduce the value of any (indirect) investment in the Company and any dividends received.

Since its introduction on 1 January 1999, the value of the euro relative to the US dollar has fluctuated widely. Fluctuations in the exchange rate between the US dollar and the euro will affect the dollar equivalent of the euro price of the future the euro-denominated Ordinary Shares, the Company's US ADRs and the US dollar value of any cash dividends. If the value of the euro relative to the US dollar declines, the market price of ADRs is likely to be adversely affected. Any decline in the value of the euro would also adversely affect the US dollar amounts received by shareholders on the conversion of any cash dividends paid in euro on ADRs.

In more general terms, if an investor has a functional currency other than the euro, their investment expressed in their own functional currency is similarly exposed to a decline of the euro against that other currency.

The Demerger makes the Company liable for TNT N.V.'s own current obligations

As a result of the Demerger, the Company will be jointly and severally liable for any obligations of TNT N.V. that exist as at the date of the legal demerger (expected to be 31 May 2011) and that TNT N.V. itself fails to meet. The most important of these obligations is the pensions liability of TNT N.V. to the pension funds. If TNT N.V. becomes insolvent, its pension fund may hold the Company liable for some of the pensions premiums, even if these are unrelated to the Company's own employees. The Company will not have recourse on anyone for those payments, except to the extent it has recourse on TNT N.V.

Following the Listing, 29.9% of the Ordinary Shares will remain with TNT N.V. which is able to exercise proportionate but still significant influence. This could affect the trading volume and market price of the Ordinary Shares.

After the Listing, TNT N.V. will directly hold 29.9% of the Ordinary Shares. Given the historical attendance rates of general meetings of Dutch listed companies, this allows TNT N.V. to exercise proportionate but still significant influence over certain corporate matters requiring approval of the General Meeting, subject to the Relationship Agreement (see section 15.3 "Relationship Agreement"). This concentration of ownership could affect the trading volume and market price of the Ordinary Shares.

There has been no public trading in the Ordinary Shares prior to the Listing, the price of the Ordinary Shares may be volatile and investors may not be able to sell the Ordinary Shares at or above the price on the date they were acquired.

Prior to the Listing, there has been no public trading market for the Ordinary Shares. There can be no assurance that an active trading market will develop or, if it does develop, that it will be maintained. The trading price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including equity market fluctuations, general economic conditions and regulatory changes which may adversely affect the market price of the Ordinary Shares, regardless of the Company's actual performance or conditions in its key markets.

The Shareholders might not be able to resell the Ordinary Shares at or above the price at which they acquired the Ordinary Shares.

The Company may in the future seek to raise capital by conducting equity offerings, which may dilute Shareholders' shareholdings.

The Executive Board may decide to issue Shares. The resolution is subject to the approval of the Supervisory Board. The scope of the Executive Board's authority to issue Shares is determined by a resolution of the General Meeting and relates at most to all unissued Shares of the authorised capital, as applicable now or at any time in the future. The duration of this authority is also determined by a resolution of the General Meeting and is for five years at most.

The Company may in the future seek to raise capital through public or private debt or equity financings by issuing additional Ordinary Shares or other shares, debt or equity securities convertible into Ordinary Shares or rights to acquire these securities and exclude the pre-emptive rights pertaining to the then outstanding shares. Any additional capital raised through the issue of additional Ordinary Shares may dilute a Shareholder's shareholding interest. Furthermore, any additional financing the Company may need may not be available on terms favourable to the Company or at all, which may adversely affect the Company's future plans. Any additional issue of Ordinary Shares, or the public perception that an issue may occur, may also affect the market price of the Ordinary Shares and may increase the volatility in the market price of the Ordinary Shares.

The Articles of Association contain provisions that may prevent, slow down or discourage takeover attempts and resist unwanted influence on and pressure to amend the strategy of the Company by Shareholders that may be favourable to the Shareholders.

The Articles of Association contain protection provisions that may have the effect of preventing, slowing down or complicating an unwanted takeover bid or an unwanted acquisition of Ordinary Shares and resist unwanted influence on and pressure to amend the strategy of the Company by Shareholders. The Foundation will be granted a call option by the Company. When exercising the call option, the Foundation is entitled to subscribe for Preference Shares up to a maximum that is equal to 100% of the Company's issued and outstanding share capital immediately prior to the exercise of the call option, minus one Preference Share and minus any Shares already held by the Foundation.

The issuance of Preference Shares in this manner would substantially dilute the Shareholders' shareholding, including voting power. This may have the effect of slowing down or complicating an unwanted takeover bid or an unwanted acquisition of Ordinary Shares that might otherwise be in the Shareholders' best interest or have otherwise resulted in an opportunity for Shareholders to sell the Ordinary Shares at a premium to the then prevailing market price. These provisions could have an adverse effect on the market price of the Ordinary Shares.

Future sales – or the possibility of future sales – of a substantial number of the Ordinary Shares may affect the market price of the Ordinary Shares.

Following the Listing, sales of a substantial number of Ordinary Shares in the public market, or the perception that such sales may occur, may affect the market price for the Ordinary Shares. In the Relationship Agreement TNT N.V. agreed to, subject to certain exceptions, restrictions on selling or otherwise disposing of Ordinary Shares for a period of six months from the date of the Demerger becoming effective. After that period, the Ordinary Shares held by the TNT N.V. will be freely transferable.

Shareholders outside the Netherlands may not be able to exercise pre-emptive rights in future offerings.

In the event of an increase in the Company's share capital, Shareholders are generally entitled to full pre-emptive rights unless these rights are excluded either by a resolution of the General Meeting at the proposal of the Executive Board, with the approval of the Supervisory Board, or by a resolution of the Executive Board with the approval by the Supervisory Board (if the Executive Board has been designated by the General Meeting or the Articles of Association for this purpose). However, certain Shareholders outside the Netherlands may not be able to exercise pre-emptive rights unless local securities laws have been complied with.

US Shareholders may not be able to exercise their pre-emptive rights or participate in a rights offer, as the case may be, unless a registration statement under the US Securities Act is effective with respect to such rights or an exemption from the registration requirements is available. The Company intends to evaluate at the time of any issue of Ordinary Shares that is subject to pre-emptive rights or in a rights offer, as the case may be, the costs and potential liabilities associated with any such registration statement. Subsequently, the Company intends to evaluate the indirect benefits of enabling the exercise of US Shareholders of their pre-emptive rights to Ordinary Shares or participation in a rights offer, as the case may be, and any other factors considered appropriate at the time and then to make a decision as to whether to file such a registration statement. The Company cannot assure investors that any registration statement will be filed as to enable the exercise of such Shareholders' pre-emptive rights or participation in a rights offer.

If securities or industry analysts do not publish research or reports about the Company's business, or if they adversely change their recommendations regarding Ordinary Shares, the market price and trading volume of Ordinary Shares could be affected.

The trading market for the Ordinary Shares will be influenced by the research and reports that industry or securities analysts publish about the Company or its business. If one or more of the analysts who cover the Company or its industry downgrade the Ordinary Shares, the market price of the Ordinary Shares may decline. If one or more of these analysts ceases coverage of the Company or fails to regularly publish reports on the Company, it may lose visibility in the financial markets, which could affect the market price of the Ordinary Shares and trading volume.

The rights and responsibilities of a Shareholder will be governed by Dutch law and will differ in some respects from the rights and obligations of shareholders under the laws of other jurisdictions, and the shareholder rights under Dutch law may not be as clearly established as shareholder rights are established under the laws of some other jurisdictions.

The Company is organised and exists under the laws of the Netherlands. Accordingly, the Company's corporate structure as well as rights and obligations of the Shareholders may be different from the rights and obligations of shareholders of companies under the laws of other jurisdictions. The exercise of certain shareholders' rights by Shareholders outside the Netherlands may be more difficult and costly than the exercise of rights in a company organised under the laws of other jurisdictions. Resolutions of the General Meeting may be taken with majorities different from the majorities required for adoption of equivalent resolutions in companies organised under the laws of other jurisdictions. Any action to contest any of the Company's corporate actions must be filed with, and will be reviewed by a Dutch court, in accordance with Dutch law.

The Company's ability to pay dividends to Shareholders may be constrained.

The Company's ability to pay dividends to the Shareholders is dependent on its profitability. The Company's ability to declare and pay dividends is further subject to regulatory, legal and financial restrictions, as well as its solvency position. See chapter 6 "Dividends and Dividend Policy" and section 12.13 "Dividends and other distributions".

In addition, the Company is a holding company and its ability to generate income and pay dividends is dependent on the ability of its operating subsidiaries to declare and pay dividends. Its ability to declare and the ability of its operating subsidiaries to pay dividends may be restricted, as applicable regulations may prohibit the payment of dividends in certain circumstances.

The actual payment of future dividends, if any, and the amounts thereof, will depend on a number of factors including (but not limited to) the amount of distributable profits and reserves, regulatory capital position, capital expenditure and investment plans, earnings, level of profitability, ratio of debt to equity, the credit ratings, applicable restrictions on the payment of dividends under applicable laws, compliance with credit covenants, the level of dividends paid by other comparable listed companies doing business in the Netherlands and such other factors as the Executive Board and Supervisory Board may deem relevant from time to time. As a result, the Company's ability to pay dividends in the future may be limited and its dividend policy may change. If dividends are not paid in the future, capital appreciation, if any, of the Ordinary Shares would be the Shareholders' sole source of gains.

US investors may have difficulty enforcing their rights against the Company and its directors and officers.

The Company is a public limited liability company organised under the laws of the Netherlands. The members of the Executive Board and Supervisory Board reside outside the United States. All or a significant portion of the assets of these individuals are located outside the United States. Similarly, a substantial portion of the Company's assets is located outside of the United States. As a result, it may be difficult for investors to effect service of process within the United States upon the Company, its affiliates or its directors and officers, or to enforce judgments obtained in the United States against the Company, its affiliates or its directors and officers, including judgments based on the civil liability provisions of the US federal securities laws.

3. IMPORTANT INFORMATION

Potential investors are expressly advised that an investment in the Ordinary Shares entails certain risks and that they should therefore carefully review the entire contents of this Prospectus. Furthermore, before making an investment decision with respect to any Ordinary Shares, potential investors should consult their stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Ordinary Shares and consider such an investment decision in light of the potential investor's personal circumstances.

3.1 Responsibility statement

Potential investors should only rely on the information contained in this Prospectus and any supplement to this Prospectus within the meaning of article 5:23 of the Dutch Financial Supervision Act.

Potential investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. No person is or has been authorised to give any information or to make any representation in connection with the Listing, other than as contained in this Prospectus. If any information or representation not contained in this Prospectus is given or made, the information or representation must not be relied upon as having been authorised by the Company, or any of its respective affiliates. The delivery of this Prospectus at any time after the date hereof will not, under any circumstances, create any implication that there has been no change in the Group's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

The Company accepts responsibility for the information contained in this Prospectus. The Company declares that having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

3.2 Potential conflicts of interest

ING Bank N.V. is the Listing Agent. It and/or its respective affiliates have in the past engaged, and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary transactions in the ordinary course of their business with the Company or any parties related to the Company, in respect of which they may, in the future, receive fees and commissions, and in respect of which sharing of information is restricted for reasons of confidentiality by internal procedures or by rules and regulations, including those issued by the AFM. As a result of these transactions, these parties may have interests that may not be aligned, or could possibly conflict with the interests of investors and the Group.

3.3 Presentation of financial and other information

Unless otherwise indicated, financial information relating to the Company as at and for the 12 months ended 31 December 2010, 31 December 2009 and 31 December 2008 presented in this Prospectus:

- is presented in euro; and
- has been prepared in accordance with IFRS.

Certain figures contained in this Prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or row of a table contained in this Prospectus may not conform exactly to the total figure given for that column or row.

The Combined Financial Statements have been prepared on a "carve-out" basis from the TNT N.V. consolidated financial statements for the purposes of presenting the financial position, results of operations and cash flows of Express on a stand-alone basis. The financial information of the legal entities within Express have been extracted from the reporting records on a legal entity basis, which have been reported for Group consolidation purposes within TNT N.V. (see Annex 3 Part 2 "Combined Financial Statements").

3.4 Incorporation by reference

The articles of association of the Company are incorporated in, and form part of, this Prospectus and can be obtained free of charge on the Company's website at www.tnt.com.

Prospective investors should only rely on the information that is provided in this Prospectus or incorporated by reference into this Prospectus. No other documents or information, including the contents

of the Company's website (www.tnt.com) or of websites accessible from hyperlinks on that website, form part of, or are incorporated by reference into, this Prospectus.

3.5 Forward-looking statements

Certain statements contained in this Prospectus that are not historical facts are "forward-looking statements". This Prospectus contains forward-looking statements in chapter 2 "Risk Factors", chapter 7 "Industry Overview", chapter 8 "Business Overview" and chapter 10 "Operating and Financial Review", which are based on the Company's beliefs and projections and on information currently available to the Company. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Company's current beliefs and expectations about future events. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes", "anticipates", "annualised", "goal", "target" or "aim" or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy that involve risks and uncertainties.

Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. The Company undertakes no duty to and will not necessarily update any of the forward-looking statements in light of new information or future events, except to the extent required by applicable law. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing the Company and its subsidiaries. Such risks, uncertainties and other important factors include, among others, those discussed in chapter 2 "Risk Factors". Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, the Company's actual financial condition or results of operations could differ materially from those described in this Prospectus as anticipated, believed, estimated or expected. The Company urges investors to read chapter 2 "Risk Factors", chapter 7 "Industry Overview", chapter 8 "Business Overview" and chapter 10 "Operating and Financial Review" for a more complete discussion of the factors that could affect the Company's future performance and the industry in which the Company operates.

3.6 Enforcement of civil liabilities

The ability of an overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited liability company (*naamloze vennootschap*) incorporated in the Netherlands and has its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands. All of the directors and executive officers of the Company and certain of the persons named herein are non-residents of the United States. All or a substantial portion of the assets of such non-resident persons and of the Company are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons or the Company or to enforce against them in US courts a judgment obtained in such courts.

The United States and the Netherlands do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, a final judgment for the payment of money rendered by US courts based on civil liability would not be directly enforceable in the Netherlands. However, if the party in whose favour such final judgment is rendered brings a new suit in a competent court in the Netherlands, that party may submit to the Dutch court the final judgment that has been rendered in the United States. A judgment by a federal or state court in the United States against the Company will neither be recognised nor enforced by a Dutch court but such judgment may serve as evidence in a similar action in a Dutch court.

3.7 Restrictions

General

The Demerger and the Listing, the distribution of this Prospectus, any related materials and the making of an offer by way of Demerger or Listing may in certain jurisdictions other than the Netherlands, including, but not limited to, the United States, be restricted by law.

The content of this Prospectus is not to be considered or interpreted as legal, financial or tax advice. Persons into whose possession this Prospectus or any related materials comes should inform themselves about (including, without being limited to, consulting their professional advisers) and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws

of any such jurisdiction. The Company does not accept or assume any responsibility or liability for any violation by any person of any such restrictions.

United States

The Ordinary Shares have not been and will not be registered under the US Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the US Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

No offer is being made, directly or indirectly, in or into the United States or to any US person, as defined in Regulation S under the Securities Act, or by use of the mails, or by any means or instrumentality of interstate or foreign commerce, or any facilities of a national securities exchange, of the United States. This includes, but is not limited to, post, facsimile transmission, telex or any other electronic form of transmission and telephone. Accordingly, copies of this Prospectus and any related documents are not being sent and must not be mailed or otherwise distributed or sent in, into or from the United States.

Persons receiving this Prospectus or such other documents must not distribute or send them in, into or from the United States, or use such mails or any such means, instrumentality or facilities for any purpose directly or indirectly in connection with the Demerger and the Listing.

European Union

In relation to each Member State which has implemented the Prospectus Directive (each, a **Relevant Member State**) no offer to the public of Shares has been made nor will it be made in any Relevant Member State. The AFM has provided the competent authority of some Relevant Member States with a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive and with a copy of this Prospectus.

For the purposes of this provision, the expression an “offer to the public” in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and includes any relevant implementing measure in each Relevant Member State.

3.8 Market and industry data

Market data and other statistical information used in this Prospectus is based on the Company’s competitor model, an internal country and company revenue analysis tool, combining internal data and a variety of external sources, including independent industry publications, government publications, reports by market research firms or other independent publications.

In addition, the Company uses market data and other statistical information prepared by the Economist Intelligence Unit and US Energy Information Administration. Although the Company believes the Economist Intelligence Unit and US Energy Information Administration are reliable sources, the Company has not independently verified the information and cannot guarantee its accuracy and completeness.

The information in this Prospectus that has been sourced from the Economist Intelligence Unit and US Energy Information Administration has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In this Prospectus, certain statements are made regarding the Group’s competitive position and market leadership. The Company believes these statements to be true based on market data and industry statistics regarding the competitive position of certain of the Group’s competitors.

4. THE DEMERGER

The demerger proposal and the explanatory notes thereto and merger proposal and the explanatory notes thereto are attached to this Prospectus as Annexes 1 “Demerger Proposal and Explanatory Notes” and 2 “Merger Proposal and Explanatory Notes”.

4.1 Background

On 2 August 2010, TNT N.V. announced its intention to fully separate its Mail Business and Express Business through a capital markets transaction. On 2 December 2010, TNT N.V. announced its intention to demerge the Express Business creating a newly listed company while the Mail Business would remain with TNT N.V. TNT N.V. would retain a 29.9% stake in the Express Business. This minority stake of 29.9% is a financial shareholding to cover separation and financing requirements of TNT N.V. The financing requirements relate to TNT N.V.’s equity and funding. See section 15.3 “Relationship Agreement” for more details on the Relationship Agreement that provides for the terms and conditions on lock-up and orderly market arrangements, subject to which TNT N.V. may reduce its shareholding over time following the Demerger becoming effective.

The main reasons for separation are the increasingly divergent strategic profiles of the two businesses and the limited synergies existing between them. The Mail Business is faced with a continually declining mail market in the Netherlands and has to focus on sustaining cash flows and operational efficiency. Express’ priorities are to grow its existing European networks, to continue to grow its intercontinental business from and to Europe into adjacent markets and to secure contributions from its existing positions in China, South America and India. In addition, separation enables greater internal focus on each business, with single-business investment discipline and capital allocation and leaner, more flexible organisations. Externally, separation provides more transparency and two distinct shareholding opportunities with a choice of investment in two different kinds of companies.

4.2 Structure

It is intended to have the Demerger take place in the week after the annual general meeting of TNT N.V. that will be held on or about 25 May 2011. The Demerger will result in the separation of Express from TNT N.V. The Mail Business will remain with TNT N.V. which will maintain its listing on Euronext Amsterdam. The Express Business will be demerged to TNT Express for which admission to listing is sought. TNT N.V. will be renamed PostNL N.V.

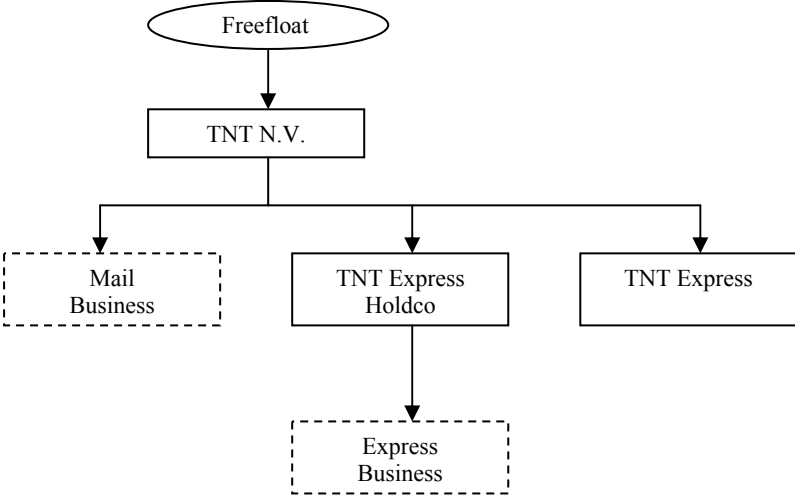
In the months prior to the date of this Prospectus, an internal reorganisation took place in preparation of the Demerger. On the date of this Prospectus, the Express Business is held by TNT Express Holdco B.V., a direct wholly owned subsidiary of TNT N.V. (**TNT Express Holdco**). Prior to the Demerger, TNT Express is also a direct wholly owned subsidiary of TNT N.V. The Demerger will be effectuated in two steps: a legal demerger (*juridische splitsing*) of the Express Business by TNT N.V. to TNT Express followed by a legal merger (*juridische fusie*) between TNT Express and TNT Express Holdco.

The first step is the legal demerger by TNT N.V. to TNT Express of:

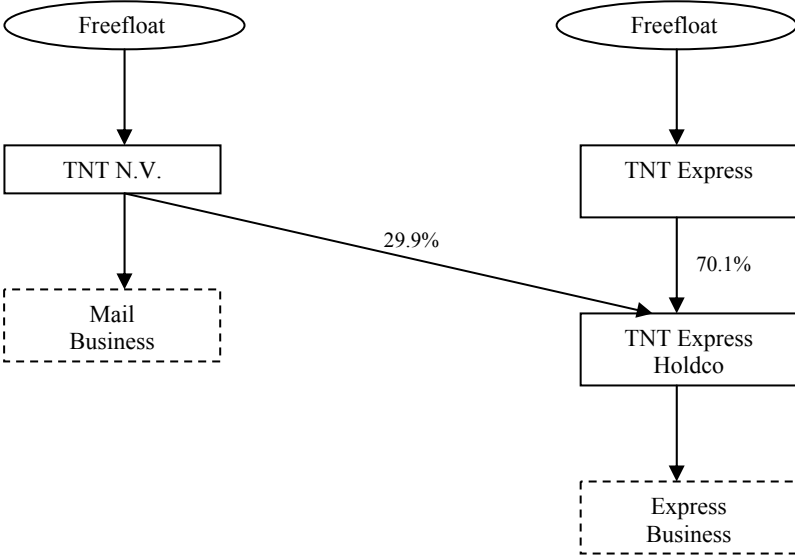
- (i) 70.1% of the issued and outstanding share capital of TNT Express Holdco;
- (ii) all issued and outstanding shares in the capital of TNT Express; and
- (iii) a receivable due from TNT Mail Finance B.V. in the amount of €84 million excluding accumulated interest.

As part of the legal demerger, TNT Express will allot Ordinary Shares on a “one share for one share” basis to the existing shareholders of TNT N.V. and will cancel the shares in its own capital that will be transferred to it as part of the legal demerger. The diagrams below illustrate this legal demerger.

Pre-legal demerger (unless indicated otherwise, all shareholdings are 100%)

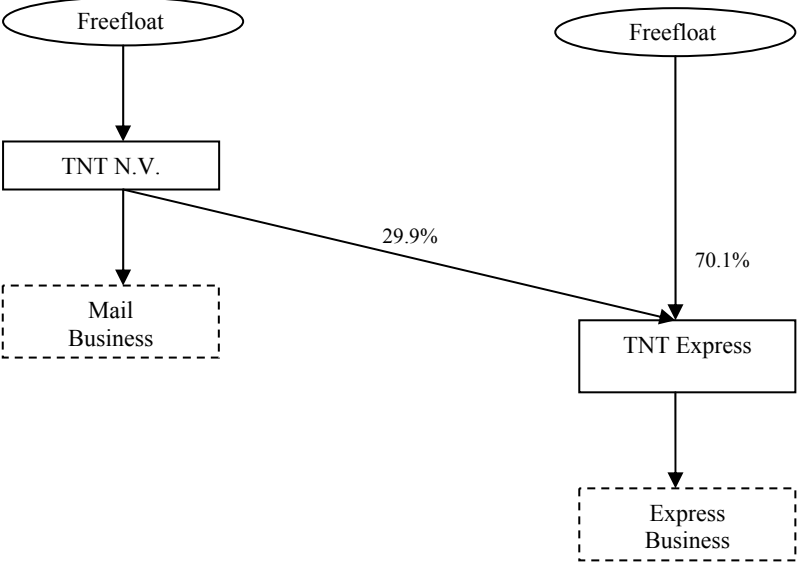


Post-legal demerger (unless indicated otherwise, all shareholdings are 100%)



The second step is the legal merger between TNT Express Holdco and TNT Express whereby TNT Express Holdco is the disappearing entity and TNT Express is the surviving entity. As a result of the legal merger, TNT Express will directly hold the Express Business as all assets and liabilities of TNT Express Holdco will transfer to TNT Express by operation of law. As part of the legal merger, TNT Express will allot such number of shares to TNT N.V. for it to hold 29.9% of the Ordinary Shares. The diagram below illustrates this legal merger.

Post-legal merger (unless indicated otherwise, all shareholdings are 100%)



The following sections go into more detail in respect of both the legal demerger and the legal merger.

4.3 Legal demerger

Legal framework and mechanics

Under Dutch law, a legal demerger (*juridische splitsing*) consists of one company (in this case TNT N.V.) transferring, without being dissolved, a portion of its assets and liabilities to another company (in this case TNT Express), in consideration of which the latter company allots and allocates new shares to the shareholders of the demerging company. On the date on which the legal demerger becomes effective, TNT N.V. will transfer without its dissolution, among other things, 70.1% of the shares in the capital of TNT Express Holdco which holds the entire Express Business, to TNT Express. The legal demerger becomes effective the day after the execution by the relevant parties of a notarial deed.

The legal demerger has two consequences: the assets and liabilities concerned of the demerging company are transferred by way of universal succession of title (*overgang onder algemene titel*) and the shareholders of the demerging company automatically become shareholder of the acquiring company.

Universal succession of title

Universal succession of title means that the legal title to the assets and liabilities concerned “automatically” transfers to the receiving company by virtue of the legal demerger: no separate transfer deeds or other actions are required for the transfer of title other than the notarial deed required for the legal demerger. Generally, third party consents do not need to be obtained. There is a one-month opposition period following the filing of the demerger proposal during which creditors, and parties to a legal relationship with TNT N.V. or TNT Express, who believe that their position is jeopardised by the legal demerger may object and may require security to be given to them if their position deteriorates as a result of the legal demerger (see also under “Demerger proposal” below). The same applies to counterparties to contracts who believe that their contracts are not properly transferred.

Contractual relationships may only be transferred in their entirety.

Shareholding

As part of a legal demerger, the shareholders of the demerging company will be allotted shares in the receiving company by operation of law. The number of shares that the existing shareholders receive depends on the proposed exchange ratio. The allocation does not require a separate deed or action: the allocation is accomplished by the execution of the notarial deed required for the legal demerger.

Under Dutch law, the receiving company may cancel any shares in its own capital that it receives as a result of the legal demerger, by providing for this in the notarial deed for the legal demerger.

Demerger proposal

The board of management of TNT N.V. and the Executive Board have jointly prepared a demerger proposal. The demerger proposal forms the basis for the notarial deed by which the legal demerger is actually executed. All members of the board of management and supervisory board members of TNT N.V. and all members of the Executive Board have signed the demerger proposal. The demerger proposal describes in detail the proposed actions and includes the articles of association of both TNT N.V. and TNT Express as applicable before the legal demerger and after the legal demerger, a description of the assets that will be demerged including their value, benefits (if any) granted to members of the management board or supervisory board members in connection with the legal demerger and the composition of the management boards and supervisory boards of both TNT N.V. and TNT Express after the legal demerger.

PwC is the independent auditor of both TNT N.V. and of TNT Express. According to article 2:334aa subsection 4 DCC, the opinion certifying that the proposed exchange ratio for the shares is reasonable (article 2:334aa subsection 1 DCC) and the assurance report stating that the explanatory notes to the demerger proposal meet the requirements of article 2:334z DCC, should be given by two independent auditors if both companies are public companies (*naamloze vennootschappen*). For that reason, TNT Express engaged Mazars and both auditors provided these opinions and assurance reports on 7 April 2011.

In addition, PwC has certified on 7 April 2011 that as of 1 January 2011 the value of the assets and liabilities that will remain with TNT N.V. is at least equal to the issued and called-up part of the capital of TNT N.V., increased by the reserves that TNT N.V. is required to maintain by law or its articles of association immediately following the legal demerger (article 2:334aa subsection 2 DCC). PwC has also certified on 7 April 2011 that as of 1 January 2011 the value of the Express business is at least equal to the nominal value of the shares allotted by TNT Express by virtue of the legal demerger (article 2:334bb, subsection 1 DCC in conjunction with article 2:94b subsection 2 DCC).

Both TNT N.V. and TNT Express have filed the demerger proposal at the Chamber of Commerce and at their offices. Upon request of a creditor of, or a party to a contract with, either TNT N.V. or TNT Express, at least one of them must provide security for or otherwise guarantee the payment of the creditor's claim. This is not required if the payment of the creditor's, or third party's, claim is sufficiently secured or if the financial condition of the company that will be the debtor of the claim after the legal demerger does not provide less security for the payment of the creditor's claim. During a one-month period following the notice of the filing of the demerger proposal, any creditor or party to a contract with either TNT N.V. or TNT Express can oppose the demerger proposal by filing a petition with the Amsterdam District Court. The demerger proposal can only be opposed on the grounds that following the legal demerger proposal the contractual relationship between the respective contract party and TNT N.V. or TNT Express will not be transferred in accordance with the law or that the security or guarantee, requested by the creditor, was not given. A copy of the demerger proposal and the explanatory notes is attached to this Prospectus as Annex I ("Demerger Proposal and Explanatory Notes").

The decision to demerge the Express Business from TNT N.V. into TNT Express must be approved by the shareholders of TNT N.V. They are therefore encouraged to carefully read the demerger proposal and the explanatory notes in their entirety.

Conditions to the legal demerger

The obligations of TNT N.V. and TNT Express to complete the legal demerger are subject to the satisfaction of the following conditions:

- there is no opposition against the demerger proposal pending at the District Court (see under "Demerger proposal" above);
- the extraordinary general meeting of TNT N.V., expected to be held on 25 May 2011, has approved the legal demerger, as contemplated by the demerger proposal;

- confirmation has been received by TNT Express and/or TNT N.V. that all Ordinary Shares have been admitted to listing and trading on Euronext Amsterdam (subject to official notice of allotment); and
- a ministerial statement of no objection will be obtained for the amendments of the articles of association of TNT N.V. and TNT Express.

General meeting of TNT N.V.

The annual general meeting is expected to be held on 25 May 2011, at 14:00 CET at the Radisson Blu Hotel Amsterdam Airport, Boeing Avenue 2, Schiphol-Rijk, the Netherlands. The annual general meeting will be followed by an extraordinary general meeting at 16:00 CET or, if later, upon the closure of the annual general meeting at the same date and place. This is only for practical purposes. Dutch law requires a notarial record of the general meeting during which the resolution to demerge is adopted. Considering that the notarial record of the general meeting must be drawn up and executed prior to the execution of the deed of demerger, it is not possible to record the entire annual general meeting of TNT N.V. in a notarial record in time. Therefore, the resolution to demerge is adopted in the separate extraordinary general meeting of TNT N.V. following the annual general meeting.

One of the purposes of the annual general meeting is to consider the proposal to demerge the Express Business of TNT N.V. to TNT Express as contemplated by the demerger proposal. Other items on the agenda of the annual general meeting include the annual report 2010, adoption of the 2010 financial statements, determination of dividend, release from liability of members of the board of management of TNT N.V. and release from liability of members of the supervisory board of TNT N.V.

Immediately following the annual general meeting, an extraordinary general meeting will be held to decide on the Demerger. The resolution to demerge part of the assets and liabilities of TNT N.V. to TNT Express includes the resolution to amend the articles of association of TNT N.V.

The legal demerger must be approved by the general meeting of TNT N.V. by an absolute majority, unless less than half of the shareholders is present or represented at the extraordinary general meeting. In that case, the legal demerger must be approved by a two-thirds majority. By voting to approve the legal demerger by TNT N.V. of its Express Business to TNT Express, the general meeting of TNT N.V. in fact approves the separation of Express and the *pro rata* allocation of Ordinary Shares to them by TNT Express.

4.4 Legal merger

Legal framework and mechanics

Under Dutch law, a legal merger (*juridische fusie*) is the act by which all of its assets and liabilities of one company (in this case TNT Express Holdco) are transferred to another company (in this case TNT Express) by way of universal succession of title (*overgang onder algemene titel*). As a result of the legal merger, the transferring company ceases to exist and the shareholders of the transferring company become shareholders of the receiving company. The number of shares that the shareholders of the transferring company receive depend on the proposed exchange ratio. The legal merger becomes effective on the day after the execution by the relevant parties of a notarial deed.

Merger proposal

The Executive Board and the management board of TNT Express Holdco have jointly prepared a merger proposal. The merger proposal forms the basis for the notarial deed by which the legal merger is actually effectuated. All members of the Executive Board and the management board of TNT Express Holdco have signed the merger proposal. The merger proposal must by mandatory law describe in detail the proposed actions and must include the articles of association of TNT Express as applicable before the legal merger and after the legal merger, benefits (if any) granted to members of the Executive Board and the management board of TNT Express Holdco in connection with the legal merger and the composition of the Executive Board and Supervisory Board after the legal merger.

In respect of the legal merger, PwC has certified on 7 April 2011, in accordance with article 2:328 subsection 1, sentence 1 DCC, that the proposed exchange ratio for the shares is reasonable and that as of 1 January 2011 the equity value of TNT Express Holdco is at least equal to the nominal value of the shares to be allotted by TNT Express to TNT N.V. (article 2:328 subsection 1, sentence 2 DCC). In addition, PwC has provided an assurance report stating that the explanatory notes to the merger proposal meet the requirements of article 2:327 DCC, in accordance with article 2:328 subsection 2 DCC.

Both TNT Express and TNT Express Holdco have filed the merger proposal at the Chamber of Commerce. Upon request of a creditor of either TNT Express or TNT Express Holdco, at least one of them must provide security for or otherwise guarantee the payment of the creditor's claim. This is not required if the payment of the creditor's claim is sufficiently secured or if the financial condition of TNT Express does not provide less security for the payment of the creditor's claim. During a one-month period following the notice of the filing of the merger proposal, any creditor of either TNT Express or TNT Express Holdco can oppose the merger proposal by filing a petition with the Amsterdam District Court which also states the requested guarantee. A copy of the merger proposal and the explanatory notes is attached to this Prospectus as Annex 2 "Merger Proposal and Explanatory Notes".

Conditions to the merger

The obligations of TNT Express and TNT Express Holdco to complete the merger are subject to the satisfaction waiver of the following conditions:

- there is no opposition to the merger proposal pending at the relevant district courts (see above in this section); and
- the legal demerger has been effected by the execution of the notarial deed of demerger.

4.5 Timetable

It is intended to effectuate the Demerger according to the following timetable:

Action	Timing
File demerger proposal and merger proposal	11 April 2011
Convening notice annual general meeting of TNT N.V.	11 April 2011
Convening notice extraordinary general meeting of TNT N.V.	11 April 2011
Annual general meeting of TNT N.V.	25 May 2011
Extraordinary general meeting of TNT N.V.	25 May 2011
General Meeting	30 May 2011 latest
General meeting of TNT Express Holdco	30 May 2011 latest
Execute legal demerger	30 May 2011 (effective as of 31 May 2011)
Execute legal merger	31 May 2011 (effective as of 1 June 2011)

4.6 Tax consequences of the Demerger

In the Netherlands, Mail and Express companies form part of the same tax group (*fiscale eenheid*). As a consequence of the Demerger, the Dutch tax group will be terminated with respect to the relevant Dutch Express companies. After the Demerger date, separate tax groups for Mail and for the Group will exist in the Netherlands.

The internal separation and the Demerger steps have been pre-discussed and agreed with the Dutch tax authorities. No material tax costs are expected in the Netherlands (or in other jurisdictions) as a consequence of the internal separation and the Demerger. Tax costs will be limited to (Dutch and non-Dutch) transaction taxes that have and will become due as a consequence of the (in)direct shareholders' changes.

In addition, the Demerger will not result in a Dutch withholding tax (*dividendbelasting*) liability, as confirmed by the Dutch tax authorities.

4.7 Relationship between TNT N.V. and TNT Express after the Demerger

Prior to the completion of the Demerger, TNT N.V. and TNT Express will enter into certain agreements that govern their relationship after the Demerger, such as the Separation Agreement which allocates assets, rights and obligations between TNT N.V. and TNT Express in relation to the Demerger, the Relationship Agreement which governs TNT N.V.'s 29.9% stake in TNT Express' share capital after the Demerger, the Transitional Period Intellectual Property Rights Agreement which provides for the use of the "TNT" brand and other IP rights, the Transitional Services Agreement governing the provision of services, commercial service level agreements and the arrangements concerning pensions. See chapter 15 "Major Shareholders and Related Party Transactions" for more details on these agreements.

5. THE LISTING

5.1 Ordinary Shares to be listed

This Prospectus concerns the Listing of 542,033,181 Ordinary Shares. The Demerger is scheduled to take place on 30 and 31 May 2011. As part of the Demerger, the Company will allot Ordinary Shares to the shareholders of TNT N.V. on a *pro rata* basis: one Ordinary Share for each share in TNT N.V.

5.2 Expected timetable

Determine reference price Ordinary Shares	25 May 2011 (after close of business at Euronext Amsterdam)
First Trading Date	26 May 2011
TNT N.V. shares “ex spin off” date	26 May 2011
Ordinary Share Record Date	30 May 2011 (after close of business at Euronext Amsterdam)
ADR Record Date	26 May 2011
Execution deed of legal demerger	Between 17:30 and 21:00 CET on 30 May 2011 and becoming effective immediately after 00:00 CET 31 May 2011
Allotment, delivery and settlement	31 May 2011
Execution deed of legal merger	31 May 2011 and becoming effective immediately after 00:00 CET 1 June 2011
Initial settlement of trades on the First Trading Date and first day of irrevocable trading of the Ordinary Shares.	31 May 2011

The Company may adjust the dates, times and periods given in the timetable and throughout this Prospectus. If the Company should decide to adjust dates, times or periods, it will notify Euronext and the AFM and issue a press release and, if required, place an advertisement in a Dutch national daily newspaper. Any other material alterations will be published in a press release on the Company’s website and in a supplement to this Prospectus (if required).

5.3 Ordinary Share Record Date

The record date for determining the holders of the outstanding shares in TNT N.V. who will be allotted Ordinary Shares (subject to applicable securities laws) is 30 May 2011. See sections 4.3 “Legal demerger” and 4.4 “Legal merger” as to the conditions of the Demerger and, consequently, the allotment and Listing.

5.4 ADR Record Date

The record date for determining the holders of the ADRs of shares in TNT N.V. who will be allotted ADRs of Ordinary Shares (subject to applicable securities laws) is 26 May 2011. See sections 4.3 “Legal demerger” and 4.4 “Legal merger” as to the conditions of the Demerger and, consequently, the allotment and Listing.

5.5 Listing and trading

Application has been made for the listing of the Ordinary Shares on Euronext Amsterdam. The Ordinary Shares will be traded under the symbol “TNTE”, barring unforeseen circumstances, and will be priced in euro. The ISIN code will be “NL0009739424”. The transfer of Ordinary Shares will take place through the book-entry systems of Euroclear Nederland.

After the close of business at Euronext Amsterdam on 25 May 2011, the reference price for the Ordinary Shares will be determined. The Company expects trading of the Ordinary Shares on Euronext Amsterdam to commence at or about 09:00 CET on or about 26 May 2011 on an “as-if-and-when-issued” basis. Whether an investor is able to trade on an “as-if-and-when-issued” basis depends on the fact whether its financial institution facilitates this kind of trade. Therefore, some investors might not be able to trade Ordinary Shares on an “as-if-and-when-issued” basis.

As a result of the Ordinary Share Record Date, the “ex spin off” date of the shares in TNT N.V. will be 26 May 2011.

All dealings in Ordinary Shares prior to the Listing are at the sole risk of the parties concerned. Euronext, the Listing Agent and the Company do not accept any responsibility or liability with respect to any person as a result of the withdrawal of the Listing or (the related) annulment of any transactions in Ordinary Shares on Euronext Amsterdam.

On 30 May 2011 after close of business at Euronext Amsterdam, the deed of legal demerger will be executed. See also section 4.2 “Structure”. As a result of the legal demerger and the allotment of Ordinary Shares to the eligible shareholders of TNT N.V., the outstanding share capital of the Company will be 379,965,260 Ordinary Shares on 31 May 2011.

Initial settlement of trades on the First Trading Date is expected to take place on 31 May 2011 before opening of business at Euronext Amsterdam. This is also the first day of irrevocable trading of the Ordinary Shares.

On 31 May 2011, the deed of legal merger will be executed. See also section 4.2 “Structure”. As a result of the legal merger and the allotment of Ordinary Shares to TNT N.V., the then outstanding share capital of the Company will increase by such number of Ordinary Shares to a total number of 542,033,181 Ordinary Shares, pursuant to which TNT N.V. will hold 29.9% in the outstanding share capital of the Company on 1 June 2011.

The ISIN of TNT N.V. will change as a result of the Demerger. The new ISIN will be communicated before the Demerger.

5.6 Allotment, delivery and settlement

The Ordinary Shares will be registered Ordinary Shares which are entered into the collection deposit (*verzameldepot*) and giro deposit (*girodepot*) on the basis of the Dutch Securities (Bank Giro Transactions) Act. Application has been made for the Ordinary Shares to be accepted for delivery through the book-entry facilities of Euroclear Nederland. Euroclear Nederland is located at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.

Allotment, delivery and settlement of the Ordinary Shares will take place on or about 31 May 2011. Delivery of the Ordinary Shares will take place through the book-entry systems of Euroclear Nederland, in accordance with its normal settlement procedures applicable to equity securities.

The common code of the Ordinary Shares is 060748292.

5.7 ADRs

The Company will establish an ADR programme that is in form and character comparable to the existing TNT N.V. programme. The ADRs will trade in the over-the-counter marketplace under CUSIP “US87262N1090” with each ADR representing one Ordinary Share. JP Morgan Chase Bank, N.A. will act as registrar, transfer agent and depositary.

5.8 Ranking and dividends

The Ordinary Shares will, upon allotment, rank *pari passu* in all respects and will be eligible for any dividends which the Company may declare on the Ordinary Shares. See chapter 6 “Dividend and Dividend Policy”.

5.9 Roles

ING Bank N.V. will act as Listing Agent.

5.10 Governing law

The Listing is governed by Dutch law.

5.11 Costs

The costs related to the Listing are EUR 10 million.

6. DIVIDENDS AND DIVIDEND POLICY

6.1 General

Pursuant to Dutch law and the Articles of Association, distribution of profits only takes place following the adoption of the annual accounts from which it appears that such distribution is allowed. The Executive Board, subject to approval of the Supervisory Board, may only make distributions to the Shareholders if and insofar as shareholders' equity exceeds the sum of the paid-up and called-up share capital plus the reserves as required to be maintained by Dutch law or by the Articles of Association.

If Preference Shares are outstanding, the Company must first pay a dividend on those Preference Shares. The dividend is based on 12-month EURIBOR plus a margin of 1 to 3% and will be calculated on the paid-up part of the nominal value of the Preference Shares. After the payment of dividend on the outstanding Preference Shares, the Executive Board may determine what part of the remaining profits must be added to reserves. This resolution is subject to the approval of the Supervisory Board. The remaining part of the profits after the addition to reserves will be at the disposal of the General Meeting to distribute to the Shareholders *pro rata* the number of Ordinary Shares they hold.

Subject to the approval of the Supervisory Board and subject to Dutch law and the Articles of Association, the Executive Board may resolve to distribute an interim dividend.

See also section 12.13 "Dividends and other distributions".

6.2 Dividend history

TNT Express was, and until the Demerger becomes effective will be, a company within the group of TNT N.V. The Company did not serve as a holding company for Express. Therefore, there is no useful information on the Company's dividend history available.

6.3 Dividend policy

The Company intends to pay a dividend which develops substantially in line with the development of its operational performance. The Company aims to pay interim and final dividends annually in cash and/or in Ordinary Shares. Ordinary Shares may also be part of optional dividend pursuant to which the holder of Ordinary Shares may choose between cash and Ordinary Shares. This can either be subject to or free of withholding tax, depending on the source of the optional dividend.

It is the Company's intention in principle to pay a dividend of around 40% of normalised net income. Normalised net income is defined as profit attributable to the Shareholders, adjusted for significant non-recurring and extraordinary items. This normalising adjustment will, if applied, be separately explained in the Company's annual report and aims to reflect the underlying earnings development.

These guidelines will be pursued subject to the financial results of the Company. Although these are guidelines, the Executive Board may establish, with the approval of the Supervisory Board, the amount to be appropriated to the reserves in the light of particular circumstances either resulting in special cash requirements or excess cash medium term.

The Company's "Reserves and Dividend Guidelines" will be annually reviewed to ascertain that it continues to maintain an efficient investment grade capital structure, capable of securing its growth ambitions whilst honouring its financial commitments on a sustainable basis.

6.4 Dividend ranking of Ordinary Shares

The Ordinary Shares will rank equally in all respects and, after allotment, will be eligible for any dividend which the Company may declare on its Ordinary Shares.

6.5 Manner and time of dividend payments

Payment of any dividend on Ordinary Shares in cash will be made in euro. Dividends on the Ordinary Shares will be paid to Shareholders through Euroclear Nederland and credited automatically to Shareholders' accounts. There are no restrictions under Dutch law in respect of holders of Ordinary Shares who are non-residents of the Netherlands. However, see chapter 16 "Taxation" for a discussion of certain aspects of taxation of dividends and refund procedures for non-residents of the Netherlands.

At the proposal of the Executive Board, and with the approval of the Supervisory Board, the General Meeting may resolve that dividends on Ordinary Shares are to be fully or partly paid in the form of Ordinary Shares in the Company instead of in cash.

6.6 Uncollected dividends

A claim for any dividend declared lapses after five years after the date those dividends were released for payment. Any dividend that is not collected within this period reverts to the Company.

6.7 Taxation on dividends

Dividend payments are generally subject to withholding tax in the Netherlands. See chapter 16 “Taxation” for a discussion of certain aspects of taxation of dividends and refund procedures.

7. INDUSTRY OVERVIEW

Information in this chapter on market shares, market revenues, market segmentation, market size, key participants and growth numbers is based on the Company's internal country and company revenue analysis tool, unless clearly stated otherwise.

7.1 Introduction

Express transports goods and documents around the world with a focus on delivering the items on a pre-agreed day and/or time to the customer. Express is thus active in the transportation industry. This chapter provides a description of the transportation industry, and more specifically, of the markets in which Express is active.

7.2 General description

The transportation industry forms the backbone of global trade. Over the last decades, transportation companies have typically developed beyond being mere transporters and are now providing a broader range of services, with an increasing focus on serving customers on a global scale. Liberalisation of markets and the privatisation of service providers are further development-drivers in this rapidly changing sector, as is e-commerce.

Within the transportation industry, Express operates in what is commonly referred to as the courier-express-parcels market (the **CEP market**) which corresponds to the type of services offered. The services, and consequently the participants, in this market are typically differentiated according to the following service criteria: (i) time or speed of delivery and (ii) weight. Within the first criterion, customers have different requirements in terms of speed of delivery, ranging from same-day and time-certain to day-uncertain deliveries. Within the second criterion, the weight of consignments may differ significantly, ranging from small and light goods (e.g. documents), to large and heavy goods.

The CEP market can be divided into courier, express and deferred services characterised by a decreasing level of speed and time-certainty respectively. Services that require a very fast delivery are referred to as "courier" (time-critical, same day and (intercontinental) next-day deliveries with a focus on light weights), whereas services that do not require such fast delivery are referred to as express (time-certain or day-definite). Deferred services involve the least expeditious delivery.

Transported goods can be categorised into documents, parcels and freight. Documents and parcels are lighter goods while freight represents the heavier standardised products.

7.3 Market size and segmentation

The CEP market can be divided into product types, in line with the table below. The business-to-business (**B2B**) delivery market accounts for around 71% of the revenue in the market. The growth of the business-to-consumer (**B2C**) delivery market (21% of the CEP market) is outpacing the B2B market as a result of the high growth in e-commerce.

Industry segmentation	As % of total market
B2B courier	6%
B2B express	45%
B2B deferred	20%
B2C	21%
C2C	8%
Total	100%

The B2B express market can be divided into geographical segments. The table below provides an overview of the worldwide industry revenues generated in the different geographical areas.

Worldwide industry B2B express revenues in 2009	Revenue (€ billion)	As % of total
Europe & MEA (Europe, Middle East & Africa)	22	28%
Americas	42	52%
Asia-Pacific	16	20%
Total	80	100%

7.4 Competitor landscape and key participants

Customers in the CEP market have different requirements for services. The type of required services range from very expeditious (air and road) express networks operated by integrators to less expedited sea carriers. Integrators typically cover several segments within the CEP market. On a global scale, there are four integrators in the CEP market. The two US based integrators, Fedex and UPS, are amongst the largest in their domestic market, while Express, DHL and UPS are amongst the largest in Europe.

Parcel operators are often related to postal incumbents (national postal operators) and include TNT Post Pakketservice, GLS (Royal Mail) and GeoPost/DPD (La Poste). In recent years, these participants have developed partner-based European networks and upgraded their range of offered services to day-definite products. Local and regional less-than-truck-load (**LTL**) and freight participants – including Schenker (Deutsche Bahn), DHL Global Forwarding and Freight (Deutsche Post), DSV, Dachser and Geodis (SNCF) – are also upgrading their services and building up their European networks. This is in line with the industry trend of blurring boundaries between services (see section 7.5 “Trends”).

Apart from the four international integrators and the various parcel operators, other competitors include local express companies, freight forwarders, logistics, air, rail and sea transportation service providers. Operators providing deferred parcels and freight are increasingly upgrading their services, thereby entering the high-end market segment that most of the integrators traditionally serve.

7.5 Trends

Express has observed a number of market trends that have influenced and will continue to influence the CEP market.

Trade flows

The CEP market and, more specifically, the express business, is cyclical and highly sensitive to fluctuations of trade flows. Due to the close relation between trade flows and economic development, a strong correlation exists between the development of the industry and GDP development. Emerging market economies like Brazil, Russia, India, China, the other South East Asian countries and Eastern Europe are growing at a considerable pace. This was originally caused by a trend to move production facilities from developed to developing countries, but in more recent years also by the development of these countries’ domestic economies.

Growth in domestic economies of emerging markets

Emerging markets have an increasing importance in global trade flows and are characterised by rapidly developing domestic CEP markets. In addition, the domestic markets in emerging market economies are becoming more mature, giving rise to an increasing demand for higher quality day-definite services. Within emerging markets, due to a growing standard wage level in some regions, experts expect that production within emerging markets continues to shift to less developed regions (e.g. from Shanghai region to central and western parts of China). With an increasing middle class in the emerging markets, spending in these markets will rise, driving demand for regional and global transportation services. Many large multinationals have recently started to target the local and less-developed markets in these countries.

Environmental awareness and increasing interest in sustainable business practices

There is growing consensus amongst the general public and politicians that climate change is threatening the environment. Increasing awareness influences consumer, shareholder as well as employee preferences and a growing number of companies include sustainability as an element of their core strategy. Stakeholder sustainability-demands are increasingly shaping the market and therefore impacting business operations. In

line with this, carbon emissions and employee health and safety are key focal points. Increasing levels of carbon dioxide (CO₂) in the atmosphere are trapping more heat, thus increasing global temperatures. The company expects that this phenomenon, referred to as global warming, will give rise to a variety of measures and regulations that target the reduction of CO₂ emissions around the globe. Since the transportation industry contributes nearly one-fifth of total worldwide CO₂ emissions, it will be significantly affected by any measures or regulations of this nature.

Growing importance of e-commerce and the resulting growth in the B2C market

With an ever increasing penetration of the internet into society, in developed as well as developing countries, online retail is becoming more important. This will increase online sales and home deliveries leading to growth in B2C parcels delivery needs. This trend is expected to continue as economies mature and technology continues to advance at a fast pace.

Security measures

Global terrorism has increased security threats. As a result, governments and airline operators around the world either adopt or are contemplating the adoption of stricter disciplines and additional emergency measures. For the transportation industry this leads to increased requirements for security control on supply chains.

Blurring boundaries between the various segments of the transportation industry

Service providers are increasingly expanding the range of services they offer. For example, operators that previously provided services without guaranteed delivery time or date are upgrading their service levels and targeting new customer groups. This trend is particularly evident in Europe.

7.6 Geographical segmentation

Introduction

The Company’s business is divided in four reportable segments: Europe & MEA, Asia Pacific, Americas, and “other networks”. The three geographical segments in which Express operates have different characteristics. Some of the key characteristics per geography are described in this section.

Europe & MEA

Within Europe & MEA, the European CEP market is the most significant with revenue of approximately €56 billion in 2009. The revenues in the B2B express market are approximately €22 billion for 2009.

Destination split of the B2B express market in Europe & MEA:

Domestic	59%
International	41%

Multinational participants have a dominant position in the B2B express market, accounting for approximately 65% of the total revenues, whereas domestic participants account for 35%. In this market, the Group is one of the market leaders together with DHL.

Asia Pacific

The express market in the Asia Pacific region was estimated at €16 billion in 2009. The largest express market in the Asia Pacific region is Japan, estimated at €8 billion in 2009. This market is dominated by two local participants, Sagawa and Yamato.

One of the other main economies in the Asia Pacific region is China. In China, the express market is still developing. The Chinese domestic road transportation market is highly fragmented with around one million transportation providers. Customers are also highly price sensitive with relatively low loyalty as compared to the international express market.

Destination split B2B express market in Asia Pacific:

Domestic	71%
International	29%

When looking at the overall international flows out of Asia-Pacific, DHL is the market leader with 31% market share, followed by FedEx (25%), UPS (16%) and the Group (12%).

Americas

The B2B express market in the Americas was estimated to be €41 billion in 2009, encompassing the mature market in North America (estimated at €38 billion in 2009) and the high growth market of South America (estimated €3 billion in 2009). The North American countries typically have more moderate growth in GDP and express services than the South American countries.

The main market in South America in which the Group is active is Brazil. The Brazilian transport market is a largely domestic, developing and fragmented market, comprising mainly small and mid-sized family owned businesses. The level of automation and track-and-trace capabilities in the express market is low to non-existent.

Historical data has shown that the express market strongly correlated with GDP growth. Especially Brazil is expected to realize strong GDP growth in the coming years as well as growth in industrial production as well as in consumer expenditure. Therefore, a strong growth in demand for express services can be expected.

Destination split of the B2B express market in Americas:

Domestic	85%
International	15%

The B2B express market in North America is dominated by UPS (47%) and FedEx (30%).

7.7 Regulatory environment

Air operations

Escalating concerns about global terrorism have resulted in governments and airline operators around the world either adopting or contemplating the adoption of stricter disciplines and additional emergency measures for security in passenger and cargo aircraft. These emergency measures prevent certain types of goods from travelling on commercial passenger airlines, thereby restricting the movement of these goods to transportation by cargo aircraft. This will increase operating costs for businesses, including those in the transportation industry. For example, recently, the EU has increased the security requirements for air cargo, which has had significant implications for security and customs clearance processes. In addition, many aviation regulators around the world are proposing mandatory use of x-ray screening equipment, enhanced screening methods and investment in intelligence-led security processes.

Emergency measures include preventing certain types of goods from travelling on commercial passenger airlines, thereby restricting the movement of these goods to cargo aircraft causing potential service delays and increased costs; these measures are under review by various governments who are seeking to introduce new security standards for implementation globally. These new standards may directly result in or indirectly cause commercial passenger airlines banning the carriage of cargo on passenger flights.

Express is required to comply with a wide variety of international and national aviation laws and regulations. In some of the markets in which Express operates, regulations have been adopted (or proposed) which impose night time take-off and landing restrictions, aircraft capacity limitations and similar measures in order to address the concerns of local constituencies.

Customs

In 2010, customs legislation in many countries was influenced by increased security measures for cross-border traffic. Although more pronounced in the EU (with the Modernised Customs Code and the draft Implementing Provisions), the issue has clearly had a global effect, with elevated aviation security measures placing additional responsibilities on customs agencies at national borders and the revision of customs processes.

A substantial portion of Express' revenues is derived from the import and export of products by its customers. The export of products is normally subject to licensing, import-export controls and other restrictions depending on the jurisdiction involved – including those in the US.

Environmental

As part of the regulatory obligations under the EU Emission Trading Scheme, the Company must monitor and report data on emission reduction regularly from 2010 onwards on all its aircraft. The monitoring and reporting plans for the Company's aviation have been accepted by the local authorities. The allocation of credits will take place in the second quarter of 2011 based on reported data for use in 2012.

Under the UK Climate Change Act, the Company participates in the mandatory carbon emission trading scheme for large non-energy intensive organisations – under this scheme it is required to purchase an allowance based on its reduction of emissions.

Miscellaneous

The Company's operations are subject to numerous domestic and international laws, regulations and restrictions of many jurisdictions, including those of the UK and US. These include, without limitation, money-laundering, false accounting, anti-bribery and anti-boycott provisions.

8. BUSINESS OVERVIEW

8.1 Overview

The Company transports goods and documents around the world with a focus on time-certain and/or day-definite delivery. Its headquarters are in Hoofddorp, the Netherlands. The Company has own operations in 62 countries and can deliver in more than 200 countries through own operations, subcontractors and agents. The Company employs more than 83,000 people and runs a fleet of more than 30,000 road vehicles and 50 aircraft. This chapter provides a more detailed description of the Company's business.

The Company operates in the global transportation industry and is dedicated to providing transportation solutions to its customers. The Company offers domestic, regional and intercontinental delivery services, mainly to B2B customers. The largest part of the Company's revenues is generated in Europe, but the share of revenues generated outside of Europe increases.

The Company picks up, transports and delivers documents, parcels and freight around the world. Its services are tailored to its customers' requirements with a focus on time-certain and day-definite delivery. The Company combines physical infrastructures such as depots, aircraft and vehicles with electronic infrastructures such as billing and track-and-trace systems.

The Company offers a wide range of services to its customers. The Company's services are primarily classified by speed, distances to be covered, weights and sizes of consignments.

The Company's business is divided in four reportable segments: Europe & MEA, Asia Pacific, Americas, and "other networks" (consisting of TNT Fashion and TNT Innight).

The Company's customers are large companies and multinationals as well as small and medium enterprises. The main industries the Company serves are high-tech electronics, automotive, industrial, healthcare and lifestyle (fashion).

The Company operates interconnected air and road networks:

- the air network consists of an air hub in Liege, Belgium and a fleet of 50 aircraft; and
- the road networks include networks in Europe, South America, Asia and the Middle East.

8.2 Company history

Ownership

The Company's roots are in Australia. In 1946, Ken Thomas started a transportation company, Thomas Nationwide Transport, with one truck. Within half a century, his company grew into a global enterprise, operating its own fleet of vehicles and aircraft.

Following a commercial partnership between the two companies, the Dutch postal and telecommunications company KPN acquired TNT Ltd. in 1996.

In 1998, the postal, logistics and express business of KPN were spun-off from KPN under the name TNT Post Group N.V., which obtained a separate listing on the Amsterdam Stock Exchange. TNT Post Group N.V. was renamed to TNT N.V. in 2005. TNT N.V. is listed on Euronext Amsterdam.

Focus on network expansion

Express' network and footprint have evolved with customer needs to optimise supply chains. Express built an interconnected system of networks both through organic growth as well as acquisitions.

In 1998, a new air hub in Liege, Belgium and a new international road hub in Duiven, the Netherlands were established. Express distinguishes two phases in its expansion: the first phase until 2007 and the second phase from 2007 to date. In the first phase, Jet Services S.A. (1998) was acquired whereby the express services in France, Germany, Belgium, the Netherlands, Great Britain, Hungary and Switzerland were expanded. In 2005, TG+, a Spanish express company, was acquired. In the first phase, Express also established a strong presence in Eastern Europe.

In line with the trend towards globalisation, in its second phase of expansion (2007 to date), Express established a strong presence in emerging markets in Asia and South America to meet growing customer demand. Major acquisitions and other expansions of Express underpinning the strategy of building a global and interconnected system of networks are described below:

- the acquisition of ARC India Limited in 2006. The company was one of the leading road express companies in India operating under the trade name Speedage Express Cargo Services;
- the acquisition of the Chinese nationwide road transport and freight business Hoau in 2007;
- the acquisition of Expresso Mercúrio S.A. (Mercúrio) in Brazil in 2007. Mercurio was the market leader in the Brazilian domestic express market, providing an ideal platform to further develop an integrated South American road express network;
- the expansion into China in 2007 of its Asian road network (introduced in 2005), becoming the first integrator in Asia to operate an integrated road network linking over 120 cities in Singapore, Malaysia, Thailand, Indochina and China across 4,000 kilometres;
- the acquisition of LIT Cargo in Chile in 2009 for EUR 39 million, a leading express delivery company in Chile providing a strong nationwide road express network and adding a key building block to the development of the South American Road Network, linking Chile to Brazil and Argentina;
- the acquisition of Expresso Araçatuba Transportes e Logística S.A. in Brazil in 2009 for EUR 49 million, a key express service provider, focused on the central west and north regions of the country;
- the increase in service capacity between Asia and Europe with the addition of dedicated air freighters; and
- the partnership between the Company and Con-way Freight in 2009 linking their respective road networks in Europe and the U.S.

The Company did not make any principal investments in the years 2008 and 2010.

8.3 Competitive strengths

Interconnected system of local networks

The Company operates an air network and several domestic and international road networks that are connected to create one integrated network. This allows the Company to fully control the transport of its customers' goods through its owned network, thereby increasing efficiency and offering consistently high services.

Dense network in Europe

In Europe, the Company operates a dense road delivery network which is centrally co-ordinated from Duiven in the Netherlands. The road network connects 38 European countries through 16 international road hubs. The existing European air network is to an extent interchangeable with the road network, enabling the Company to respond to changing customer demands by switching from air to road and vice versa.

Domestic and regional networks in emerging markets

In emerging markets, the Company operates local domestic and regional networks such as the South American road network, the Asian road network and the Middle Eastern road network. The Company achieved this through new operations and the acquisition of local companies. The local networks allow the Company to meet the growing demand of both local and global customers for domestic transportation services in emerging markets.

Service-oriented portfolio

The Company's focus is to build on customer needs, by providing flexibility in its portfolio of services and accommodating requests for tailor made solutions. The Company provides a broad range of services, including several types of value-added services. The Company focuses on building and maintaining long term customer relationships.

8.4 Strategy

Customers are the core of the Company's strategy. The Company's networks and footprint will continue to evolve with customer supply chain demands. Anticipating customer needs will lead the Company to adapt its existing business, as well as to enter into new activities. The Company's strategy therefore is twofold:

- to strengthen existing business by focussing on service quality and cost-efficiency in its operations and by expansion of its networks; and
- to develop growth opportunities centred on parcels, freight, value-added services and emerging markets.

In Europe, Middle East and Africa (**EMEA**), this strategy's success will be measured on whether it achieves revenue growth – organically and through new initiatives – with an operating margin increasing to 10-11% in the medium term. The strategic objectives for Asia Pacific and Americas are double digit revenue growth and solid contribution to profitability.

Strengthening existing business

Within the parcel and freight segment in EMEA, the Company intends to strengthen its position in the time-certain and day-definite express market. This will be supported by the development of intercontinental air connections to the rest of the world. Focus areas for the Company are service quality from pick up to delivery and cost-efficiency through increased productivity, process standardisation and maximum operating flexibility.

The Company operates local and regional networks in China, India and South America. The Company's development of activities in these emerging markets supports its global network and accommodates the growing demand for domestic express services. While the company is committed to growing its emerging market activities, investments in these platforms will be linked to realising consistent progress towards financial targets.

Expanding into new activities

The Company identified growth opportunities and aims to unlock value from these by expanding into new activities. These activities build on its existing business in parcels, freight, value-added services and emerging markets.

Parcels

Parcels can be defined as transported goods up to 50 kilograms. The market for distribution of parcels can be divided into an express (time and day-definite) and a deferred (less time-sensitive) segment. It can also be divided according to the nature of the receiver (B2B or B2C). The Company currently focuses on the express B2B segment but there are attractive opportunities to increase its position in the deferred B2B market and the B2C market to capitalise on the growing e-commerce delivery market.

In the deferred B2B parcels market, the Company considers cross-border transportation in particular as an attractive growth opportunity. By dedicated direct connections for large customers, the Company will be able to reduce handling and transport costs.

In the B2C market, the Company is looking to capitalise on the growing e-commerce/home delivery market by expanding its high-end parcel service. This offers text or e-mail notification to receivers and the opportunity for them to arrange for delivery to their preferred location. Expansion in the standard parcels B2C segment is targeted through partnerships.

Freight

Freight can be defined as transported goods in a range of 50 to 250 kilograms that is often scheduled, palletised and consolidated industrial freight. The freight market can be divided into an express (time and day-definite) and a deferred (less time sensitive) segment.

The Company intends to grow its share in the freight market by expanding its service offering with deferred freight. The Company is planning to do this by firstly addressing the road freight needs of large existing customers and subsequently gaining new customers.

The Company is developing a pan-European high-end (day-definite) road freight service for existing customers with scheduled, palletised and consolidated industrial freight. By offering a service to manage the entire flow of the goods of customers at a pan-European scale, the Company can further strengthen ties with existing large customers. Services will be provided in an asset-light set up, using existing (linehaul) capacity in the current Express networks and by leveraging existing capabilities and systems, for example in back-office and procurement.

Value-added services

Value-added services can be defined as solutions complementary to goods transportation (express and deferred) which are tailored to specific industry needs. The Company aims to broaden its range of value-added services, using its existing networks to the maximum extent possible.

The Company will target industries with high-growth potential and of which the Company has sector-specific knowledge. The priority industries include high-tech electronics, healthcare, industrial, automotive, life style and field service fulfilment.

Emerging markets

The Company's strategy in emerging markets is to secure intercontinental connections that meet the needs of its global customers and to build high quality and reliable local and regional networks.

In China, opportunities exist in the day-definite services market given local customers' growing demand for reliable intra-China deliveries. The Company aims to capture this growth opportunity with its domestic day-definite road delivery service, which is in the process of being expanded, with the objective to connect 1,100 depots in China (out of a total of around 1,500).

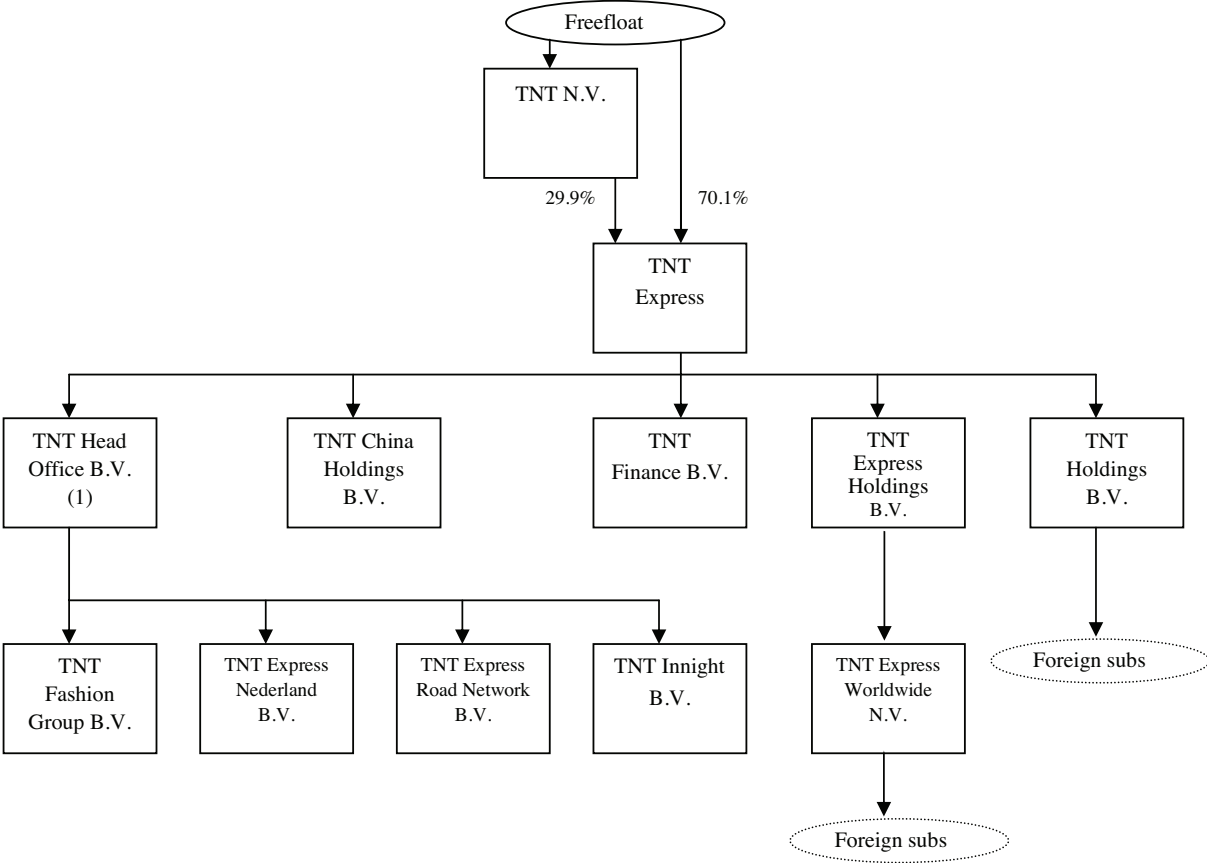
In India, the focus is on expanding the existing domestic road network and increasing delivery quality to meet the strong growth in domestic demand. With regard to international flows, Express plans to increase penetration and expand its market position on Europe and Asia routes.

In South America, the Company has established a leading position, especially in Brazil. Recently, the Brazilian activities however have had to deal with integration-related issues and domestic customer losses. Although the potential of the Brazilian market and operation remain significant, the Company will review its strategy for Brazil if the current turn around plan is not implemented successfully.

8.5 Legal structure

The Company is the holding company of TNT Express Holdings B.V. and TNT Holdings B.V. that hold stakes in the various foreign subsidiaries. TNT Head Office B.V. holds the stakes in the various Dutch subsidiaries. Information with respect to the Company's material subsidiaries is set out in section 17.3 "Material subsidiaries".

The legal structure of the Company after completion of the Demerger is set out below:



(1) TNT Head Office B.V. will be renamed TNT Nederland B.V. as of the date the Demerger becomes effective.

8.6 Segmentation

The Company's business is divided in four reportable segments: Europe & MEA, Asia Pacific, Americas, and "other networks". Each segment will be described in more detail below.

Key financials per segment

<i>(in € million)</i>	2010 Operating Revenues	2010 Operating income	2009 Operating Revenues	2009 Operating income	2008 Operating Revenues	2008 Operating income
Europe & MEA	4,453	371	4,142	281	4,844	406
Asia Pacific	1,656	14	1,243	(32)	1,265	(21)
Americas	502	(67)	399	(32)	336	(18)
Other networks	448	18	430	18	485	32
Non-allocated	(6)	(156)	(6)	(174)	(4)	(113)
Total	7,053	180	6,208	61	6,926	286

Europe & MEA

In Europe, the Company operates a road network connecting 38 European countries through 16 road hubs. The Company's European air network connects 65 destinations through a fleet of 45 aircraft.

Next to its international express services, the Company is among the larger participants in domestic express services, particularly in the UK, France and Italy.

In the Middle East, the Company operates a regional road network next to its air-based services.

In Africa, the Company has its own operations in a number of countries and serves most of the rest of the continent through partnerships and agents.

Asia Pacific

The Company is active in the Asia Pacific region, especially in China. The Company offers a range of services in this region. The Company provides express transportation from the Asia Pacific region to Europe. The Company operates aircraft between these continents on a daily basis.

The Company is also active in regional road express in Asia. The Company's Asian road network connects over 125 cities providing an alternative to air and sea transportation.

The Company's Chinese subsidiary, Hoau, operates the largest domestic privately owned road transportation network with more than 1,500 hubs and depots across China. Hoau offers LTL and day-definite road delivery services.

In India, the Company currently operates a network that spans 200 locations with seven major hubs.

Americas

The Company has established a position in the domestic express market in the largest emerging economies in South America, through, among others, the acquisitions of Mercurio and Aracatuba in Brazil and LIT Cargo in Chile. The Company operates the South American road network connecting Brazil, Argentina and Chile. In South America, the Company operates 186 depots.

The Company has limited operations in North America to provide full service capabilities to its customers on other continents. The Company manages a parcel distribution network in North America using commercial airlines and agents. The Company operates a daily flight from its air hub in Liege, Belgium to New York. The Company has a partnership with Con-way Freight. Con-way Freight is also linked to the Company's European air and road networks (see section 8.16 "Partnerships").

Other networks

Other networks include the businesses of TNT Fashion Group and TNT Innight.

TNT Fashion Group specialises in providing supply-chain solutions for the fashion industry and fashion retailers. These solutions include collection, warehousing and delivery of hanging and boxed clothing.

TNT Innight provides overnight distribution services within Europe. Shipments are collected at the end of the working day and are delivered overnight before 07:00 local time the next day. The main customers are companies involved in automotive, healthcare, installation technology, electronics, telecom and medical technology.

8.7 Services

The Company offers a wide range of services to its customers. The Company's services are primarily classified by speed, distances to be covered, weights and sizes of consignments. Services include express and deferred distribution services for documents, parcels and freight as well as value-added services.

For the financial years 2010, 2009 and 2008, the main categories of products sold and/or services performed were:

Service	Time/day delivery	Countries
09:00 Express	Guaranteed next morning delivery before 09:00	Major cities in over 40 countries
10:00 Express	Guaranteed next morning delivery before 10:00	Major cities in over 60 countries
12:00 Express Express	Guaranteed next morning delivery Guaranteed next day delivery	Major cities in over 60 countries Most of Europe and fastest possible services to the rest of the world
Economy Express	Day-definitive scheduled delivery	Europe and the rest of the world
12:00 Economy Express	Day definite delivery before noon for less urgent shipments	Europe

8.8 Litigation

Ordinary course litigation

The Company is involved in several legal proceedings relating to the normal conduct of its business, such as claims for loss of goods, delays in delivery, trademark infringements, subcontracting and employment issues, and general liability. The majority of these claims are for amounts below €1 million and are insured and/or provided for.

The Company does not expect any liability arising from any of these legal proceedings to have a material effect on its results of operations, liquidity, capital resources or financial position. The Company believes it has provided for all probable liabilities deriving from the normal course of business.

Liege court case

In Belgium, judicial proceedings were launched by residents around Liege Airport to stop night flights and seek indemnification from the Walloon Region, Liege Airport and its operators (including the Company). On 29 June 2004, the Liege Court of Appeal rejected the plaintiffs' claims on the basis of a substantiated legal reasoning. The plaintiffs lodged an appeal with the Belgian Supreme Court, which overturned the 2004 judgment of the Liege Court of Appeal on 4 December 2009. The matter has been sent to the Brussels Court of Appeal for new submissions and pleadings. Following a Court of Appeal session on 7 October 2010, a calendar of proceedings will be fixed shortly. However, a new decision is not expected for at least two years.

A similar claim was lodged on 5 May 2009 before the Civil Court of Liege by the town of Riemst which is seeking the closure of Liege Airport. The Court rejected the claim on 14 April 2010. An appeal by Riemst was lodged on 14 September 2010 in which the town of Riemst requested the Court to pronounce a temporary measure to forbid the use of the extended runway (417 metre extension). The Court rejected the request on 12 October 2010 and has fixed a calendar of proceedings. The Company had to submit its conclusions before 1 March 2011. The hearing will take place on 14 February 2012. It is unlikely that the outcome of this proceeding will be different from the night flights case above.

Foreign investigations

The Company has received and responded to subpoenas from the United States Office of Foreign Asset Control inquiring about its involvement in exports to countries sanctioned by the United States. In

addition, the Company has received and responded to information requests from competition authorities in various jurisdictions and cooperated with investigations in this context. The Company does not expect any liability arising from any of those investigations to have a material effect on its results of operation, liquidity, capital resources or financial position.

Other

At the date of this Prospectus, to the best of the Company's knowledge there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which, in the 12 months prior to the date of this Prospectus may have, or have in the recent past had, a significant effect of the Company's financial position or profitability, other than as described above.

8.9 Information technology

Information and communication systems and technology is a key component of the products and services provided to customers, and underpin both the efficiency of the operations and the back office processes. The Company reliance on IT to perform in compliance with growing legislative changes, security obligations and the integration of the supply chain make the IT department increasingly critical. Efficient and up-to-date IT systems are a strategic necessity and prerequisite for delivering service and winning contracts with most customers.

The Company has invested and continues to invest in its IT systems to support its increasing business in market sectors that require enhanced IT support. The Company's IT systems are a mixture of in-house developments and standard applications. The latter are used where it is cost-efficient and business standardisation is appropriate.

In 2005, the Company undertook an IT consolidation programme in which it standardised the systems support to common processes throughout the Group to enhance customer experience and achieve greater efficiency, replacing old IT applications that, over time, will become obsolete and creating a structured platform onto which new products, services and geographic expansion can be layered (including new services such as B2C) for faster times to market and greater flexibility.

As part of the Company's consolidation of systems and seeking of operational efficiencies, the local IT departments have merged into one centralised IT department in Warwickshire, United Kingdom, where its mainframe and main data centre are located and maintained. Smaller regional data centres exist to support and maintain processing that needs to be located closer to the operation. Full disaster recovery and standby facilities exist to take over services in the event of a physical or systems failure at these locations and to ensure business continuity.

8.10 Property, plant and equipment

The majority of the main facilities through which the Company operates its business in Europe are owned by the Company. These facilities are set out below.

Location	Owned/Financial	Principal use	Site area
			<i>(in sq. metres)</i>
Liege, Belgium	Owned ⁽¹⁾	International air hub	103,709
Wiesbaden, Germany	Owned	Sorting centre and road hub	65,500
Arnhem, the Netherlands	Owned	International road hub	148,000
Brussels, Belgium	Lease	Sorting centre and road hub	70,000

(1) – The land is on a long-term operating lease.

The majority of the other facilities – depots and hubs – through which the Company operates its business in Europe and outside Europe are leased properties. The duration of the lease contracts entered into vary from less than one year to 20 years.

As per the date of this Prospectus, land and buildings of €30 million and plant and equipment of €16 million are pledged as security to third parties in Germany and Brazil respectively.

The majority of the Company's equipment such as vehicles and aircraft is owned or on a financial lease amounting to EUR 209 million as per 31 December 2010 (of which EUR 183 million mainly relates to two Boeing 747 aircraft on financial lease).

The Company's aircraft fleet consists of in total 50 aircraft. The table below sets out the aircraft in use in 2010:

Type	Total number	Total capacity <i>(in kilograms)</i>
Owned	22	421,000
Leased	10	238,700
Chartered	18	423,260
Total	50	1,082,960

The types of aircraft in use are Airbus 300, Boeing 747, 757 and 737 and British Aerospace 146. The Company added short-term capacity to its long-haul route between Europe and China which will be replaced by the three new Boeing 777-200 Long Range Freighters (on operating lease) that will be delivered and enter into service in 2011.

As at the date of this Prospectus, no cash capital expenditures that substantially affect the cash flows are planned.

8.11 Sustainability

As part of the group of TNT N.V., the Company built a reputation in all areas of corporate responsibility; in 2010 TNT N.V. again reached the highest score of all companies included in the Dow Jones Sustainability Index. Since corporate responsibility is an integral part of the Company's business, it will continue to simultaneously focus on its economic, social and environmental performance and governance.

The foundation of the Company's corporate responsibility strategy comprises five internationally recognised management standards: workplace safety (OHSAS 18001), social responsibility (SA 8000), personal growth of employees (Investors in People), environmental management (ISO 14001) and operational excellence (ISO 9001). TNT N.V. started these certifications in 2004 and the Company remains committed to them.

The Company's corporate responsibility strategy focuses on three pillars:

Employees (employee engagement, human rights and health and safety)

Providing a safe and healthy environment for employees and others that may be affected by its operations is vital to the success of the Company. The Company's ambition is therefore to meet and exceed, where applicable, all obligations in the health and safety arena.

Environment (carbon efficiency and air quality)

The Company also recognises the fact that climate change and other environmental issues are shaping the expectations of key stakeholders, and aims to focus on sustaining its position as a global corporate responsibility leader in the industry. It has committed to ambitious targets, such as a 40% efficiency improvement in carbon emissions by 2020. By continuously challenging the business and by investing in clean technologies, the Company continues to work with customers in delivering innovative and more sustainable solutions.

Other stakeholders (customer satisfaction, subcontractor and supplier performance)

The Company will also encourage its suppliers and subcontractors to adopt the same approach as the Company with respect to corporate responsibility. A particular area of attention relates to subcontractor health and safety performance.

These three pillars of focus are complemented by the fourth pillar of voluntary contributions to society through continuation of the partnership with the United Nations World Food Programme (WFP) by the Company together with TNT N.V.

The Company has identified the following key success factors for the implementation of its corporate responsibility strategy, which it will diligently pursue:

- Ensure that corporate programmes involve addressing challenging social and environmental issues while striving to improve business performance. This has resulted in an extensive business-led agenda focused on encouraging behaviours that go beyond basic legal compliance.
- Optimise results through simultaneously focusing on economic, social and environmental performance and governance. Each area will have clearly defined initiatives to target different stakeholder groups, with performance reported by the appropriate medium.
- Develop excellent leaders to ensure that the mission, vision, values and business principles of the Company reflect a corporate responsible culture, reinforced by all levels of its management structure with an aim to influence the sector in which it operates.
- Engage in stakeholder dialogues to identify key issues and, where discrepancies or issues arise with regard to the current corporate responsibility strategy and policies, engage in discussions on possible solutions and mitigating actions. The Company continues to develop and implement its corporate responsibility principles into procurement, and operational processes and procedures to improve the supply chain's (subcontractors') social, environmental and service performance.
- Integrate corporate responsibility initiatives and approaches into the business to ensure that policies and practices are effectively reflecting the Company's mission and ambition.

8.12 Brands and intellectual property

In general, the Company carries one brand for maximum recognition and brand awareness across the world. In case of acquisitions, the brand of the acquired company will gradually be changed towards the TNT brand, allowing for a transition taking all market characteristics into account. For example, in China, the 2007 acquired company Hoau still operates under its Hoau brand, and is only slowly changing its brand and image to the Company's brand.

The Company's intellectual property portfolio consists of approximately 74 trademarks which have been registered on a worldwide basis in various classes with a total of approximately 2,500 trademark applications or registrations.

Based on the rights deriving from its trademark registrations, the Company has claimed and registered approximately 130 domain names, some of which are in use. Others are automatically linked to the Company's website.

All trademark applications and registrations are centrally held by one company within the group, TNT Holdings B.V. This legal entity has entered into several trademark licence agreements with the Company's subsidiaries that are charged for the use of the TNT trademarks on a monthly basis. On the basis of the trademark licence agreement, the Company's subsidiaries have been granted (and utilise) the right to grant a sub-licence to third parties (agents and cooperation partners) with regard to the use of the TNT trademarks.

Under the Transitional Period Intellectual Property Rights Agreement between TNT Holdings B.V. and TNT Mail Holding B.V., a direct subsidiary of TNT N.V., TNT Mail Holding B.V. is granted the right to use part of the TNT trademark portfolio for a transitional period. Such use mainly concerns trademarks as "TNT Post", "TNT Sure We Can", the TNT logo and the Dynamic Ellipse. See section 15.2 "Related party transactions".

8.13 Risk management, internal control, integrity and compliance

Express adopted TNT N.V.'s risk management, internal control, integrity and compliance framework and will continue to adhere to these frameworks to ensure that the legal and regulatory compliance objectives are achieved and that decision making is facilitated and supported by transparent and accurate information. Independent external and internal monitoring and other oversight functions will continue to provide a second and third line of defence and assurance in addition to that provided by the line functions. Express considers the risk management, internal control, integrity and compliance frameworks fundamental to the successful day-to-day management of its activities and vital in ensuring that the strategy is executed in a controlled, disciplined and compliant manner.

TNT N.V.'s Business Principles will continue to be applicable to all employees worldwide and to all controlled companies and joint ventures worldwide. To the fullest extent possible, Express requires its business associates to observe these Business Principles. These Business Principles are aligned with the UN

Global Compact (since 2002) and the Partnering Against Corruption Initiative principles (since 2008). The Business Principles and related policies are being further embedded in the Company's strategic and operational decision processes.

8.14 Insurance

Historically, the insurance strategy of the Company has been based on the conservative approach of retaining frequency losses (self-insured) and transferring catastrophe exposures to the insurance market.

As frequency losses (such as cargo and vehicle claims) are of an operational and customer service nature, the Company believes that self insurance is the best method to motivate operational units to address the underlying causes of these losses. The Company's total self-insured frequency claims are structured via an in-house captive insurance company and capped on an annual basis via reinsurance. During 2010, the Company's total annual retention for these losses was capped at EUR 5.5 million.

The Company's catastrophe exposures are insured in the traditional insurance markets. These include aviation, property and business interruption insurance, transporters' liability, professional indemnity and general liability insurance, fraud and directors and officers' liability insurance.

All assets (including aircraft) are insured for their reinstatement/replacement value. Business interruption as a result of physical loss or damage to insured property is also insured. Business continuity plans for all key locations are in place and these form the basis for the amounts to be insured under the business interruption coverage.

In addition to these group policies, which are applicable worldwide, each of the Company's operating units has maintained various local insurance policies that are mandatory at a local level. These include employers' liability, workers' compensation and vehicle liability insurance, as well as specific insurance policies covering compliance with local regulations or insurances which are of an employee benefit nature.

The Company has a strict policy to transfer risks only to insurers with a rating of A- or higher and this is monitored on an ongoing basis. It is the Company's preferred policy to spread its risks over a limited panel of first class insurers with whom it has established long-term relationships.

Attention is being given to adjust the Company's insurance protection to the ever changing legal and regulatory environment in which it operates and all insurance policies are therefore tailor-made to the Company's unique requirements. In addition, the insurance arrangements also need to support the strategic developments and the changing risk profile of the Company.

Since 1 January 2011, the Company has been insured on a standalone basis.

8.15 Material contracts

The following are contracts (other than those entered into in the ordinary course of business) that have been entered into by the Company within the two years prior to the date of this Prospectus which are material or which have been entered into by the Company at any other time and which contain provisions under which the Company has an obligation or an entitlement that is material as at the date of this Prospectus:

Relationship Agreement, Separation Agreement, Transitional Services Agreement, Transitional Period Intellectual Property Rights Agreement and service level agreements.

In connection with the Demerger, the Company and TNT N.V. entered into the Relationship Agreement and will enter into the Separation Agreement, Transitional Services Agreement, Transitional Period Intellectual Property Rights Agreement and service level agreements, the details of which can be found in chapter 15 "Major Shareholders and Related Party Transactions".

8.16 Partnerships

The Company is a partner in a number of partnerships, including the following.

On 28 June 2000, the Company and Swiss Post established a joint venture that offers high quality express and courier services to, from and within Switzerland. The Company and Swiss Post each have a 50% stake in the joint venture company, TNT Swiss Post AG.

On 2 April 2009, the Company and Con-way Inc. concluded a partnership to link their respective road networks in Europe and the US and offer cost-effective, high quality express freight services. Con-way Inc.

is the Company's primary road transportation partner for deliveries of "Economy Express" parcels and freight across the US. Con-way Inc.'s network will be linked to the Company's global air network and its express road network in Europe.

As of 1 November 2009, Express outsourced its Line & Light aircraft maintenance activity to a 50/50 joint venture between TNT Airways N.V./S.A. and Sabena Technics S.A. in order to reduce costs and to focus on operating the air network while maintaining a sufficient level of control over the quality of the maintenance services of the aircraft.

9. SELECTED FINANCIAL INFORMATION

9.1 Overview

The following table presents selected combined financial information for the Company as of and for the years ended 31 December 2010, 2009 and 2008. This selected financial information should be read in conjunction with the Combined Financial Statements. The Combined Financial Statements are presented in euro with all amounts rounded to the nearest million.

For further insight in the reconciliation between the TNT N.V. financial statements and the Combined Financial Statements see Annex 3 Part I “Reconciliation”.

9.2 Combined statements of operations

The following table presents data from the Combined Financial Statements (see also chapter 10 “Operating and Financial Review”).

Year ended and position at 31 December

(in € million)

	2010	2009	2008
COMBINED INCOME STATEMENTS			
Total revenues	7,053	6,208	6,926
Other income	12	0	9
Salaries and social security contributions	(2,190)	(2,007)	(2,106)
Depreciations, amortisation and impairments	(209)	(237)	(270)
Other expenses	(4,486)	(3,903)	(4,273)
Total operating expenses	(6,885)	(6,147)	(6,649)
Operating income	180	61	286
Profit before income taxes	126	35	206
Profit/(loss) for the period	69	(8)	140
Profit attributable to the equity holders of the parent	66	(11)	140
COMBINED STATEMENTS OF FINANCIAL POSITION			
Non-current assets	3,281	3,219	3,082
Current assets	2,246	2,142	3,405
Assets classified as held for sale	4	10	15
Total assets	5,531	5,371	6,502
Equity of entities contributed in kind	2,994	2,751	4,368
Non-controlling interests	8	3	1
Total	3,002	2,754	4,369
Non-current liabilities	468	575	531
Current liabilities	2,061	2,042	1,602
Total liabilities and net investment	5,531	5,371	6,502
COMBINED STATEMENTS OF CASH FLOWS			
Net cash from operating activities	241	316	525
Net cash used in investing activities	(150)	(185)	(199)
Net cash used in financing activities	(121)	261	(105)
Total changes in cash	(30)	392	221

10. OPERATING AND FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the rest of this Prospectus, including the information set out in chapter 9 “Selected Financial Information” and the Combined Financial Statements which are set out in Annex 3 Part 2 “Combined Financial Statements”. For a discussion of the presentation of the Company’s financial information, see section 3.3 “Presentation of financial and other information”.

Complex financial history

The Company’s financial history does not cover the Express business, as the Company will only acquire the Express Business as a result of the Demerger. The financial information in respect of the Express Business is included in the individual financial information of the legal entities that constitute the Express Business, i.e. TNT Express Holdco and its subsidiaries. This affects the ability of an investor to make an informed assessment of the Express Business. As a consequence, the Company is to be treated as having a “complex financial history” as meant in Commission Regulation (EC) 211/2007. In order to assist the investor in making an informed assessment, audited combined financial statements have been prepared of the legal entities that constitute the Express Business for the financial years ended 31 December 2010, 2009 and 2008, respectively, in this Prospectus defined as ‘Combined Financial Statements’.

Entities included in combination

In determining the entities to be included in the Combined Financial Statements, management considered those entities that have been managed as part of Express on an historical basis, or have been allocated to Express in the Demerger. Following the internal restructuring that was finalised in December 2010, the legal entities comprising Express are held by TNT Express Holdco. As a result, the Combined Financial Statements have not been prepared by consolidating the current ultimate parent TNT Express Holdco and its subsidiaries for the financial years 2010, 2009 and 2008. Instead the Combined Financial Statements have been prepared by combining all individual subsidiaries into one reporting entity, TNT Express Holdco.

Carve-out

The Combined Financial Statements have been prepared on a “carve-out” basis from the TNT N.V. consolidated financial statements for the purposes of presenting the financial position, results of operations and cash flows of the Company on a stand-alone basis. In preparing the Combined Financial Statements, the financial information of the legal entities within Express has been extracted from the reporting records on a legal entity basis, which have been reported for group consolidation purposes. The accounting policies in the Combined Financial Statements are consistent with the accounting policies applied in TNT N.V.’s consolidated financial statements. As a result the Combined Financial Statements are based on predecessor values.

Limitations inherent to carve-out

Express did not operate as a standalone entity in the past and therefore, the Combined Financial Statements are an approximation of what its combined financial results of operations, financial position and cash flows might have been had Express operated as a separate entity apart from TNT N.V. during the periods presented. The most notable adjustments that would have to be made to the Combined Financial Statements in order to obtain a better approximation to a standalone situation are:

- A profit pooling arrangement which was in place, whereby Express’ legal entities absorbed the fiscal losses of Mail.
- The total defined benefit pension cost for the Dutch pension plans was allocated to the units on the basis of the total pensionable salary of the employees concerned. For statutory purposes, however, the relevant entities recognise the cost equal to the contributions payable for the period in their financial statement (IAS 19.34a).
- The Combined Financial Statements reflect assets, liabilities, revenues and expenses directly attributable to the Company, including management fee allocations recognised on an historical basis in the accounting records of TNT N.V. on a legal entity basis. Although it is not possible to estimate the actual costs that would have been incurred if the services performed by TNT N.V. had been purchased from independent third parties, the allocations are considered to be reasonable by the management of Express.

Basis for presentation

The financial information presented in this chapter has been compiled on the following basis:

- The financial information for the years ended 31 December 2010, 2009 and 2008, respectively, has been extracted from the Combined Financial Statements for each of those years. The Combined Financial Statements have been prepared in accordance with IFRS. The Combined Financial Statements are the first financial statements prepared by the Company which includes the Express business entities in scope. The Company has elected to not apply IFRS I, “First-time Adoption of International Financial Reporting Standards”, but to apply the same accounting policies as those applied in the historical reporting of financial information to TNT N.V.
- Underlying operating income has been extracted from the management accounts for the financial years ended 31 December 2010, 2009 and 2008 respectively.

Underlying operating income

Underlying operating income is calculated as operating income after the adjustment of restructuring and other non-recurring or exceptional items, and is prepared by management to analyse the results excluding those non-recurring or extraordinary items for a deeper understanding of the underlying business performance. The presentation and disclosure of the underlying operating income is not in conformity with IFRS and is not audited. The underlying operating income may not be comparable to other similarly titled measures as reported by other companies, as other companies may calculate this measure differently than the Company does. The underlying operating income should not be considered in isolation or as a substitute for analysis of the Company’s operating results, including its combined income statements and combined statements of cash flow, as reported under IFRS.

Forward-looking statements

Some statements in this chapter are “forward-looking statements”. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of the Company’s control and impossible to predict and may cause actual results to differ materially from any future results expressed or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industries in which the Company operates and management’s beliefs and assumptions about future events.

10.1 Overview

Express transports goods and documents around the world with a focus on time-certain and/or day-definite delivery. Its headquarters are in Hoofddorp, the Netherlands. Express has own operations in 62 countries and can deliver in more than 200 countries through own operations, subcontractors and agents. Express employs more than 83,000 people and runs a fleet of more than 30,000 road vehicles and 50 aircraft. For further information on Express’ operations see chapter 7 “Industry Overview” and chapter 8 “Business Overview”.

10.2 Reportable segments

Express operates in four reportable segments. There are three geographical segments and one business segment:

- Europe, Middle East and Africa (Europe & MEA) is the home market of Express and its main revenue and profit generator;
- Asia-Pacific (ASPAC) is a key growth area for Express, with China at its centre;
- within the Americas, Brazil and Chile have been the focus of the most recent expansion of Express, while maintaining a presence in the United States and Canada in order to provide customers with full service access to these major economies; and
- Other Networks consists of the Express’ Fashion and Innight activities.

The activities of Express Head Office and ICS (Information Communication Services), among others, are not fully allocated to the geographical and business segments as they primarily perform back-office functions and are accordingly reported under Non-allocated.

10.3 Key factors affecting the results of operations

The key factors that affect Express' financial results include the following.

The number of consignments and kilograms transported through Express' networks, which is strongly correlated with the macroeconomic environment (GDP growth and trade volumes).¹

In 2009, GDP declined in all major economies with the exceptions of China and India, which still enjoyed high single-digit growth rates. The GDP of the major European economies declined between 2-5%. Asia-Pacific was helped by the positive developments in China and India, partially offset by decline in some South East Asian countries. Apart from Argentina, all major Americas economies also saw a GDP decline between 0-3%. As a consequence of the economic downturn and the global decline in GDP growth in 2009, Express' volumes declined in comparison to 2008, with domestic kilograms 5.3% lower in 2009 than in 2008, and kilograms travelling on the European air and road networks declining 19.1% and 15.9%, respectively.

The upward trend experienced in the global economy in late 2009 continued in 2010, with an estimated global GDP growth of around 4%. In Europe in 2010, the growth in the economy accelerated during the second quarter, resulting in a real GDP growth of around 2.2% for the full year. However, growth in southern European countries in 2010 was weaker (e.g. Italy 1.1%, Spain -0.2%). Growth in Asia-Pacific economies was robust, with China's growth accelerating to 10%. India also grew strongly with real GDP growth of around 8.8%. In 2010, growth in the emerging American countries was 7.4% on average, with the Brazilian economy growing by 7.5%.

As a result, kilograms carried by the European air and road networks in 2010 grew by 16.1% and 13.3% respectively, compared to 2009. Domestic volumes also grew, although at a lower rate than international volumes.

The mix of (domestic and international) express services and economy express services the Group provides to its customers and the customer type mix.

In the recent economic downturn, there was a shift from the Group's express services to economy express services. The Company believes this was attributable to the economic downturn as customers sought to reduce costs. Express services are a premium offering, which are priced higher than economy express. A shift in the product mix from express to economy express results in lower revenue and lower operating income.

The customer mix is the proportion of each of the customer categories (e.g. small and medium-sized enterprises, high trading-volume customers and global customers). Customers with high trading volumes typically receive volume-related rebates. The optimal combination of customers results in the highest margin given the available network capacity.

Competitive pressure on price levels and impact of fuel costs.

Express operates in a very competitive industry where price levels are significantly impacted by competitive pressures. In an economic downturn (such as that recently experienced) competitive pressures increase as competitors seek to attract customers with lower prices.

Express has different rates per service, origin-destination lane, weight band, volume and size and applies various surcharges, among others related to fuel. Given the nature of its business, fuel is an important component of Express' operating costs, especially for international air lifted services. In the period covered by the historical financial information Brent crude oil prices saw dramatic changes throughout 2008, trading between \$33 and \$144 per barrel², with a peak around June-July and then dropping towards the end of the year. In 2009 oil prices saw a relatively steady increase from \$43 to \$78 per barrel at the end of the year. In 2010 oil traded in a range of \$70 to \$94 per barrel, with an increase in prices from early summer 2010 to a level above \$90 at the end of 2010. Express seeks to recover the increase in fuel costs through a fuel surcharge linked to the Brent crude oil price. There is typically a two-month lag between changes in fuel price and the corresponding adjustment of the fuel surcharge.

1 The source of all GDP information in this paragraph is the Economist Intelligence Unit.

2 Brent crude oil prices source: US Energy Information Administration

Ongoing restructuring actions to further optimise the efficiency of the network and the positive impact of previous years' restructuring.

In response to declining volumes and revenues as a result of the economic downturn in the second half of 2008, Express commenced several restructuring initiatives aimed at improving network efficiency and reducing costs. Restructuring initiatives in 2008 included the closure of services at ten airports and a headcount reduction of 684 FTEs primarily in Europe. Restructuring initiatives continued into 2009, including the closure of services at another two airports and a further headcount reduction of 1,448 FTEs primarily in Europe and MEA and Americas. In 2010, a further 1,325 employees were made redundant, primarily in Americas.

Against the backdrop of an improving but still uncertain business environment in 2010, Express continued its focus on costs and cash. As volumes increased, revenue-quality development remained negative and Express focused on implementation of revenue-quality improvement measures such as an improved customer and product mix, a general price increase in Europe of on average 3.5% for customers on standardised tariffs, contract-specific price increases and increased surcharges. Cost per consignment continued to decline, despite inflationary pressure, as a result of the wide range of global and local cost-saving programmes.

Foreign currency exchange differences which impact the translation of Express' results outside the euro zone.

Express operates on an international basis generating foreign currency exchange risks arising from future commercial transactions, recognised assets and liabilities, investments and divestments in currencies other than the euro, the Company's functional and reporting currency. The Company's treasury department matches and manages the intragroup and external foreign currency exchange exposures. Although Express generally enters into hedging arrangements and other contracts in order to reduce its exposure to currency exchange differences, these measures may be inadequate or may subject Express to increased operating or financing costs. The main two currencies of the Group's external hedges are the British pound and US dollar. Management has set a policy that requires the management of foreign currency exchange risk against the functional and reporting currency.

10.4 Operating results

	Year ended 31 December				
	2010	variance %	2009	variance %	2008
(in € millions, except percentages)					
Total operating revenues	7,053	13.6	6,208	(10.4)	6,926
Other income	12	—	0	—	9
Operating expenses excluding depreciation, amortisation and impairments	(6,676)	(13.0)	(5,910)	7.4	(6,379)
EBITDA³	389	30.5	298	(46.4)	556
Depreciation, amortisation and impairments	(209)	11.8	(237)	12.2	(270)
Total operating income	180	195.1	61	(78.7)	286
Net financial expense	(37)	184.6	(13)	(72.9)	(48)
Income taxes	(57)	(32.6)	(43)	34.8	(66)
Results from investments in associates	(17)	(30.8)	(13)	59.4	(32)
Profit/(loss) for the period	69	962.5	(8)	(105.7)	140
Attributable to:					
Non-controlling interests	3	0.0	3	0.0	0
Equity holders of the parent	66	700.0	(11)	(107.9)	140

3 Unaudited

Description of key line items

Total operating revenues

Revenue is the gross inflow of economic benefits during the current year that arise from ordinary course of business activities and result in an increase in equity, other than increases relating to contributions from equity participants. Revenue is measured at the fair value of the consideration of received amounts or receivable amounts. Revenues are recognised when services are rendered, goods are delivered or work is completed.

Other income

Other income includes net gains or losses from the sale of property, plant and equipment.

Operating expenses excluding depreciation, amortisation and impairments

Operating expenses represent the direct and indirect expenses attributable to sales, including cost of materials, cost of work contracted out and other external expenses, personnel expenses directly related to operations (including salaries, wages and social security costs). Costs are recognised on the historical cost convention and are allocated to the reporting year to which they relate.

Depreciation, amortisation and impairments

Depreciation, amortisation and impairments relate to the depreciation on property, plant and equipment, amortisation of software and other intangibles and impairments of goodwill.

Net financial expense

Net financial expense includes interest income and expense, which are recognised on a time proportion basis using the effective interest method. Interest income comprises interest income on borrowings, changes in the fair value of financial assets at fair value through profit or loss, foreign currency exchange gains and gains on hedged items. Interest expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency exchange losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets and losses on hedged items.

All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they can be capitalised as cost of a qualifying asset.

Income taxes

The tax charge attributable to the Company is based on the tax charge attributable to the individual entity or group of entities in the relevant individual tax jurisdictions, on a separate return basis.

10.5 Financial review over the financial years ended 31 December 2010 and 2009

Volumes (consignments, kilograms)

In 2010, average daily volumes grew at a faster rate than initially expected in all quarters compared to 2009. Consignments were ahead of the 2007 levels (the last year unaffected by the economic downturn) but, coupled with the decrease in weights per consignment, growth based on kilograms lagged behind.

Express' international volumes experienced significant growth in 2010. Kilograms carried by the European air and the European road network grew by 16.1% and 13.3% respectively, compared to 2009.

International growth was absorbed by adding additional road and air capacity to the network.

Domestic volumes grew, albeit at a lower rate than international volumes. In Europe, domestic consignments grew by 6.4%, outperforming European GDP growth in 2010 compared to 2009. In ASPAC, Express experienced strong domestic revenue growth, particularly in Australia and India. Hoau (China) focused on replacing lower yielding domestic volumes with the new day-definite product offering which grew more than five times compared to 2009. In Americas (primarily Brazil), domestic volumes were down as a result of revenue-quality actions and contract rationalisation.

Revenue-quality

Revenue-quality is the average of the growth in revenue per consignment and revenue per kilogram for the domestic and international products excluding acquisitions and foreign currency exchange differences.

While overall volumes grew faster than anticipated for both domestic and international, pressure on revenue-quality in 2010 remained significant, compared to both 2009 and the benchmark year 2007. The

decline in revenue-quality stabilised throughout 2010, although the revenue-quality was still behind the level of 2009. Customer mix was a key reason for this development, with stronger growth in high trading-volume customer accounts and global customer accounts, trading at contract rates agreed in 2008 and 2009. Several revenue-quality improvement measures started to be implemented in 2010. These included targets for improving Express' product and customer mix, increases in standardised tariffs, contract-specific price increases and broader application of surcharges. However, given the lead time for these measures, the full effect will only be felt in 2011. The revenue-quality dropped in the fourth quarter versus the third quarter of 2010, due to the adverse weather conditions in Europe in December, which had a larger impact on the international, higher-yielding products than on domestic products.

The negative impact of the lower revenue-quality on the operating income was fully offset by the good cost performance, which was the result of the network optimisation initiatives.

Network performance optimisation

In 2010, cost per consignment continued to decrease despite inflationary pressure, due to a wide range of cost-saving programmes in the areas of procurement, network and operations optimisation, coupled with an overall cost focus.

Cost per consignment (excluding fuel, one-off costs relating to operation restructuring and foreign currency exchange differences in Europe & MEA) was 2.6% lower than in 2009. Cost per consignment in ASPAC was 3.3% higher and in Americas was 11.4% higher due to significantly higher inflation pressure and higher average weights, but this was more than offset on the revenue side by higher revenue-quality.

In the European air network, Express increased capacity while achieving its highest cargo load factor in recent history. The additional capacity was primarily achieved through additional chartered aircraft, which permitted greater capacity flexibility.

In light of intercontinental volume growth, Express added another two dedicated Boeing 747 freighters from its Liege hub to Hong Kong and Shanghai. In October, Express introduced a direct scheduled Boeing 747 service between Chongqing, a fast-growing high-tech manufacturing centre in Central China, and Europe.

Total operating revenues

In 2010, total operating revenues grew by €845 million (13.6%) to €7,053 million.

Revenue growth was mainly due to the economic recovery leading to increased volumes within Express, which resulted in higher operating revenues predominantly from organic growth of €450 million (including €83 million higher fuel surcharge revenue). Furthermore, operating revenues were positively impacted by foreign currency exchange differences of €350 million, mainly due to the depreciation of the euro against the Australian dollar, Brazilian real and various Asian currencies, and the full-year impact of acquisitions (LIT Cargo in February 2009 and Expresso Araçatuba in May 2009) of €45 million. Higher volumes compared to 2009 contributed to organic revenue growth, which was partly offset by lower revenue-quality.

Other income

Other income was €12 million (2009: €0) and consisted mainly of the book profit of the sale of real estate and aircraft.

Operating expenses excluding depreciation, amortisation and impairments

Total operating expenses, excluding depreciation, amortisation and impairments, increased by €766 million to €6,676 million (2009: €5,910 million), mainly due to additional costs driven by increased volumes, and significant one-off Demerger costs of €45 million. Included in these costs are also charges for a number of centrally managed entities which have been allocated to the Company following the Demerger. The table below sets out the components of operating expenses.

<i>(in € millions, except percentages)</i>	Year ended 31 December		
	2010	variance %	2009
Cost of materials	401	38.3	290
Work contracted out and other external expenses	3,650	15.6	3,157
Salaries and social security contributions	2,190	9.1	2,007
Other operating expenses	435	(4.6)	456
Operating expenses excluding depreciation, amortisation and impairments	6,676	13.0	5,910
Depreciation, amortisation and impairments	209	(11.8)	237
Total operating expenses	6,885	12.0	6,147

Cost of materials

Cost of materials increased by €111 million (38.3%) in 2010 compared to 2009. Excluding the impact of foreign currency exchange differences, cost of materials increased by €90 million (31%) in 2010, mainly due to an increase in fuel costs of €83 million and to higher volumes.

Work contracted out and other external expenses

Work contracted out and other external expenses relate to fees paid for subcontractors, external temporary staff, rent and leases. Total work contracted out and other external expenses increased by €493 million (15.6%) in 2010 compared to 2009. Excluding the impact of foreign currency exchange differences and acquisitions, work contracted out and other external expenses increased by €295 million (9.3%) in 2010, mainly driven by higher volumes and costs of €45 million related to the Demerger.

Salaries, pensions and social security contributions

Salaries, pensions and social security contributions increased by €183 million to €2,190 million (9.1%) in 2010 compared to 2009. Excluding the impact of foreign currency exchange differences and acquisitions, salaries, pensions and social security contributions increased by €61 million (3%) in 2010. The increase in salary costs was largely due to the overall increased volumes, which required additional staff, and annual salary inflation. Included in salaries, pensions and social security contributions is an amount of €16 million relating to restructuring-related charges (2009: €37 million) and €69 million pension costs (2009: €59 million).

Other operating expenses

Other operating expenses include items such as marketing expenses and insurance costs. Other operating expenses decreased by €21 million (-4.6%) in 2010 compared to 2009. Excluding the impact of foreign currency exchange differences and acquisitions, other operating expenses decreased by €43 million (-9.4%) in 2010 (see section 10.6 “Comparison of underlying operating income for the financial years ended 31 December 2010 and 2009” for further information on the profit pooling arrangement).

Depreciation, amortisation and impairments

Total depreciation, amortisation and impairments decreased by €28 million (11.8%) in 2010 compared to 2009, due to impairment charges of €22 million in 2009 and lower investments in additional capacity in 2010. In 2010, the reversal of impairment charges of €2 million relate to two aircraft that were transferred back from assets held for sale to property, plant and equipment, due to the plan to put them back into service in 2011. In 2009, the impairment charges mainly related to an impaired customer relationship of €10 million in Asia and an impairment of vehicles of €5 million in Americas.

Net financial expense

	Year ended 31 December		
	2010	variance %	2009
(in € millions, except percentages)			
Interest and similar income	22	(65.6)	64
Interest and similar expenses	(59)	23.4	(77)
Net financial expense	(37)	(184.6)	(13)

Interest and similar income in 2010 was €22 million (2009: €64 million), of which €11 million (2009: €45 million) is income from loans with TNT N.V. and €9 million (2009: €19 million) is interest income on banks, loans and deposits, taxes and interest on foreign currency hedges.

Interest and similar expenses in 2010 of €59 million (2009: €77 million) relates mainly to interest expenses on external financing of €41 million (2009: €54 million), interest expenses linked to financing in relation to a loan from TNT N.V. for an amount of €12 million (2009: €13 million) and a foreign currency exchange effect of €5 million (2009: €7 million).

Income taxes

	Year ended 31 December		
	2010	variance %	2009
(in € millions, except percentages)			
Current tax expense	88	41.9	62
Changes in deferred taxes	(31)	(63.2)	(19)
Total income taxes	57	32.6	43

Income taxes amounted to €57 million in 2010 (2009: €43 million), or 45.2% (2009: 122.9%) of income before income taxes. In 2010, the current tax expense amounted to €88 million (2009: €62 million). The difference between the total income taxes in the combined income statements and the current tax expense is due to timing differences. These differences are recognised as deferred tax assets or deferred tax liabilities.

In 2010, the effective income tax rate was 45.2% and is significantly higher than the statutory corporate income tax rate of 25.5% in the Netherlands. The effective income tax rate was impacted by, among others, non-deductible costs and current year losses for which no deferred tax assets could be recognised due to uncertainty regarding the recoverability of such assets, partly offset by positive effects from several optimisation projects.

Results from investments in associates

The increased loss in results from investments in associates (which increased by €4 million) was due to a higher impairment charge booked in Logispring Investment Fund Holding B.V. in 2010 compared to 2009. This entity's sole activity is to invest in start-up companies. No investments in new portfolio companies have been made since 2008. The impairment arose as a result of a decrease in the fair value of the investments.

10.6 Comparison of underlying operating income for the financial years ended 31 December 2010 and 2009

Set out in the tables below is the unaudited underlying operating income per business segment for the financial years ended 31 December 2010 and 2009. Underlying operating income is calculated as operating income after the adjustment of restructuring and other non-recurring or exceptional items, and is prepared by management to analyse the results excluding non-recurring items for a deeper understanding of the business performance. The presentation and disclosure of the underlying operating income is not in conformity with IFRS and is not audited.

Underlying operating income for the financial year ended 31 December 2010

Year ended 31 December 2010									
(in € millions)	Reported 2010	Restructuring related charges	Other	Brazil	Bad weather	Demerger costs	Profit pooling	Pensions	Underlying 2010
Europe & MEA	371	8	(4)		15			9	399
Asia Pacific	14								14
Americas	(67)	8		20					(39)
Other Networks	18							1	19
Non-allocated	(156)					45	41	15	(55)
Operating income	180	16	(4)	20	15	45	41	25	338

Underlying operating income for the financial year ended 31 December 2009

Year ended 31 December 2009							
(in € millions)	Reported 2009	Restructuring related charges	Impairments and other value adjustments	Other	Profit pooling	Pensions	Underlying 2009
Europe & MEA	281	30	7			11	329
Asia Pacific	(32)	3	10				(21)
Americas	(32)	3	5				(24)
Other Networks	18					1	19
Non-allocated	(174)	1		4	92	12	(65)
Operating income	61	37	22	4	92	24	240

Restructuring related charges

In 2010 and 2009, Express recorded non-recurring restructuring charges mainly related to redundancy payments as a result of restructuring its operations in 2010 and 2009.

Brazil

In 2010, Brazil had to absorb around €20 million of additional integration-related costs due to claims and provisions.

Bad weather

Express' operations in Europe were negatively impacted by exceptionally adverse weather conditions in December 2010. Notably, Express' Liege hub was closed for two days, with extensive disruption to service. Express' European road hub in Arnhem and road linehauls were also significantly impacted due to temporary road closures for trucks. In aggregate, these factors led to an estimated negative impact on the Company's 2010 results of €15 million.

Demerger costs

TNT Head Office B.V. is included in Express and is the contractual (and cost-bearing) entity for the majority of the services and support related to the Demerger. The total Demerger cost incurred in 2010 amounted to €45 million.

Profit pooling

Until 30 November 2010 (when it was terminated in anticipation of the Demerger) a profit pooling arrangement was in place, whereby Express legal entities absorbed the fiscal losses of Mail International operations in Germany. Given that the new reporting structure is on a legal entity basis, these losses are reflected in the Company's operating income in 2010 and 2009.

Pensions

In 2010 and 2009, Express contributed cash pension contribution towards TNT N.V. for its Dutch Group pension plans. After the Demerger the current group pension plan definition in accordance with IAS 19.34a will no longer be valid as a result of which both Mail and Express will account for their defined benefit

pension costs separately. The underlying cost adjustment represents the difference between the IFRS expense and the cash contribution paid by Express to TNT N.V.

Impairments and other value adjustments

In 2009, operating income was impacted by impairments and other value adjustments, primarily due to €7 million fair value adjustment for aircraft, a €10 million charge related to impaired customer relationships and an impairment of vehicles of €5 million.

10.7 Comparison of financial years ended 31 December 2010 and 2009 by segment

General

Total underlying operating income grew by €98 million from €240 million in 2009 to €338 million in 2010 (€317 million at 2009 foreign currency exchange rates). All segments contributed to this improvement, with the exception of the Americas. Higher volumes and the continuous reduction of the Express' cost per consignment or kilogram had a positive impact on the operating income development. Lower revenue-quality, higher cost of commercial linehaul and increased security costs all impacted operating income negatively. Express maintained its focus on optimising its network with the continuation of various efficiency improvement initiatives.

Europe & MEA

	Year ended 31 December		
	2010	Variance %	2009
<i>(in € millions, except percentages)</i>			
Operating revenues	4,453	7.5	4,142
Operating income (EBIT)	371	32.0	281
Underlying operating income (EBIT) ⁽¹⁾	399	21.3	329

(1) Underlying operating income is unaudited

Europe & MEA's revenue improved organically (excluding acquisitions/disposals and external factors, i.e. fuel and foreign currency exchange differences) in 2010, mainly due to higher volumes, which was partially offset by lower revenue-quality. Continued focus on cost efficiency led to further cost per consignment reductions in spite of inflationary pressure in many markets.

Asia-Pacific

	Year ended 31 December		
	2010	Variance %	2009
<i>(in € millions, except percentages)</i>			
Operating revenues	1,656	33.2	1,243
Operating income (EBIT)	14	143.8	(32)
Underlying operating income (EBIT) ⁽¹⁾	14	166.7	(21)

(1) Underlying operating income is unaudited

Asia-Pacific experienced organic revenue growth of 17% (excluding acquisitions/disposals and foreign currency exchange differences) with the most significant contribution from China, mainly due to higher volumes from existing and new global customers. Foreign currency exchange differences added 15.9% to the revenue growth.

Operating income improved in most markets, with the most significant improvement in China. Cost per consignment increased in line with higher inflation in most of these markets, but was offset by positive development of revenue-quality. Express increased its own capacity between China and Europe through the introduction of two additional Boeing 747 freighters to improve service and reduce its reliance on commercial linehaul, allowing Express to have more control over its linehaul costs, and thus enabling it to reduce costs.

Americas

<i>(in € millions, except percentages)</i>	Year ended 31 December		
	2010	Variance %	2009
Operating revenues	502	25.8	399
Operating income (EBIT)	(67)	(109.4)	(32)
Underlying operating income (EBIT) ⁽¹⁾	(39)	(62.5)	(24)

(1) Underlying operating income is unaudited

In aggregate Americas' revenue grew by 25.8%, driven by acquisitions (LIT Cargo, acquired in February 2009, and Expresso Araçatuba, acquired in May 2009: 10.3%) and foreign currency exchange differences (17.8%). Americas' organic revenue decreased by 2.3% due to contract rationalisation in Brazil, partially offset by the positive improvement of revenue-quality.

The operating income for the Americas includes an adjustment of €20 million related to Brazil integration-related costs, claims and provisions, and foreign currency exchange differences. Brazil also experienced significant margin pressure due to a number of factors, including planned investment in transforming business processes and a statutory 7.5% wage increase.

Other Networks

<i>(in € millions, except percentages)</i>	Year ended 31 December		
	2010	Variance %	2009
Operating revenues	448	4.2	430
Operating income (EBIT)	18		18
Underlying operating income (EBIT) ⁽¹⁾	19		19

(1) Underlying operating income is unaudited

Revenue increased organically by 3.5% mostly driven by an increase in Innight activities. The operating income increase in Innight was offset by a similar decrease in the Fashion business, largely attributable to down-trading on a limited number of contracts.

Non-allocated

<i>(in € millions, except percentages)</i>	Year ended 31 December		
	2010	Variance %	2009
Operating revenues	(6)		(6)
Operating income (EBIT)	(156)	10.3	(174)
Underlying operating income (EBIT) ⁽¹⁾	(55)	15.4	(65)

(1) Underlying operating income is unaudited

<i>(in € millions)</i>	Year ended 31 December	
	<i>(Unaudited)</i>	
	2010	2009
Non-allocated operating income		
Demerger costs	(45)	
Projects	(7)	(5)
Profit pooling	(41)	(92)
Pensions	(15)	(12)
Other costs	(48)	(65)
Total	(156)	(174)

In 2010, non-allocated operating costs amounted to €156 million (2009: €174 million) including €45 million of Demerger costs and €41 million (2009: €92 million) relating to the profit and loss pooling arrangement. Non-allocated pension costs of €15 million relate to head office employees, which have not been allocated to operating segments. Other costs relate to specific assigned tasks and events related to corporate activities which are not charged to operating segments.

10.8 Financial review over the financial years ended 31 December 2009 and 2008

Volumes (consignments, kilograms)

Overall, domestic kilograms were 5.3% lower in 2009 than in 2008, whereas kilograms travelling on the European air and road networks declined 19.1% and 15.9% respectively. In 2009, the total number of consignments was in line with 2008 (+0.1%). The year-on-year comparison should, however be viewed in context of the onset of the economic downturn midway through 2008.

2008 was a year of two halves. Weeks 25 and 26 of 2008 saw a sharp decline in international European air network volumes (in comparison with 2007). In September 2008 the decline accelerated to a level of around 10% compared to 2007, and, in the last two trading months of 2008, to a level of almost 20% compared to 2007. The decline in international volumes continued into the first half of 2009 (versus the comparatively strong first half of 2008) but the decline in growth slowed and flattened towards the end of 2009.

Revenue-quality

Revenue quality declined in 2009 versus 2008 driven by competitive pressure on prices, the shift in product mix from express to economy products, and the reduction in the weight per consignment.

Compared to 2007, volumes started to decline in the second half of 2008 throughout the first half of 2009. Express and its competitors found it increasingly difficult to use the available capacity in its networks, which led to strong pressure on the prices charged for both express and economy services. Customers also started substituting premium services with cheaper equivalents -sending smaller parcels economy express rather than next-day express and sending heavier parcels with a freight-forwarder rather than with Express. The result was decreasing revenue quality for Express in 2008 and 2009.

Network performance optimisation

Compared to 2007, the significant decline in volumes through the second half of 2008 and the first half of 2009 prompted a focus on cost-control and efficiency initiatives, including a total revision of the overall air network. In terms of this initiative, airport coverage was reduced to optimise Express' capacity and a further two TNT airport operations were closed (in addition to the closure of ten airport operations in 2008).

As of 1 November 2009, Express outsourced its Line & Light aircraft maintenance activity to a 50/50 joint venture between TNT Airways S.A. and Sabena Technics S.A. in order to reduce costs and to focus on operating the air network while maintaining a sufficient level of control over the quality of the maintenance services of the aircraft.

Total operating revenues

In 2009, total operating revenue decreased by €718 million (-10.4%) to €6,208 million, whereas the 2008 total operating revenue of €6,926 million was slightly above 2007.

Although the decline in volumes slowed in 2009 compared to the second half of 2008, the full impact of the economic downturn and the resulting decrease in volumes was felt in 2009 (as opposed to 2008, where it impacted only a portion of the year). Thus the revenue decrease was mainly due to lower aggregate volumes in 2009 versus 2008 as a result of the economic downturn. Total operating revenue was also negatively impacted by foreign currency exchange difference of €115 million (due to the strengthening of the euro against most currencies, but most significantly against the British pound). Total operating revenue was also negatively impacted by lower fuel surcharge revenue of €200 million, which tracked the fall in the oil price. The decrease in total operating revenue was partly offset by the effect of the acquisitions in 2009 of Lit Cargo and Expresso Aracatuba, which contributed €79 million to total operating revenue.

Compared to 2007, the increase of revenues in 2008 was a result of organic growth, largely offset by negative foreign exchange differences (mainly British pound).

Other income

Other income was €0 million (2008: €9 million). Other income in 2008 consisted primarily of book profit from the sale of several property, plant and equipment items.

Operating expenses excluding depreciation, amortisation and impairments

Total operating expenses, excluding depreciation, amortisation and impairments, decreased by €469 million (7.4%) to €5,910 million. The decrease was primarily attributable to lower volumes in 2009 (compared to the full-year 2008). This decrease in operating expenses was partly offset by charges relating to a number of centrally managed entities which were allocated to the Company following the Demerger and booked to the combined income statement in 2009. The table below sets out the components of operating expenses.

	Year ended 31 December		
	2009	Variance %	2008
<i>(in € millions, except percentages)</i>			
Cost of materials	290	(11.3)	327
Work contracted out and other external expenses	3,157	(10.3)	3,521
Salaries and social security contributions	2,007	(4.7)	2,106
Other operating expenses	456	7.3	425
Operating expenses excluding depreciation, amortisation and impairments	5,910	(7.4)	6,379
Depreciation, amortisation and impairments	237	(12.2)	270
Total operating expenses	6,147	(7.6)	6,649

Cost of materials

Cost of materials decreased by €37 million (11.3%) in 2009 compared to 2008, mainly due to lower volumes, resulting in lower fuel and energy costs. The decrease in operating expenses was also impacted by foreign currency exchange differences (which resulted in a decrease in cost of materials of -€12 million), partly offset by an increase in cost of materials of €9 million attributable to the acquisitions of LIT Cargo and Expresso Aracatuba in 2009.

Cost of materials increased in 2008 compared to 2007, due to higher volumes, partly offset by positive foreign currency exchange differences.

Work contracted out and other external expenses

Work contracted out and other external expenses relate mainly to fees paid for subcontractors, external temporary staff, rent and leases. Total work contracted out and other external expenses decreased by €364 million (10.3%) in 2009 compared to 2008, mainly due to the scaling down of the subcontractors' operations to match the decrease in volumes.

Work contracted out increased in 2008 compared to 2007, mainly due to higher subcontracting, partly offset by positive foreign currency exchange differences.

Salaries, pensions and social security contributions

Salaries, pensions and social security contributions decreased by €99 million (4.7%) in 2009 compared to 2008, reflecting the lower headcount primarily in Europe as a result of the implementation of restructuring plans, partly offset by increases in Asia Pacific (as a result of organic growth) and by a €24 million increase in costs in Americas attributable to the acquisitions in 2009 of LIT Cargo and Espresso Aracatuba. The net decrease in salaries, pensions and social security contributions was also impacted by foreign currency exchange differences which resulted in a decrease of €45 million.

Salaries, pensions and social security contributions increased in 2008 compared to 2007, reflecting the higher headcount related to the increased volumes, half of which was compensated by positive foreign currency exchange differences.

Other operating expenses

Other operating expenses include items such as marketing expenses and insurance costs. In aggregate, other operating expenses increased by €31 million in 2009 compared to 2008, slightly above the increase in operating expenses 2008 compared to 2007. This increase was the net effect of an increase of €57 million in the impact of the profit pooling arrangements between Mail and Express (2009: €92 million; 2008: €35 million; see further under "Profit pooling" in section 10.9 "Comparison of underlying operating income for the financial years ended 31 December 2009 and 2008") and a decrease of €26 million in operating expenses mainly due to cost-saving measures taken in 2009.

Depreciation, amortisation and impairments

Total depreciation, amortisation and impairments decreased by €33 million (12.2%) in 2009 compared to 2008, comprising a €9 million decrease in depreciation and amortisation and €24 million decrease in non-recurring impairment charges. Total depreciation, amortisation and impairments increased in 2008 compared to 2007, mainly due to impairment charges. The decrease in depreciation and amortisation charges was mainly due to lower capital expenditures in 2009 following the focus on cash improvement initiatives. Impairment charges in 2009 amounted to €15 million, mainly comprising a customer list impairment of €10 million in Asia and an impairment of vehicles of €5 million in Americas. Impairment charges in 2008 amounted to €39 million, largely attributable to the decommissioning of nine aircraft in Europe (resulting in an impairment of €37 million) and the impairment of operational computer software of €2 million in Brazil. In 2007, no impairments were recorded.

Net financial expense

	Year ended 31 December		
	2009	Variance %	2008
(in € millions, except percentages)			
Interest and similar income	64	(60.5)	162
Interest and similar expenses	(77)	63.3	(210)
Net financial expense	(13)	72.9	(48)

Interest and similar income decreased in aggregate by €98 million to €64 million in 2009. This decrease was largely the result of a €57 million decrease (2009: €45 million; 2008: €102 million) in interest income on intercompany receivables from TNT N.V. and its subsidiaries which were settled in 2009 and a €33 million decrease (2009: €19 million; 2008: €60 million) mainly due to €19 million lower gross up of interest on notional cash pools as a result of lower balances and lower interest rates. Furthermore, the decrease was caused by €6 million lower interest income from foreign currency hedges. In aggregate, interest and similar income also decreased in 2008 compared to 2007, mainly due to a decrease in interest income on intercompany receivables from TNT N.V. and its subsidiaries.

Interest and similar expenses decreased by €133 million to €77 million in 2009. This decrease was largely the result of a €98 million decrease (2009: €13 million; 2008: €111 million) in interest expense on intercompany payable to TNT N.V. and its subsidiaries which were settled in 2009 and a €34 million decrease (2009: €54 million; 2008: €88 million) mainly due to €19 million lower gross-up of interest on notional cash pools as a result of lower balances and lower interest rates. Furthermore the decrease was caused by €8 million lower interest expense on long-term borrowings as a result of decreased interest expenses on interest rate derivatives. In aggregate, interest and similar expenses also decreased in 2008 compared to 2007, mainly due to the impact of the debt mix and related interest percentages.

Income taxes

	Year ended 31 December		
	2009	Variance %	2008
(in € millions, except percentages)			
Current tax expense	62	(8.8)	68
Changes in deferred taxes	(19)	(850.0)	(2)
Total income taxes	43	(34.8)	66

Income taxes amount to €43 million (2008: €66 million), or 122.9% of income before income taxes (2008: 32.0%). Current income taxes decreased from €68 million in 2008 to €62 million in 2009. The difference between the total income taxes in the combined income statement and the current tax expense is due to timing differences. These differences are recognised as deferred tax assets or deferred tax liabilities.

In 2009, the effective income tax rate was 122.9%, which was significantly higher than the corporate income tax rate of 25.5% in the Netherlands. The effective income tax rate of 2009 was adversely impacted due to the impact of non-deductible elements included in certain profit pooling arrangements between the Mail Business and the Express Business and non-deductible impairments recorded. In addition, the effective income tax rate was impacted by, among others, non-deductible costs and current year losses for which no deferred tax assets could be recognised due to uncertainty regarding the recoverability of such assets, partly offset by positive effects from several optimisation projects.

In 2008, the effective income tax rate was 32.0%, which was higher than the corporate income tax rate of 25.5% in the Netherlands. The impact of non-deductible costs was fully compensated by various other elements, refer to Annex 3 Part 2.

Results from investments in associates

Losses from investments in associates were €13 million in 2009 and €32 million in 2008, both mainly due to impairment charges booked in Logispring Investment Fund Holding N.V. This entity's sole activity is to invest in start-up companies. No investments in new portfolio companies have been made since 2008. The impairments arose as a result of decreases in the fair value of the investments.

10.9 Comparison of underlying operating income for the financial years ended 31 December 2009 and 2008

Set out in the tables below is the unaudited underlying operating income per business segment for the financial years ended 31 December 2009 and 2008. Underlying operating income is calculated as operating income after the adjustment of restructuring and other non-recurring or exceptional items, and is prepared by management to analyse the results excluding non-recurring items for a deeper understanding of the business performance. The presentation and disclosure of the underlying operating income is not in conformity with IFRS and is not audited.

Underlying income for the financial year ended 31 December 2009

	Year ended 31 December 2009						
	Reported 2009	Restructuring related charges	Impairments and other value adjustments	Other	Profit pooling	Pensions	Underlying 2009
(in € millions)							
Europe & MEA	281	30	7			11	329
Asia Pacific	(32)	3	10				(21)
Americas	(32)	3	5				(24)
Other Networks	18					1	19
Non-allocated	(174)	1		4	92	12	(65)
Operating income	61	37	22	4	92	24	240

Underlying income for the financial year ended 31 December 2008

(in € millions)	Year ended 31 December 2008					Underlying 2008
	Reported 2008	Restructuring related charges	Impairments and other value adjustments	Profit pooling	Pensions	
Europe & MEA	406	29	37		11	483
Asia Pacific	(21)	4				(17)
Americas	(18)					(18)
Other Networks	32				1	33
Non-allocated	(113)			35	8	(70)
Operating income	286	33	37	35	20	411

Restructuring related charges

In 2009 and 2008, Express recorded non-recurring restructuring charges mainly related to redundancy payments in Europe (primarily in the United Kingdom, Germany and the Benelux) as a result of restructuring its operations in 2009 and 2008.

Impairments and other value adjustments

In 2009, impairment and other fair value adjustments include impairment charges related to customer relationships in Asia Pacific of €10 million, vehicles in Americas of €5 million and fair value adjustment for aircraft of €7 million in Europe and MEA.

In 2008, impairment and other fair value adjustments comprise mainly an impairment of aircraft resulting from the decommissioning of nine aircraft (in accordance with a cost-saving initiative following the decrease in air volumes).

Profit pooling

Until 30 November 2010 (when it was terminated in anticipation of the Demerger) a profit pooling arrangement was in place, whereby Express legal entities absorbed the fiscal losses of Mail International operations in Germany. Given that the new reporting structure is on a legal entity basis, these losses are reflected in the Company's operating income in 2009 and 2008.

Pensions

In 2009 and 2008, Express contributed cash pension contribution towards TNT N.V. for its Dutch Group pension plans. After the Demerger the current group pension plan definition in accordance with IAS 19.34a will no longer be valid as a result of which both Mail and Express will account for their defined benefit pension costs separately. The underlying cost adjustment represents the difference between the IFRS expense and the cash contribution paid by Express to TNT N.V.

10.10 Comparison of financial years ended 31 December 2009 and 2008 by segment

General

Total underlying operating income decreased by €171 million from €411 million in 2008 to €240 million in 2009. Underlying operating income decreased in all segments with the exception of Asia-Pacific. During 2009, Express saw a drop in its revenue versus previous year because of lower volumes due to the economic downturn and because of the lower revenue-quality driven by the competitive pressure, the shift in product mix from express to economy services and the reduction in the average weight per consignment. Operating income was impacted by the lower revenue-quality and lower capacity utilisation of the networks due to lower volumes, partially offset by the networking optimisation measures implemented throughout the year.

Europe & MEA

	Year ended 31 December		
	2009	variance %	2008
(in € millions, except percentages)			
Operating revenues	4,142	(14.5)	4,844
Operating income (EBIT)	281	(30.8)	406
Underlying operating income (EBIT) ⁽¹⁾	329	(31.9)	483

(1) Underlying operating income is unaudited.

The economic downturn seen since the third quarter of 2008 has negatively impacted trading volume, particularly in express services in Europe. Revenue was down from the levels of 2008 both because of lower volumes and because of the lower revenue-quality due to the shift in services mix from express to economy and because of generally lower prices due to increased competitive pressure.

As a response to revenue decline, cost control measures were implemented, with a focus on lowering overhead costs and achieving tighter operational planning. Cost control and capacity management initiatives within the air and road networks resulted in year-on-year cost reduction.

Even though the costs were kept well under control, cost reductions were unable to keep pace with declining revenues and operating income declined in all major European countries in 2009 versus 2008.

Asia-Pacific

	Year ended 31 December		
	2009	variance %	2008
(in € millions, except percentages)			
Operating revenues	1,243	(1.7)	1,265
Operating income (EBIT)	(32)	(52.4)	(21)
Underlying operating income (EBIT) ⁽¹⁾	(21)	(23.5)	(17)

(1) Underlying operating income is unaudited.

Asia Pacific experienced a relatively lower revenue decline in comparison to other geographic segments, which was primarily attributable to India and China, where growing domestic demand boosted revenues. As a result, underlying operating income in Asia Pacific, although remaining negative, was only marginally below that of 2008.

Americas

	Year ended 31 December		
	2009	variance %	2008
(in € millions, except percentages)			
Operating revenues	399	18.8	336
Operating income (EBIT)	(32)	(77.8)	(18)
Underlying operating income (EBIT) ⁽¹⁾	(24)	(33.3)	(18)

(1) Underlying operating income is unaudited.

In 2009, Express invested in Americas with the acquisitions of LIT Cargo in Chile and Expresso Araçatuba in Brazil, resulting in a €79 million increase in revenue and a €3 million increase in EBIT. Excluding the impact of the 2009 acquisitions of LIT Cargo and Expresso Aracatuba, the underlying operating income in the Americas decreased due to lower volumes, and consequently lower revenues, in North America and Brazil.

Other Networks

<i>(in € millions, except percentages)</i>	Year ended 31 December		
	2009	variance %	2008
Operating revenues	430	(11.3)	485
Operating income (EBIT)	18	(43.8)	32
Underlying operating income (EBIT) ⁽¹⁾	19	(42.4)	33

(1) Underlying operating income is unaudited.

Revenue decreased by 11.3%, impacted by the economic downturn in Europe. The decrease in operating income was driven by the lower revenues.

Non-allocated

<i>(in € millions, except percentages)</i>	Year ended 31 December		
	2009	variance %	2008
Operating revenues	(6)	(50.0)	(4)
Operating income (EBIT)	(174)	(54.0)	(113)
Underlying operating income (EBIT) ⁽¹⁾	(65)	7.1	(70)

(1) Underlying operating income is unaudited.

Non-allocated operating income

<i>(in € millions)</i>	Year ended 31 December	
	2009	2008
Demerger costs		
Projects	(5)	(10)
Profit pooling	(92)	(35)
Pensions	(12)	(8)
Other costs	(65)	(60)
Total	(174)	(113)

In 2009, non-allocated operating costs amounted to €174 million (2008: €113 million). This was primarily attributable to a €57 million increase in the profit and loss pooling arrangement charges. (See further under "Profit pooling" in section 10.9 "Comparison of underlying operating income for the financial years ended 31 December 2009 and 2008".) Non-allocated pension costs of €12 million (2008: €8 million) relate to Head Office employees, which have not been allocated to operating segments. Other costs relate to specific assigned tasks and events related to corporate activities which are not charged to operating segments.

10.11 Liquidity and capital resources 2010 and 2009

Cash flow data

The following table provides a summary of cash flows from Express' operations.

	Year ended 31 December		
	2010	Variance %	2009
<i>(in € millions, except percentages)</i>			
Cash generated from operations	356	(14.4)	416
Interest paid	(39)	40.9	(66)
Income taxes paid	(76)	(123.5)	(34)
Net cash from operating activities	241	(23.7)	316
Net cash used for other investing activities	16	(23.8)	21
Net cash used for acquisitions and disposals	(23)	70.1	(77)
Net cash used for capital investments and disposals	(143)	(10.9)	(129)
Net cash used in investing activities	(150)	18.9	(185)
Net cash used for dividends and other changes in equity	0		0
Net cash from debt financing activities	(121)	(146.4)	261
Net cash used in financing activities	(121)	(146.4)	261
Total changes in cash	(30)	(107.7)	392

Net cash from operating activities

Cash generated from operations decreased by €60 million. This was due to the net effect of a positive cash flow impact of €80 million from profit before income taxes adjusted for non-cash items, €19 million from change in provisions and €159 million lower contribution from working capital. The negative cash flow impact from change in working capital was mainly the result of higher revenue and a related increase in trade receivables in 2010.

The total cash outflow for interest paid was €27 million lower compared to 2009, mainly due to lower interest paid on short-term debt of €17 million, lower interest paid on foreign currency hedges of €12 million, partially offset by higher interest paid on finance leases of €2 million.

Net cash used in investing activities

The decrease in net cash used in investing activities amounted to €35 million mainly due to lower cash payments for acquisitions in 2010, partially offset by an increase in net cash used for capital investments in intangibles of €14 million.

Net cash used in financing activities

In 2010, net cash from debt financing activities amounted to -€121 million mainly relates to the settlements of intercompany balances between TNT N.V. and Express of -€41 million (2009: €612 million) in anticipation of the Demerger. This is partially offset by the total net repayments on short-term borrowings mainly related to the net of increases and decreases on outstanding local short-term bank debt of €42 million (2009: repayment €345 million). In 2009, the repayment related mainly to the repayment of the commercial paper under TNT's commercial paper programme of €222 million.

10.12 Liquidity and capital resources 2009 and 2008

Cash flow data

The following table provides a summary of cash flows from Express' operations.

<i>(in € millions, except percentages)</i>	Year ended 31 December		
	2009	variance %	2008
Cash generated from operations	416	(46.0)	771
Interest paid	(66)	29.8	(94)
Income taxes paid	(34)	77.6	(152)
Net cash from operating activities	316	(39.8)	525
Net cash used for other investing activities	21	(62.5)	56
Net cash used for acquisitions and disposals	(77)	(541.7)	(12)
Net cash used for capital investments and disposals	(129)	46.9	(243)
Net cash used in investing activities	(185)	7.0	(199)
Net cash used for dividends and other changes in equity	0		0
Net cash from debt financing activities	261	348.6	(105)
Net cash used in financing activities	261	348.6	(105)
Changes in cash	392	77.4	221

Net cash from operating activities

Cash generated from operations decreased by €355 million. This was due to a negative impact of €249 million from profit before income taxes adjusted for non-cash items, a negative impact of €62 million from change in provisions and €44 million lower contribution from working capital.

The total cash outflow for interest paid was €28 million lower compared to 2008, mainly due to lower interest paid on short-term debt of €12 million, lower interest paid on long-term interest derivatives of €9 million and lower interest paid on finance leases of €4 million.

Total income taxes paid in 2009 were €118 million lower compared to 2008 as a result of higher prior year payments.

Net cash used in investing activities

The decrease in net cash used in investing activities was mainly due to lower cash payments for capital expenditures in 2009, partly offset by cash used for acquisitions of LIT Cargo and Espresso Aracatuba.

Net cash used in financing activities

The net cash from debt financing activities increased by €366 million to €261 million (2008: -€105 million) mainly relating to settlements of intercompany balances between TNT N.V. and Express of €612 million (2008: -€382 million), offset by the repayments on short term borrowings in 2009. In 2008, total proceeds on short term borrowings mainly related to newly acquired short-term bank debt of €112 million and to receipts on TNT's commercial paper programme of €222 million, which were repaid in 2009.

10.13 Borrowings

€570m credit facility

On 16 March 2011, TNT Finance B.V., a fully-owned subsidiary of TNT Express, entered into a five-year €570 million syndicated revolving credit facility with its relationship banks. The facility is conditional upon the completion of the Demerger. The facility is guaranteed by TNT Express and includes a €285 million swingline that allows for instant financing of redemptions under a commercial paper programme. The facility bears interest at the applicable interbank rate plus a margin depending on TNT Express' credit rating.

The facility does not contain financial covenants and can not be accelerated in case of a rating downgrade, but does contain a change of control clause and other common market practice clauses.

Boeing 747 ERF finance leases

On 6 December 2006, TNT Airways N.V./S.A., an indirectly wholly owned subsidiary of TNT Express entered into agreements with respect to the lease of two Boeing 747 ERF's that are guaranteed by TNT Express. The outstanding debts at 31 December 2010 under these finance leases with maturities of December 2016 and May 2017, respectively, were \$117 million and \$122 million, respectively.

The annual amortisation included in the lease terms is in total around \$15 million per year. The leases bear interest at the six-month interbank dollar-rate plus a credit charge that depends on TNT Express' credit rating. The finance leases do not include financial covenants and cannot be accelerated in case of a rating downgrade, but do contain a change of control clause and other common market practice clauses.

The floating interest payments in the lease are fixed via interest rate swaps for the remaining life of the leases.

10.14 Off-balance sheet commitments

<i>(in € millions)</i>	At 31 December		
	2010	2009	2008
Guarantees			22
Rent and operating lease	1,219	701	643
Capital expenditure	4	30	15
Purchase commitments	89	54	40

Of the total commitments indicated above €301 million are of a short-term nature (2009: €260 million; 2008: €204 million).

Guarantees

At the end of 2010, Express, on behalf of TNT N.V.'s subsidiaries, has various parental and bank guarantees outstanding. However, none (2009: €0 million, 2008: €22 million) results in an off-balance sheet commitment for the Group as the relating obligations to external parties have already been recognised by these subsidiaries following its ordinary course of business. In 2008, guarantees for an amount of €22 million were issued for the benefit of unconsolidated companies and third parties that, when due, would result in an additional obligation.

Rent and operating lease contracts

In 2010, operational lease expenses (including rental) in the combined income statement amounted to €354 million (2009: €320 million; 2008: €299 million).

TNT Airways and Guggenheim Aviation Partners LLC have signed an agreement for the delivery and lease of three new Boeing 777 freighters. The first aircraft is expected to be delivered and to enter service in July 2011. The other two will enter service by the end of 2011. These aircraft will be on a 12-year operating lease with a total lease commitment of €464 million.

The Boeing 777 freighters will operate on longhaul routes between Europe and Asia. On these routes, Express currently operates a fleet of two owned Boeing 747 freighters and two Boeing 747 freighters on short-term lease. The new Boeing 777 freighters will be replacing the two Boeing 747 freighters on short-term leases due to expire in 2011. The new Boeing 777 freighters will reduce Express' reliance on commercial line haul and external short-term contract capacity, while providing the capacity required to support the company's growth in Asia.

Future payments on non-cancellable existing lease contracts mainly relating to aircraft, depots, hubs, vehicles and other equipments were as follows:

(in € millions)	At 31 December		
	2010	2009	2008
Less than 1 year	217	190	162
Between 1 and 2 years	190	134	137
Between 2 and 3 years	151	99	98
Between 3 and 4 years	119	75	68
Between 4 and 5 years	94	59	51
Thereafter	448	144	127
Total	1,219	701	643
of which guaranteed by a third party/customers	22	12	30

Capital expenditure

Commitments in connection with capital expenditure, which primarily relate to sorting machinery and other depot upgrading projects, are €4 million (2009: €30 million; 2008: €15 million).

Purchase commitments

At 31 December 2010 Express had unconditional purchase commitments of €89 million (2009: €54 million; 2008: €40 million), which are primarily related to short-term aircraft charter contracts and various service and maintenance contracts. These contracts for service and maintenance relate primarily to facilities management, security, cleaning, salary administration and IT support contracts.

Contingent tax liabilities

Multinational groups of the size of Express are exposed to varying degrees of uncertainty related to tax planning and regulatory reviews and audits. Express accounts for its income taxes on the basis of its own internal analyses, supported by external advice. Express continually monitors its global tax position, and whenever uncertainties arise, Express assesses the potential consequences and either accrues the liability or discloses a contingent liability in its financial statements, depending on the strength of the Company's position and the resulting risk of loss.

Contingent legal liabilities

Ordinary course litigation

The Company is involved in several legal proceedings relating to the normal conduct of its business, such as claims for loss of goods, delays in delivery, trademark infringements, subcontracting and employment issues, and general liability. The majority of these claims are for amounts below €1 million and are insured and/or provided for. Express does not expect any liability arising from any of these legal proceedings to have a material effect on its results of operations, liquidity, capital resources or financial position. The Company believes it has provided for all probable liabilities deriving from the normal course of business.

Liege court case

In Belgium, judicial proceedings were launched by residents around Liege airport to stop night flights and seek indemnification from the Walloon Region, Liege airport and its operators (including Express). On 29 June 2004, the Liege Court of Appeal rejected the plaintiffs' claims on the basis of a substantiated legal reasoning. The plaintiffs lodged an appeal with the Belgian Supreme Court, which overturned the 2004 judgment of the Liege Court of Appeal on 4 December 2009. The matter has been sent to the Brussels Court of Appeal for new submissions and pleadings. Following a Court of Appeal session on 7 October 2010, a calendar of proceedings will be fixed shortly. However, a new decision is not expected for at least two years.

A similar claim was lodged on 5 May 2009 before the Civil Court of Liege by the town of Riemst, which is seeking the closure of Liege airport. The Court rejected the claim on 14 April 2010. An appeal by Riemst was lodged on 14 September 2010 in which the town of Riemst requested the Court to pronounce a temporary measure to forbid the use of the extended runway (417 metre extension). The Court rejected the request on 12 October 2010 and had fixed a calendar of proceedings. Express had to

submit its conclusions before 1 March 2011. The hearing will take place on 14 February 2012. It is unlikely that the outcome of this proceeding will be different from the night flights case above.

Foreign investigations

The Company has received and responded to subpoenas from the United States Office of Foreign Asset Control inquiring about its involvement in exports to countries sanctioned by the United States. In addition the Company has received and responded to information requests from competition authorities in various jurisdictions and cooperated with investigations in this context. Express does not expect any liability arising from any of those investigations to have a material effect on its results of operation, liquidity, capital resources or financial position.

10.15 Working capital statement

The Company believes that its working capital is sufficient for its present requirements; that is, for at least 12 months following the date of this Prospectus.

10.16 Current trading financial year 2011

Year-to-date trading conditions have been much more volatile than had been previously assumed. Volatility has been caused by a sharp increase in the oil price, social and political unrest and natural disasters. This was exacerbated by unforeseen effects from the integration issues in Brazil. The total underlying operating income for the first 12 weeks is around €25 million lower than last year.

The European activities are performing at satisfactory levels. However, the oil price increase has led to lower International Express volumes with related underutilisation of the air network as well as a lag in the recovery of higher fuel costs.

In the Americas, Brazil suffered from unexpected and recent domestic volume losses related to integration issues. A new management team has been put in place and given specific turnaround targets aimed at restoring the value of this strategic asset.

As reported in February, Asia Pacific has seen much lower Asia-Europe volumes, with a recovery only in the last two weeks of March. Floods and strikes in Australia have also held back Asia Pacific's operating result.

To improve results in the remainder of 2011, Express management is taking commercial and operational measures in each region, including specific pricing actions and the reduction of indirect costs.

Based on the year-to-date performance, Express has rephrased and revised its plans for 2011.

- EMEA revenue to grow modestly, with an underlying operating margin in line with last year (9% or slightly above)
- Asia-Pacific partially to recover on the back of now-improving intercontinental volumes
- Americas' continuing negative performance being addressed through a full range of corrective measures
- Other networks to perform in line with the prior year
- Cash flow to be supported by tight cash capex and working capital management.

10.17 Critical accounting policies

The preparation of the financial statements of Express requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of Express' financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Express makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Business combinations

Express accounts for all its business combinations applying the acquisition method unless it is a combination of entities under common control. The assets acquired and the liabilities assumed are recognised and measured on the basis of their fair values at the date of acquisition. To determine fair values of assets acquired and liabilities assumed, Express must make estimates and use valuation techniques when a market value is not readily available. Any excess of the cost of an acquisition over the fair value of the net identifiable assets acquired represents goodwill.

In preparing these combined financial statements, internal reorganisations or transfer of businesses between Express companies were accounted for at predecessor carrying amounts. These transactions did not give rise to goodwill.

Impairment of assets

In determining impairments of intangible assets including goodwill, tangible fixed assets and financial fixed assets, management must make significant judgments and estimates to determine whether the fair value of the cash flows generated by those assets is less than their carrying value. Determining cash flows requires the use of judgments and estimates that have been included in the strategic plans and long-range forecasts of Express. The data necessary for executing the impairment tests are based on management estimates of future cash flows, which require estimating revenue growth rates and profit margins.

Depreciation and amortisation of tangible and intangible fixed assets

Tangible and intangible fixed assets, except for goodwill, are depreciated or amortised at historical cost using a straight-line method based on the estimated useful life, taking into account any residual value. The asset's residual value and useful life are based on Express' best estimates and reviewed, and adjusted if required, at each balance sheet date.

Impairment of receivables

The risk of uncollectability of accounts receivable is primarily estimated based on prior experience with, and the past due status of, doubtful debtors, while large accounts are individually assessed, based on factors that include ability to pay, bankruptcy and payment history. In addition, debtors in certain countries are subject to a higher collectability risk, which is taken into account when assessing the overall risk of uncollectability. The assumptions and estimates applied for determining the valuation allowance are reviewed periodically.

Restructuring

Restructuring charges mainly result from restructuring operations, including combinations and/or relocations of operations, changes in Express' strategic direction, or managerial responses to declining demand, increasing costs or other market factors. Restructuring provisions reflect many estimates, including those pertaining to separation costs, reduction of excess facilities, contract settlements and tangible asset impairments. Actual experience has been and may continue to be different from these estimates.

Income taxes

The company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision and liability for income taxes. There are many transactions and calculations where the ultimate tax determination is uncertain during the ordinary course of business. Express recognises liabilities for tax issues based on estimates of whether additional taxes will be due, based on its best interpretation of the relevant tax laws and rules. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Express recognises deferred tax assets to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered. This is based on estimates of taxable income by jurisdiction in which the company operates and the period over which deferred tax assets are recoverable. In the event that actual results differ from these estimates in future periods, and depending on the tax strategies that the company may be able to implement, changes to the recognition of deferred tax assets could be required, which could impact Express' financial position and net profit.

Accounting for assets classified as held for sale

Accounting for assets classified as held for sale requires the use of significant assumptions and estimates, such as the assumptions used in the fair value calculations as well as the estimated costs to sell.

Contingent liabilities

Legal proceedings covering a range of matters are pending against the Company in various jurisdictions. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Company often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, Express consults with legal counsel and certain other experts on matters related to litigations.

Express accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

II. CAPITALISATION AND INDEBTEDNESS

The following table sets out the Company's combined capitalisation as at 31 December 2010. This table and the information set out in it has not been audited. This table should be read in conjunction with the Combined Financial Statements and the notes thereto included in this Prospectus as Annex 3 Part 2 "Combined Financial Statements". The table also shows the effects of the Demerger as if it became effective on 31 December 2010.

While there have been changes to the components of the Company's capitalisation arising in the ordinary course of business, there has otherwise been no material change to the Company's capitalisation since 31 December 2010 to date.

Capitalisation and indebtedness as of 31 December 2010

<i>(in € millions-unaudited)⁽¹⁾</i>	31 December 2010	Adjusted for Demerger
CAPITALISATION		
– Secured short term debt	27	27
– Unsecured/non-guaranteed net payable to TNT group	526	0
– Unsecured/non-guaranteed other short term debt ⁽²⁾	30	30
A. Short Term Debt	583	57
– Secured long term finance lease ^{(2), (3)}	184	184
– Secured long term loans	19	19
– Unsecured/non-guaranteed other long term loans ⁽²⁾	5	5
– Obligations under long term financial derivatives ^{(2), (4)}	93	28
B. Long Term Debt	301	236
– Issued capital	—	43
– Other reserves	—	2,964
– Legal reserves ⁽⁷⁾	—	71
C. Equity⁽⁵⁾	2,994	3,078
D. Total Equity and Debt Liabilities (A+B+C)	3,878	3,371
INDEBTEDNESS		
– Cash & Cash Equivalents ⁽⁶⁾	(807)	(266)
– Current Debt	583	57
Net Current Debt	(224)	(209)
Long-Term Debt	301	236
Net Debt	77	27

Notes:

- (1) Includes interest bearing debts only.
- (2) All or almost all of this debt is at 31 December 2010 (indirectly) guaranteed by TNT N.V., which guarantees are being withdrawn before the Demerger, and, if applicable, replaced by a (indirect) guarantee from TNT Express.
- (3) Relates mainly to two Boeing 747 aircraft leases maturing in December 2016 and May 2017.
- (4) Includes mark-to-market liabilities of €65 million relating to hedges outstanding with banks on behalf of the TNT Mail group and traded in back-to-backs with TNT Mail group on which Express has equivalent receivables outstanding towards TNT Mail group entities. These hedges will be assigned to TNT Mail group before the Demerger against payment of the negative market value. Besides the obligations on longer term derivatives, Express also has in aggregate €17 million in short term financial derivatives with a negative mark-to-market value offset by €2 million of positive mark-to-market value.
- (5) The equity at 31 December 2010 relates to the aggregated combined equity of the entities included within the Combined Financial Statements ("equity of entities contributed in kind").
- (6) Cash reduces with (i) €526 million upon settlement of the net payable of Express to TNT Mail group entities, (ii) €65 million upon assignment of the hedges outstanding on behalf of TNT N.V. to TNT Mail group entities and with (iii) asset transfer from TNT Mail group to Express caused by the Demerger of €34 million, and increases with (iv) a receivable of TNT N.V. of €84 million on one of its TNT Mail group entities that is demerged to TNT Express and settled immediately after the Demerger.
- (7) Legal reserves consist of the hedging reserve (€22 million) and the translation reserve (€49 million).

12. DESCRIPTION OF SHARE CAPITAL AND CORPORATE STRUCTURE

Set out below is a summary of some relevant information concerning the Ordinary Shares and the Articles of Association and a brief summary of certain provisions of Dutch corporate law. The Articles of Association will be amended to facilitate the Listing and will be effected as part of the Demerger.

For the purpose of this summary, it is assumed that the amendment of the Company's articles of association has been executed and is effective, unless indicated otherwise. This summary describes the Articles of Association as applicable after completion of the Demerger.

This summary does not purport to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, the Articles of Association and with Dutch law. The full text of the Articles of Association is incorporated in this Prospectus by reference and is available, in Dutch and in English, at the Company's website (see section 17.4 "Availability of documents").

12.1 General

TNT Express is a public limited liability company (*naamloze vennootschap*) and was incorporated under Dutch law by a notarial deed dated 6 March 1995. The Company operates under Dutch law. The Company has its statutory seat in Amsterdam, the Netherlands, with its head office at Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands. The Company is registered with the Chamber of Commerce in the Netherlands under the number 33267240. The telephone number of the Company is +31 (0)88 3939000.

12.2 Corporate purpose

Pursuant to Article 3 of the Articles of Association, the Company's objects are:

- to participate in and to manage other enterprises and companies, including companies that operate in the field of the transportation, distribution and delivery of parcels and goods, as well as the storing, converting and transmitting of information, the management and disposal of information, the providing of logistic services and the providing of money transactions;
- to manage and finance subsidiaries, group companies and participations, among which to guarantee the debts of those companies and participations,

and further to engage in any activity which may be related or conducive to the objects set out above.

12.3 Large company regime

The large company regime (*structuurregime*) is applicable to companies that for three consecutive years: (i) had combined issued capital and reserves of at least EUR 16 million, (ii) are required to establish, and have established a works council and (iii) regularly employ at least 100 employees in the Netherlands. If these three criteria are met by a company, that company is obliged to file for the application of the large company regime at the Chamber of Commerce in the Netherlands. If, after the filing, all criteria continue to be met for three consecutive years, the company becomes a large company regime company.

The large company regime company does not apply to the Company, nor did the Company file for application of the large company regime because the Company can make use of an exemption for international holding companies. However, the Company's subsidiary TNT Head Office B.V. will apply the large company regime as of the date the Demerger becomes effective.

12.4 History of share capital

Set out below is an overview of the Company's authorised share capital for the years 2010, 2009 and 2008 and the issued share capital in these years. The Ordinary Shares have a nominal value of EUR 1.00.

On 21 December 2010, 99,166 Ordinary Shares were outstanding each with a nominal value of EUR 1.00. These 99,166 were split and converted into 45,000 Ordinary Shares of EUR 1.00 each.

(in euro)	31 December 2010		31 December 2009		31 December 2008	
	Share capital		Share capital		Share capital	
	Authorised	Issued	Authorised	Issued	Authorised	Issued
	225,000		90,755.96		90,755.96	
Ordinary Shares		45,000		18,151.65		18,151.65
Preference Shares		—		—		—
Total	225,000	45,000	90,755.96	18,151.65	90,755.96	18,151.65

At the date of this Prospectus, the Company's authorised share capital amounts to EUR 225,000, divided into 225,000 Ordinary Shares with a nominal value of EUR 1.00 each, of which 45,000 Ordinary Shares are currently outstanding at the date of this Prospectus.

All outstanding Ordinary Shares are paid up. As part of the Demerger, these 45,000 outstanding Ordinary Shares will be cancelled. The authorised share capital will be increased and Ordinary Shares with a nominal value of EUR 0.08 will be created, as set out in section 12.5 "Authorised and issued share capital – the Demerger", by effecting an amendment of the Company's articles of association on the date of the legal demerger.

12.5 Authorised and issued share capital – the Demerger

The authorised share capital will be increased significantly as part of the Demerger. The necessary increase of the authorised share capital will be effected by amending the Company's articles of association. After the completion of the Demerger, the Company's authorised share capital will amount to EUR 120,000,000, divided into:

- (a) 750,000,000 Ordinary Shares with a nominal value of EUR 0.08 each; and
- (b) 750,000,000 Preference Shares with a nominal value of EUR 0.08 each.

After completion of the Demerger, the Company's issued share capital will amount to EUR 43,362,654.48, divided into 542,033,181 Ordinary Shares with a nominal value of EUR 0.08 each.

12.6 Issue of Shares

The Executive Board may decide to issue Shares. The resolution is subject to the approval of the Supervisory Board. The scope of the Executive Board's authority to issue Shares is determined by a resolution of the General Meeting and relates at most to all unissued Shares of the authorised capital, as applicable now or at any time in the future. The duration of this authority is also determined by a resolution of the General Meeting and is for five years at most. Designation of the Executive Board as the body competent to issue Shares may be extended by the Articles of Association or by a resolution of the General Meeting for a period not exceeding five years in each case. The number of Shares that may be issued will be determined at the time of designation. Designation pursuant to the Articles of Association may be withdrawn by an amendment to the Articles of Association. Designation by resolution of the General Meeting cannot be withdrawn unless determined otherwise at the time of designation. The General Meeting will grant the Executive Board the authority to issue Shares for three years as of the date on which the legal demerger will be effective.

Upon termination of the authority of the Executive Board, the issue of Shares requires a resolution of the General Meeting, save where another corporate body has been designated by the General Meeting.

12.7 Statutory pre-emptive rights

Shareholders have a pre-emptive right in the event of an Ordinary Share issue. The Executive Board has the authority to restrict or exclude the Shareholders' pre-emptive right in the context of an issue of Ordinary Shares. A resolution to restrict or exclude the Shareholders' pre-emptive right is subject to the approval of the Supervisory Board. The current authority of the Executive Board is granted by a resolution of the General Meeting for three years as of the date on which the legal demerger will be effective. The authority to restrict or exclude the Shareholders' pre-emptive right terminates at the same time on which the authority to issue Shares terminates. The authority is for five years at most. Designation of the Executive Board as the body competent to restrict or exclude the pre-emptive right may be extended by

the Articles of Association or by a resolution of the General Meeting for a period not exceeding five years in each case.

12.8 Share repurchase

The Company may acquire fully paid-up Shares in its own capital, but only for no consideration or if (i) the distributable part of the shareholders' equity is at least equal to the total purchase price of the repurchased Shares and (ii) the nominal value of the Shares which the Company acquires, holds or holds as pledge or which are held by a subsidiary does not exceed half of the issued capital. The Executive Board needs authorisation by the General Meeting for the repurchase of Ordinary Shares for consideration. This authorisation is valid for a maximum of 18 months. As part of the authorisation, the General Meeting specifies the number of Ordinary Shares that may be repurchased, the manner in which the Ordinary Shares may be acquired and the price limits within which the Ordinary Shares may be acquired. A resolution of the Executive Board to repurchase Shares is subject to the approval of the Supervisory Board. The current authorisation will be granted for 18 months as of the date on which the legal demerger will be effective.

12.9 Capital reduction

The General Meeting may, but only on the proposal of the Executive Board with the approval of the Supervisory Board, resolve to reduce the issued capital by cancelling Shares or by reducing the nominal amount of each Share by amending the Articles of Association. A resolution of the General Meeting to reduce the issued capital must designate the Shares to which the resolution relates. Only Shares held by the Company may be cancelled or all Preference Shares or all Ordinary Shares. Any partial repayment on Shares or release from the obligation to pay up is only permitted to implement a resolution to reduce the nominal amount of the Shares. Such a repayment or release must be made in respect of all Shares or in respect of all Preference Shares or all Ordinary Shares. The General Meeting may only take a decision to reduce the capital with a majority of at least two-thirds of the votes cast if less than half the issued capital is represented.

12.10 Form and transfer of Shares

All Shares are registered shares. The Company will not issue share certificates. A transfer of a Share or of a restricted right thereto requires an instrument intended for that purpose and acknowledgement of the transfer by the Company in writing. The latter condition is not required in the event that the Company is party to the transfer.

An Ordinary Share becomes a deposit share by transfer or issuance to Euroclear Nederland or an intermediary, recording in writing that the Ordinary Share is a deposit share. The deposit share must be recorded in the Company's shareholders' register in the name of Euroclear Nederland or the relevant intermediary, stating in writing that it is a deposit share. Deposit shareholders are not recorded in the Company's shareholders' register. Deposit shares can only be delivered from a collective depot or giro depot with due observance of the related provisions of the Dutch Securities (Bank Giro Transactions) Act. The transfer by a deposit shareholder of its book-entry rights representing deposit shares must be effected in accordance with the provisions of the Dutch Securities (Bank Giro Transactions) Act. The same applies to the establishment of a right of pledge and the establishment and transfer of a usufruct on these book-entry rights.

12.11 General Meetings

The annual General Meeting must be held within six months following the end of each financial year. Typical agenda items are a discussion of the Company's annual report with respect to the general state of affairs and the auditors' report, the adoption of the annual accounts, the approval of the profit allocation and the granting of discharge to members of the Executive Board and to members of the Supervisory Board.

General Meetings must be convened by the Executive Board or the Supervisory Board. The convening notice must be given no later than the 42nd day before the date of the General Meeting or if allowed by law on a shorter period at the discretion of the Executive Board. The General Meetings must be held in Amsterdam, The Hague, Hoofddorp or the municipality of Haarlemmermeer, the Netherlands. The notice of a General Meeting is given on the Company's website (www.tnt.com). The availability of the notice is published by press release. The notice includes the requirements for admission to the meeting. The notice of a General Meeting must include an agenda indicating the items for discussion.

Shareholders representing solely or jointly at least 1% of the Company's issued capital, or according to the Official Price List represent at least a value of EUR 50 million of the Company's share capital, have a right to request the Executive Board and the Supervisory Board to include items on the agenda of the General Meeting. The Executive Board and the Supervisory Board must agree to these requests, provided that the written request states the reasons for inclusion of the proposed items on the agenda and is submitted, or a proposal for a resolution is given in writing, to the chairman of the Executive Board or the chairman of the Supervisory Board at least 60 days before the date of the General Meeting.

Other General Meetings are held as often as the Executive Board or the Supervisory Board deems necessary. In addition, one or more Shareholders, who jointly represent at least one-tenth of the issued share capital or such lesser amount as is provided by the Articles of Association, may, on its or their application, be authorised by the court in interlocutory proceedings of the District Court to convene a General Meeting.

Each Shareholder is entitled to attend the General Meeting, to address the General Meeting and to exercise voting rights *pro rata* to its shareholding, either in person or by proxy. Each Shareholder that wishes to attend the General Meeting and to exercise its voting rights must register no later than 28 days before the date of the General Meeting.

Each Shareholder may cast one vote per Share held. The General Meeting may adopt resolutions by a simple majority of the votes cast, except where a larger majority is prescribed by law or the Company's articles of association. Members of the Executive Board and members of the Supervisory Board may attend a General Meeting. In these General Meetings, they have an advisory role.

12.12 Annual accounts, semi-annual accounts and quarterly statements

Annually, within four months after the end of the financial year, the Executive Board must prepare the annual accounts and make them available for inspection by the Shareholders at the office of the Company. The annual accounts must be accompanied by an auditors' statement, an annual report and certain other information required under Dutch law and a report of the Supervisory Board. The annual accounts must be signed by the members of the Executive Board and the Supervisory Board.

The annual accounts, the annual report, the other information required under Dutch law, the report of the Supervisory Board and the auditors' statement must be made available to the Shareholders for review as from the day of the notice convening the annual General Meeting. The annual accounts must be adopted by the General Meeting. The Executive Board must send the adopted annual accounts to the AFM within five business days after adoption.

Within two months after the end of the first six months of the financial year, the Executive Board must prepare a semi-annual financial statement and make it publicly available. If the semi-annual financial reporting is audited or reviewed, the independent auditors' statement must be made publicly available together with the semi-annual financial reporting.

During a period between ten weeks after the start and six weeks before the end of each half of the financial year the Executive Board must prepare an interim statement and make it publicly available. The interim statement includes an explanation of the important events and transactions that took place during the period between the start of the financial year and publication of the interim statement and the consequences for the financial position of the Company. The interim statement also includes a general description of the financial position and the performance of the Company during that period.

The Company will be obliged to publish the annual, semi-annual and quarterly statements and comply with other reporting obligations, including those resulting from the listing of the Ordinary Shares on Euronext Amsterdam, in accordance with the relevant Dutch laws.

12.13 Dividends and other distributions

Out of the profit earned in any financial year the Company must first pay a dividend on the outstanding Preference Shares (if any) of a percentage equal to the average 12-monthly EURIBOR plus a margin of 1% to 3%, to be determined by the Executive Board, subject to the approval of the Supervisory Board. If in a relevant financial year the Company's profit is not sufficient to fully make this distribution, the deficit will be made up from the distributable part of the shareholders' equity. The dividend on Preference Shares will be calculated over the paid-up part of the nominal value.

The Executive Board may, after the payment of dividend on the outstanding Preference Shares subject to the approval of the Supervisory Board, determine what part of the profit remaining is to be appropriated to reserves. The part of the profit remaining after the addition to reserves will be at the disposal of the General Meeting to distribute to the Shareholders *pro rata* the number of Ordinary Shares they hold.

The Executive Board may resolve to distribute an interim dividend. Such a resolution is subject to the approval of the Supervisory Board.

The Company may only make distributions to the Shareholders and other persons entitled to the profit capable of distribution insofar as the Company's equity is larger than the amount of the paid-up part of the capital increased with the reserves that should be maintained pursuant to the law or the Articles of Association.

No dividend will be paid on the Shares held by the Company. For the computation of the profit distribution, the Shares held by the Company will not be included. The Executive Board may, subject to the approval of the Supervisory Board, determine otherwise.

Any entitlement to a dividend distribution by a Shareholder expires five years after the date those dividends were released for payment.

See also chapter 6 "Dividends and Dividends Policy".

12.14 Dissolution and liquidation

A resolution of the General Meeting to dissolve the Company may only be taken upon proposal by the Executive Board with the approval of the Supervisory Board. The resolution to dissolve the Company may be taken by the General Meeting with an absolute majority of the votes, irrespective of the represented capital.

In the event of the dissolution of the Company pursuant to a resolution of the General Meeting, the members of the Executive Board will be charged with the liquidation of the business of the Company and the Supervisory Board with the supervision thereof.

Out of the balance of the property of the Company after payment of all debts and the costs of the liquidation must first be distributed to the holders of the Preference Shares the nominal amount paid up on these Preference Shares and any amount still owed by way of dividend to which these Preference Shares entitle, insofar as this has not been distributed in previous years. If the balance is not sufficient to make this distribution, the distribution must be made in proportion to the amounts paid up on those Preference Shares. The remainder must be distributed to the holders of Ordinary Shares in proportion to the aggregate nominal value of their Ordinary Shares.

12.15 Amendment of Articles of Association

A resolution of the General Meeting to amend the Company's articles of association may only be taken upon proposal by the Executive Board with the approval of the Supervisory Board. The decision to amend the Company's articles of association may be taken by the General Meeting with an absolute majority of the votes, irrespective of the represented capital.

12.16 Rules governing obligations of Shareholders to make a public offer

Based on Directive 2004/25/EC of the European Parliament and of the Council of the European Union (the **Takeover Directive**) each Member State should ensure the protection of minority Shareholders by obliging the person that acquires control of a company to make an offer to all the holders of that company's voting securities for all their holdings at an equitable price. The Takeover Directive applies to all companies governed by the laws of a Member State of which all or some voting securities are admitted to trading on a regulated market in one or more Member States. The laws of each Member State provide a percentage that forms the threshold for control over companies.

Under the laws of the Netherlands, the above percentage is 30%. A person – whether acting alone or in concert – that acquires 30% or more of the voting rights of a company whose shares are admitted to trading on a regulated market must make an offer for the remaining shares of that company.

12.17 Squeeze-out procedures

If a person or company holds a total of at least 95% of a company's issued share capital by nominal value for its own account (a **Controlling Entity**), Dutch law permits the Controlling Entity to acquire the remaining shares in the company by initiating proceedings against the remaining Shareholders. The price to be paid for those shares will be determined by the Enterprise Chamber of the Amsterdam Court of Appeal.

Minority Shareholders that have not previously tendered their shares under a public offer have a right to sell their shares, if the Controlling Entity has acquired at least 95% of the class of shares subject to the public offer and represents at least 95% of the total voting rights attached to these shares.

12.18 Obligations to disclose holdings and transactions

Shareholders may be subject to disclosure requirements under the Dutch Financial Supervision Act. The most important disclosure requirements for the Shareholders are:

- (a) any person who, directly or indirectly, acquires or disposes of a capital interest or voting rights in the Company must forthwith give written notice to the AFM of such capital interest and/or voting rights. This notification obligation will exist if an acquisition or disposal causes the total percentage of the capital interest and/or voting rights held to reach, exceed or fall below the following thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%; and
- (b) any person whose capital interest or voting rights in the Company reaches, exceeds or falls below a threshold due to a change in the Company's outstanding share capital, or in votes that can be cast on the Shares of the Company as notified to the AFM by the Company, should notify the AFM no later than the fourth trading day after the AFM has published the Company's notification of the change in its outstanding share capital.

Any person with a capital interest or voting rights in the Company reaching or exceeding 5% will be required to notify the AFM of any changes in the composition (actual or potential) of this interest annually within four weeks from 31 December at 24:00 hours.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must be taken into account: (i) Shares directly held (or acquired or disposed of) by any person, (ii) Shares (or depository receipts for Shares) held (or acquired or disposed of) by such person's subsidiaries or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement, and (iii) Shares which such person, or any subsidiary or third party referred to above, may acquire pursuant to any option or other right held by such person (or acquired or disposed of including, but not limited to, on the basis of convertible bonds). Special rules apply to attribution of community of property. A holder of a pledge or right of usufruct in respect of the Shares can also be subject to the reporting obligations, if such person has, or can acquire, the right to vote on the Shares. If a pledgee or holder of a right of usufruct acquires such (conditional) voting rights, this may trigger reporting obligations for the holder of the Shares (or depository receipts for the Shares).

Furthermore, each member of the Executive Board and Supervisory Board must immediately give written notice to the AFM by means of a standard form of any change in his or her holding of Shares and voting rights in the Company.

12.19 The Foundation

Stichting Continuïteit TNT Express (the **Foundation**) was established on 31 March 2011 under the laws of the Netherlands. The Foundation has its official seat in Amsterdam, the Netherlands, with its address at Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands.

The objects of the Foundation are to promote the interests of the Company, the enterprise affiliated with it and all stakeholders involved. These objects include protecting the Company as much as possible from influences that are contrary to those interests and could jeopardise the continuity, independence or identity of those interests. The Foundation must endeavour to achieve these objects by acquiring and holding Preference Shares and by exercising the rights attached to those Preference Shares. The objects of the Foundation do not entail the sale or encumbrance or other disposal of Shares, with the exception of the sale to the Company or to another company assigned by and affiliated in a group with it, as well as the assistance in the repayment or withdrawal of Preference Shares.

To this end, the Company will grant a call option to the Foundation. The Foundation will have the right to exercise the call option at any time either wholly or partly. When exercising the call option, the Foundation is entitled to subscribe for Preference Shares, consisting of the right to repeatedly subscribe for Preference Shares, up to a maximum corresponding with one hundred per cent (100%) of the issued share capital in the form of Ordinary Shares, as outstanding immediately prior to the exercise of the subscribed rights, less one Preference Share and minus any Shares already held by the Foundation. The Foundation may exercise the call option including to:

- (a) prevent, slow down or otherwise complicate an unsolicited takeover bid for and an unsolicited acquisition of Ordinary Shares by means of an acquisition at the stock market or otherwise;
 - (b) prevent and countervail concentration of voting rights in the General Meeting;
 - (c) resist unwanted influence by and pressure from Shareholders to amend the strategy of the Company;
- and

with respect to the foregoing, to give the Company the opportunity to consider and to explore possible alternatives and, if required, to work these out and to implement them, in the event an actual or threatening concentration of voting rights arises among the Shareholders, which is considered to be unsolicited and not in the interest of the Group, according to the (provisional) judgment of the Executive Board or the Supervisory Board and the board of the Foundation, and to enable the Company to (temporarily) neutralize such concentration of voting rights.

After six months after the issue of Preference Shares to the Foundation, the Foundation may require the Company to convene a General Meeting to discuss cancellation of the Preference Shares. If Preference Shares are issued, the Company must convene a General Meeting, to be held not later than 12 months after the date on which the Preference Shares were issued for the first time. The agenda for that General Meeting must include a resolution relating to the repurchase or cancellation of the Preference Shares. If the resolution to be adopted in respect of this item on the agenda does not extend to the repurchase or cancellation of the Preference Shares, the Company must convene another General Meeting held, in each case within 12 months of the previous meeting. The agenda of those meetings must include a resolution relating to the repurchase or cancellation of the Preference Shares, until such time as no more Preference Shares remain issued.

The Company has granted to the Foundation the right to file an application for an inquiry into the policy and conduct of business of the Company with the Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer*). The Company believes that this may be a useful option in the period before the issuance of Preference Shares, without causing a dilution of the rights of other Shareholders at that stage.

The members of the board of the Foundation are Mr P. Bouw (chairman), Mr J.S.T. Tiemstra and Mrs W. Tonkens-Gerkema. All members of the Board of the Foundation are independent from the Company. This means that the Foundation is an independent legal entity in the sense referred to in section 5:71 paragraph 1 sub c of the Dutch Financial Supervision Act.

12.20 Market abuse regime

The Company's insiders as described in article 5:60 of the Dutch Financial Supervision Act are obliged to notify the AFM when they carry out or cause to be carried out, for their own account, a transaction in Shares or in securities of which the value is at least in part determined by the value of the Shares. Insiders of the Company as described in article 5:60 of the Dutch Financial Supervision Act include (i) members of the Executive Board, (ii) members of the Supervisory Board and (iii) persons who have a managerial position within the Company and in that capacity are authorised to make decisions which have consequences for the future development and prospects of the Company and can have access to inside information on a regular basis.

In addition, persons designated by the Dutch Market Abuse Decree who are closely associated with the members of the Executive Board, the Supervisory Board or any other insider referred to above, must notify the AFM of the existence of any transaction conducted for their own account relating to the Shares of the company or securities of which the value is at least in part determined by the value of such Shares. The Dutch Market Abuse Decree designates the following categories of persons as being closely related for the purposes of the Dutch Market Abuse Decree: (i) the spouse or any partner considered by national law as equivalent to a spouse, (ii) dependent children, (iii) other relatives who have shared the same household for at least one year at the relevant transaction date and (iv) any legal person, trust or

partnership, among other things, managed or controlled by members of the Executive Board, the Supervisory Board or any other insiders referred to above.

This notification must be made no later than the fifth business day following the transaction date. The notification may be delayed until the moment that the value of the transactions performed for that person's own account, together with the transactions carried out by the persons associated with that person, reach or exceed an amount of EUR 5,000 in the calendar year in question. Non-compliance with the reporting obligations under the Dutch Financial Supervision Act could lead to criminal fines, administrative fines, imprisonment or other sanctions. In addition, non-compliance with the reporting obligations under the Dutch Financial Supervision Act may lead to civil sanctions.

13. EXECUTIVE BOARD, SUPERVISORY BOARD AND EMPLOYEES

This chapter contains a summary of the relevant information concerning the Executive Board and the Supervisory Board as well as highlights of certain relevant provisions of the Articles of Association and Dutch corporate law. For the purpose of this summary, it is assumed that the amendment of the Company's articles of association has been executed and is effective, unless indicated otherwise. This summary describes the Articles of Association as applicable after completion of the Demerger.

This chapter further includes a brief summary of information concerning the employees, incentives, codetermination and pension plans.

The Company has a two-tier management system. The Executive Board is the executive body and responsible for the day-to-day management of the Company, its strategy and its operations. The Company also has a broader group-level management, consisting of key employees responsible for the management of the business units of the Group. The Supervisory Board supervises and advises the Executive Board. In addition, Supervisory Board approval is required for certain important decisions of the Executive Board.

13.1 Executive Board

Powers, responsibilities and functioning

The Executive Board is responsible for the day-to-day management, the strategy and the operations of the Company. The Executive Board is required to keep the Supervisory Board informed and to consult the Supervisory Board on important matters, and must submit certain important decisions to the Supervisory Board for its prior approval.

The Executive Board may perform all acts necessary or useful for achieving the Company's corporate purposes, except for those expressly attributed to the General Meeting or the Supervisory Board as a matter of Dutch law or pursuant to the Articles of Association. The members of the Executive Board have joint powers and responsibilities. The members of the Executive Board share responsibility for all decisions and acts of the Executive Board and for the acts of each individual member of the Executive Board. The Executive Board may only adopt resolutions with an absolute voting majority.

On 15 March 2011, the Executive Board has adopted for internal purposes regulations (the **Management By-Laws**). The Management By-Laws describe the procedure of holding meetings and decision-making by the Executive Board, and its operating procedures. These Management By-Laws have been established taking into account the Dutch Corporate Governance Code. For further information on the Dutch Corporate Governance Code see chapter 14 "Corporate Governance".

Where unanimity cannot be reached and the law, the Articles of Association or the Management By-Laws do not prescribe a larger majority, all resolutions of the Executive Board must be adopted by an absolute majority of the votes cast. In the event of a tie, the members of the Executive Board must decide whether the decision-making will be adjourned to a second meeting or whether the chairman of the Supervisory Board will be charged with the decision-making. In the latter case, the chairman of the Supervisory Board may decide that the Supervisory Board will be charged with the decision-making.

The Executive Board as a whole is entitled to represent the Company. Additionally, the CEO is authorised solely to represent the Company and two members of the Executive Board jointly may do so.

In the event of a conflict of interest between the Company and a member of the Executive Board, the Company must be represented by a member of the Executive Board or a member of the Supervisory Board appointed by the Supervisory Board for this purpose. The General Meeting may also always appoint someone for this purpose.

Appointment, term and dismissal

The Executive Board must consist of two or more members who are to be decided by the Supervisory Board. The General Meeting appoints the members of the Executive Board. The Supervisory Board will nominate one or more candidates for each vacant seat. A resolution of the General Meeting to appoint a member of the Executive Board in accordance with a nomination by the Supervisory Board can be adopted with an absolute majority of the votes cast. If the nomination by the Supervisory Board with respect to a vacant seat consists of a list of two or more candidates, the vacant seat must be filled by electing a person from this binding list of candidates. A resolution of the General Meeting to appoint a member of the Executive Board other than in accordance with a nomination by the Supervisory Board

requires a majority of at least two-thirds of the votes cast representing more than half of the Company's issued capital.

The General Meeting may suspend or remove any member of the Executive Board at any time. A resolution of the General Meeting to suspend or remove a member of the Executive Board other than pursuant to a proposal by the Supervisory Board requires a majority of at least two-thirds of the votes cast representing more than half of the Company's issued capital. The Supervisory Board may also suspend any member of the Executive Board. The General Meeting may terminate a suspension by the Supervisory Board at any time.

Executive Board resolutions requiring prior approval

The Articles of Association provide that certain resolutions of the Executive Board require the approval of the Supervisory Board. These include:

- (a) the issue and acquisition of shares of the Company and debt instruments issued by the Company;
- (b) cooperation in the issue of depository receipts for Shares;
- (c) an application for admission of the instruments as referred to under (a) and (b) for trade on a regulated market, or an application for the withdrawal of such admission;
- (d) the entering into or termination of long-term cooperation of the Company or a subsidiary with any other company or legal entity or as a fully liable partner in a limited partnership or general partnership if such cooperation or termination is of fundamental importance to the Company;
- (e) the acquisition of a participation worth at least a quarter of the value of the issued capital plus reserves according to the Company's balance sheet plus explanatory notes, by the Company or a subsidiary in the capital of another company, and any substantial increase or decrease of such a participation;
- (f) investments requiring an amount equal to at least a quarter of the Company's issued capital plus reserves according to its balance sheet plus explanatory notes;
- (g) a proposal to amend the Articles of Association;
- (h) a proposal to dissolve the Company;
- (i) a petition for bankruptcy or a request for suspension of payments;
- (j) the termination of the employment of a considerable number of the Company's employees or of a subsidiary's employees simultaneously or within a short period of time;
- (k) a significant change in the employment conditions of a considerable number of the Company's employees or of a subsidiary's employees; and
- (l) a proposal to reduce the issued capital of the Company.

The Supervisory Board may require other resolutions of the Executive Board than those specified above, to be subject to its approval.

Additionally, resolutions of the Executive Board relating to an important amendment of the identity or the character of the Company, require the prior approval of the General Meeting which includes:

- (a) a transfer of the business or virtually the entire business to a third party;
- (b) the entry into or termination of a long-term cooperation of the Company or a subsidiary with another legal person or partnership or as a fully liable partner in a limited partnership or general partnership, if such cooperation or termination is of a far-reaching significance for the Company; and
- (c) the acquisition or divestment by it or a subsidiary of a participating interest in the capital of a company having a value of at least one-third of the amount of its assets according to its balance sheet and explanatory notes or, if the company prepares a consolidated balance sheet, according to its consolidated balance sheet and explanatory notes in the last adopted annual accounts of the Company.

13.2 Members of the Executive Board

As at the date of this Prospectus, the members of the Executive Board are:

Name	Age	Position	Member since	Term
Ms M.-Chr.M. (Marie-Christine) Lombard	52	CEO	2 March 2011	4 years
Mr B.L. (Bernard) Bot	45	CFO	2 March 2011	4 years

The registered address serves as the business address for all members of the Executive Board, being Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands.

Marie-Christine Lombard (1958)

Marie-Christine Lombard has been CEO and chairman of the Executive Board since 2 March 2011. Prior to that date, Ms Lombard was group managing director of Express and a member of the board of management of TNT N.V. since January 2004. She joined Jet Services in France in 1993. Upon TNT N.V.'s acquisition of Jet Services in 1999, Ms Lombard joined TNT as the managing director of the domestic Express business and from March 2001 until January 2004 she was managing director of TNT's international Express business in France. Ms Lombard an independent member since January 2011 of Groupe BPCE, a French banking group. Ms Lombard is also president of the "Lyon Ville de l'Entrepreneuriat" Business Network Group. She served as a member of the supervisory board of Royal Wessanen N.V. until 22 April 2009 and as a member of the supervisory board of METRO AG until 31 December 2010.

Bernard Bot (1966)

Bernard Bot has been CFO and member of the Executive Board since 2 March 2011. Prior to that date, Mr Bot was acting CFO of TNT N.V. from August 2010. Before joining TNT N.V. in 2005, he worked for 13 years at McKinsey & Company, where he was a partner serving clients in the post, logistics and transportation sectors. At TNT N.V., he was appointed Group Director Business Control directly reporting to the CFO. His responsibilities included internal control, mergers and acquisitions and business control. Bernard Bot is a member of the supervisory board of Avio-Diepen B.V.

Employment and severance agreements of members of the Executive Board

Term of employment

Members of the Executive Board will enter into employment contracts for an indefinite period of time. The employment contract ends either on the date of retirement or by notice of either party. Termination of the contractual arrangements of the Dutch members of the Executive Board requires a notice period of six months. For the non-Dutch members of the Executive Board, legislation of their country of residence is applicable.

Term of appointment

Members of the Executive Board are appointed to the Executive Board for a period of four years. On expiry of the four-year term, a member of the Executive Board may be reappointed for successive terms of four years each.

Severance payments

The contractual severance payments for the members of the Executive Board can be summarised as follows:

- (a) as policy, severance payments other than related to a change of control are one year's base salary; and
- (b) severance payments in the event of a change of control of the Company equal the sum of the last annual base salary and pension contribution plus the average bonus received over the last three years, multiplied by two. No distinction is made between resident or non-resident members of the Executive Board.

Loans and guarantees

The Company does not grant loans or guarantees, including mortgage loans, to the members of the Executive Board. At the date of this Prospectus, no loans are outstanding.

Claw-back

A “claw-back” clause is included in the employment contracts of the members of the Executive Board, applicable in the situation that the financial information on which the pay-out of variable remuneration was based is determined to be incorrect.

13.3 Supervisory Board

Powers, responsibilities and functioning

The Supervisory Board is responsible for supervising the policy pursued by the Executive Board and the general course of affairs of the Company and the enterprise connected with the Company. The Supervisory Board will also advise the Executive Board. The Executive Board must provide the Supervisory Board in good time with the information necessary for the performance of its duties. At least once a year, the Executive Board must inform the Supervisory Board of the main aspects of the strategic policy, the general and financial risks and the Company’s management and auditing systems. In performing its duties, the Supervisory Board is required to act in the interests of the Company and its business as a whole. The members of the Supervisory Board are generally not authorised to represent the Company in dealings with third parties.

The Supervisory Board must appoint one of its members as a chairman and a vice-chairman. The Supervisory Board must also appoint a secretary. The Supervisory Board will meet whenever the chairman, or two other members of the Supervisory Board, or the Executive Board so requests. The Supervisory Board may only adopt resolutions by absolute majority of the votes cast at a meeting if the majority of the members of the Supervisory Board are present or represented at the meeting. The Supervisory Board may also adopt resolutions without holding a meeting, provided the proposal in question has been submitted to all members of the Supervisory Board and none has objected to this form of decision-making.

For internal purposes regulations concerning the supervisory board of the Company (the **Supervisory Board By-Laws**) will be drawn up. The Supervisory Board By-Laws will be published on the Company’s website and describe the procedure of holding meetings and decision-making by the Supervisory Board, and its operating procedures. These Supervisory Board By-Laws have been established taking into account the Dutch Corporate Governance Code. For further information on the Dutch Corporate Governance Code, see chapter 14 “Corporate Governance”.

The Supervisory Board may, without prejudice to its responsibilities, designate one or more committees from among its members, who shall have the responsibilities specified by the Supervisory Board (see also section 13.3 “Supervisory Board”).

Appointment, term and dismissal

Only natural persons (not legal entities) may be elected to the Supervisory Board. The Supervisory Board must consist of at least three members as further determined by the Supervisory Board itself. The Supervisory Board adopts a profile on its size and composition, taking into account the character of the business, its activities and the desired expertise and background of the members of the Supervisory Board.

The General Meeting appoints the members of the Supervisory Board. The Supervisory Board will nominate one or more candidates for each vacant seat. A resolution of the General Meeting to appoint a member of the Supervisory Board in accordance with a nomination by the Supervisory Board can be adopted with an absolute majority of the votes cast. If the nomination by the Supervisory Board with respect to a vacant seat consists of a list of two or more candidates, the vacant seat must be filled by election of a person from this binding list of candidates. A resolution of the General Meeting to appoint a member of the Supervisory Board other than in accordance with a nomination by the Supervisory Board requires a majority of at least two-thirds of the votes cast representing more than half of the Company’s issued capital.

A member of the Supervisory Board must resign no later than at the end of the General Meeting held after four years after his last appointment. The members of the Supervisory Board must resign periodically in accordance with a rotation plan to be drawn up by the Supervisory Board. A resigning member of the Supervisory Board may be reappointed. The General Meeting may suspend or remove any member of the Supervisory Board at any time. A resolution of the General Meeting to suspend or remove a member of the Supervisory Board other than in accordance with a proposal of the Supervisory Board requires a majority of at least two-thirds of the votes cast representing more than half of the Company’s issued capital.

Members of the Supervisory Board

The current members of the Executive Board have been appointed on 2 March 2011, while, in accordance with Dutch law and in view of the continuity of the business, the first members of the Supervisory Board will be appointed by TNT N.V. as sole shareholder of the Company.

After completion of the legal demerger, the members of the Supervisory Board will be:

Name	Age	Position	Date of appointment	Term
A. Burgmans	63	Chairman	31 May 2011	4 years
L.W. Gunning	60	Member	31 May 2011	3 years
M.E. Harris	44	Member	31 May 2011	4 years
R. King	70	Member	31 May 2011	3 years
S. Levy	63	Vice-chairman	31 May 2011	2 years
M. Scheltema	56	Member	31 May 2011	2 years

The registered address will serve as the business address for all members of the Supervisory Board, being Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands.

A. (Antony) Burgmans (1947, Dutch)

Mr Burgmans held several positions with Unilever Plc/N.V. From 1999 until 2005 he was CEO and chairman of Unilever N.V. and from 2005 until 2007 he was chairman of Unilever N.V. and Unilever plc. His current responsibilities include: non-executive board member of BP plc, member of the supervisory boards of AkzoNobel, AEGON, SHV and Jumbo Supermarkten, chairman of the supervisory boards of WWF The Netherlands, the Dutch National Opera (Amsterdam), and Intergamma B.V. and member Advisory Board CVC Capital Partners Nederland.

Mr. L.W. (Tex) Gunning (1950, Dutch)

Mr Gunning held several positions with Unilever Plc/N.V., lastly as Business Group President Asia Foods. He was chief executive officer and chair of the management board of Vedior and is a member of AkzoNobel's Executive Committee and responsible for its Decorative Paints business.

M.E. (Mary) Harris (1966, British)

Ms Harris was appointed as a member of the supervisory board of TNT N.V. on 20 April 2007. From 1994 to 2006, Ms Harris held a number of positions at McKinsey & Company in London, China, South-east Asia and Amsterdam. Previously, Ms Harris held positions at media venture capital firm Maxwell Entertainment Group, Pepsi Cola Beverages and Goldman Sachs & Co. Ms Harris is a non-executive director at J. Sainsbury plc, a member of the supervisory board of Unibail-Rodamco SE and a member of the advisory board of Irdeto B.V.

R. (Roger) King (1940, American)

Mr King was appointed as a member of the supervisory board of TNT N.V. on 20 April 2006. Mr King is non-executive director of Orient Overseas International Limited (Hong Kong) and Sincere Watch (Hong Kong) Limited. He is Honorary Consul for the Republic of Latvia in Hong Kong SAR, and serves on various business and community committees. Mr King is adjunct professor of finance and director of the Center for Asian Family Business and Entrepreneurship Studies at Hong Kong University of Science and Technology and director of the Center for Business Case Studies School of Business & Management. He is former president and chief executive officer of Sa Sa International Holdings Limited, former chairman and chief executive officer of ODS System-Pro Holdings Limited (Hong Kong), part of the CY Tung Group of Companies, and was managing director and chief operating officer of Orient Overseas International Limited and non-executive director of Arrow Electronics, Inc. (USA).

S. (Shemaya) Levy (1947, French)

Mr Levy was appointed as a member of the supervisory board of TNT N.V. in 2005 and as the vice-chairman of the supervisory board of TNT N.V. as of 1 January 2009. Mr Levy is a member of the supervisory boards of Safran, Segula Technologies Group and AEGON N.V. Formerly, Mr Levy was chief executive officer of Renault Industrial Vehicles Division and executive vice-president and chief financial officer of Renault Group as well as member of the supervisory boards of Nissan and Renault Spain.

M. (Margot) Scheltema (1954, Dutch)

Ms Scheltema spent most of her career abroad with Royal Dutch Shell, in various management positions, always in finance. Since 2009 she manages a portfolio of executive and supervisory positions. She is also a research fellow at the Erasmus University of Rotterdam. Her current responsibilities include: vice-chairman supervisory board Triodos Bank, chairman audit committee, supervisory board ASR Verzekeringen, external member audit committee ABP, supervisory board Schiphol Group, supervisory board Energy Research Centre, Petten, supervisory board of Stichting Rijksmuseum, member of the committee on External Reporting of the AFM, member of the board of World Press Photo and chairman of the curatorium of the post-doctoral controllers education at the Vrije Universiteit, Amsterdam.

Committees of the Supervisory Board

The Supervisory Board may appoint standing and ad hoc committees from among its members, which will have the responsibilities specified by the Supervisory Board. The Supervisory Board By-Laws state that there are at least the following four committees: an audit committee, a remuneration committee and a nominations committee. The Supervisory Board determines the composition of each committee. The Supervisory Board establishes terms of reference for each committee and the Supervisory Board may amend those terms of reference at any time. The terms of reference indicate the role and responsibility of the committee concerned, its composition and the manner in which it performs its duties. The terms of reference and the composition of the committees will be posted on the Company's website.

Audit committee

The audit committee assists the Supervisory Board in supervising the activities of the Executive Board with respect to:

- (a) the operation of the internal risk management and control systems, including supervision of the enforcement of relevant primary and secondary legislation, and supervising the operation of codes of conduct;
- (b) the provision of financial information by the Company (choice of accounting policies, application and assessment of the effects of new rules, information about the handling of estimated items in the financial statements, forecasts, work of internal and external auditors);
- (c) compliance with recommendations and observations of internal and external auditors;
- (d) the role and functioning of the internal audit function;
- (e) the Company's policy on tax planning;
- (f) relations with the external auditor including, in particular, his independence, remuneration and any non-audit services for the Company;
- (g) the Company's financing; and
- (h) the applications of information and communication technology.

The audit committee acts as the principal contact for the external auditor if he discovers irregularities in the content of financial reporting. The chairman of the Supervisory Board or a former member of the Executive Board board may not chair the audit committee. At least one member of the audit committee must be a financial expert within the meaning of best practice provision III.3.2 of the Dutch Corporate Governance Code. The audit committee will meet with the external auditor as often as it considers necessary, but at least once a year, without members of the Executive Board being present.

The audit committee will consist of Mr Levy (chairman), Ms Scheltema, Ms Harris and Mr Gunning.

Remuneration committee

The remuneration committee advises the Supervisory Board on the remuneration of the members of the Executive Board and monitors the Company's remuneration policy. The duties of the remuneration committee include the following:

- (a) making a proposal to the Supervisory Board for the remuneration policy to be pursued;

- (b) making a proposal for the remuneration of the individual members of the Executive Board, for adoption by the Supervisory Board; such proposal must, in any event, deal with: (i) the remuneration structure and (ii) the amount of the fixed remuneration, the Shares and/or options to be granted and/or other variable remuneration components, pension rights, redundancy pay and other forms of compensation to be awarded, as well as the performance criteria and their application; and
- (c) preparing the remuneration report as referred to in best practice provision II.2.12 of the Dutch Corporate Governance Code.

The chairman of the Supervisory Board, a member of the Supervisory Board who is also a member of the management board of another listed company or a former member of the Executive Board may not chair the remuneration committee. No more than one member of the remuneration committee may be a member of the management board of another Dutch listed company.

The remuneration committee will consist of Ms Harris (chairman), Mr Levy and Mr King.

Nominations committee

The nominations committee focuses on:

- (a) drawing up selection criteria and appointment procedures for members of the Supervisory Board and members of the Executive Board;
- (b) periodically assessing the size and composition of the Supervisory Board and the Executive Board, and making a proposal for a composition profile of the Supervisory Board;
- (c) periodically assessing the functioning of individual members of the Supervisory Board and the Executive Board, and reporting on this to the Supervisory Board;
- (d) making proposals for appointments and reappointments; and
- (e) supervising the policy of the Executive Board on the selection criteria and appointment procedures for senior management.

The nominations committee will consist of Mr Burgmans (chairman), Mr Gunning and Mr King.

13.4 Remuneration

Remuneration of the Executive Board

The remuneration of the members of the Executive Board must be determined by the Supervisory Board in accordance with the remuneration policy which has been adopted by the General Meeting.

The remuneration committee of the Supervisory Board is responsible for assessing and preparing the remuneration policy for the members of the Executive Board. The Supervisory Board approves the proposal and submits, in case of policy changes, the proposed remuneration policy to the General Meeting for adoption. The remuneration committee prepares its proposal independently after careful consideration. The remuneration policy is prepared in accordance with all relevant Dutch legal requirements. In preparing the remuneration policy, the remuneration committee also takes into account the remuneration of senior management reporting to the Executive Board.

The remuneration policy's objective is to retain, motivate and attract qualified members of the Executive Board of the highest calibre, with an international mindset and background essential for the successful leadership and effective management of a large global company. The members of the Executive Board are rewarded accordingly and half of their remuneration is based on the performance of the Company. The remuneration structure for the Executive Board is designed to balance short-term operational performance with the long-term objectives of the Company and mid-term value creation for its Shareholders.

To provide a consistent review of the level and structure of the total remuneration, the remuneration components for the members of the Executive Board are benchmarked against a European reference group. All comparisons are made on a euro basis.

The remuneration policy is, among others:

- (a) supportive to the sustainable development of the Company;
- (b) aligned with stakeholders' interest and introducing a multi-stakeholder approach;

- (c) socially responsible and aims to control risks;
- (d) performance-related for reasonable variable compensation;
- (e) reflecting a commitment to value creation; and
- (f) motivating and transparent.

The remuneration package consists of a base pay and variable pay element with a distribution of 100% base salary and to a maximum of 100% variable income in addition to pension provisions.

Base salary

Base salary is set at median level when compared to the peer group benchmark data. A check against the peer data is performed every three years. The reference rule for annual increases remains a weighted average of collective labour agreement increases in the Company's key business areas.

As applicable from the date of the Demerger, the base salary for the members of the Executive Board is for Ms Lombard EUR 750,000 and for Mr Bot EUR 500,000. Ms Lombard's contract is governed by Dutch law but contains provisions that safeguard her position under the French fiscal and social security system.

Variable income

The total variable income amounts to a maximum of 100% of the base salary per year. It is a combined short-term and long-term incentive three-year plan in which the members of the Executive Board have the opportunity to earn an incentive, based on annual targets derived from three-year plans.

The variable income scheme represents a multi-stakeholder approach with four focus areas:

- (a) financial: 60% mainly based on the achievement of EBIT and adjusted net cash flow from operating activities;
- (b) employees: 12.5% is based on management development and achieving engagement survey objectives;
- (c) environment: 12.5% is based on achieving CO2 efficiency improvement targets and health and safety objectives; and
- (d) customers: 15% is based on improving customer focus, measuring customer focus through customer satisfaction surveys.

All targets and objectives are quantitative. The percentages mentioned above are indicative. The actual targets are defined based on the Company's three-year strategic plans. The Supervisory Board may amend the targets set in case of a substantial adjustment of the strategic plan. Taking into account the different nature of the targets, different measurement techniques are used.

The variable income scheme is a rolling plan for the financial targets, except for the cash flow targets. The cash flow target is considered as a yearly target by nature and shall be measured on an annual basis. The scheme is a sequential plan for the non-financial targets.

The members of the Executive Board are rewarded with an immediate (yearly) payment of the realised incentive with a deferred element for 50% of that cash value. 50% of this incentive, after deduction of withholding tax, is delivered in Ordinary Shares. The Ordinary Shares delivered are banked and are restricted held for a total period of five years, in accordance with the Dutch Corporate Governance Code.

In the table below the total accrued variable compensation in 2010 to the members of the Executive Board is shown:

<i>(in euro)</i>	Accrued for short term incentive	Accrued for long term incentive	Total variable compensation
Bernard Bot ⁴	281,939 ⁵	50,204	332,143
Marie-Christine Lombard	343,395	214,842	558,237
Total	625,334	265,046	890,380

Other periodic paid compensation

The other periodic paid compensation includes Company costs related to tax and social security, company car and other costs. For Ms Lombard, other periodic paid compensation includes French social taxes and French social security contributions, calculated on the full salary package i.e. base salary, bonus and performance shares.

Pension

The pension scheme applicable to the Dutch member of the Executive Board is a career average scheme. The main features of the career average scheme are:

- retirement age at 65 years;
- pensionable income is based on average annual base salary only;
- annual accrual rate for the old-age pension is 2.25%;
- offset for state pension at fiscal minimum;
- benefits are indexed during accrual; and
- no employee contribution.

Pension arrangements should be in line with local practice in the country of residence of the member of the Executive Board. The pension arrangements for all members of the Executive Board include entitlement to a pension in the event of illness or disability and a spouse's/dependant's pension on death.

The pension costs consist of the service costs for the reported year. Mr Bot is a participant in a career average defined benefit scheme, whereas Ms Lombard participates in a French defined contribution pension scheme. The pensionable age of all key management is 65 years.

The Supervisory Board has the discretionary authority to decide on one-off payments to members of the Executive Board in special circumstances. Such payments are always explained and disclosed.

The Supervisory Board has the discretionary authority to adjust the value of variable pay components originally awarded if the outcome proves to be unfair as a result of exceptional circumstances during the performance period.

The total 2010 remuneration of the individual members of the Executive Board is set out in the table below:

<i>(in euro)</i>	Base salary	Accrued for short- term incentive	Accrued for long-term incentive	Other periodic paid compensation	Pension costs	Total 2010	Total 2009
Bernard Bot ⁴	187,500	281,939 ⁵	50,204	27,573	61,682	608,898	
Marie-Christine Lombard	612,000	343,395	214,842	390,260	281,520	1,842,017	1,989,317
Total	799,500	625,334	265,046	417,833	343,202	2,450,915	1,989,317

4 For the period between 1 August 2010 and 31 December 2010.

5 The accrued for short-term incentive amounts include a discretionary bonus.

Remuneration of the Supervisory Board

The General Meeting establishes the remuneration of the Supervisory Board. Over 2011, the chairman of the Supervisory Board will receive a fixed fee of EUR 60,000 annually and the other members will each receive EUR 45,000 annually. In addition to the remuneration of the Supervisory Board members, the members of the audit and the remuneration committee will receive an attendance committee fee of EUR 1,500 per meeting (EUR 2,500 for the chairman of the committee) and the nominations committee will receive an attendance committee fee of EUR 1,000 per meeting (EUR 1,500 per meeting for the chairman). Foreign members of the Supervisory Board travelling from abroad will receive a fixed travel allowance of EUR 1,500 per requested attendance.

No member of the Supervisory Board will be entitled to a contractual severance payment in the event of removal by the General Meeting.

13.5 Equity holdings

Unwinding of existing TNT N.V. equity plans

Subject to approval of the Demerger by the general meeting of TNT N.V., the unvested rights on performance shares in TNT N.V. and matching shares in TNT N.V. granted as well as any unexercised options will be unwound before the Demerger. All schemes will be terminated before the Demerger and no 'legacy plans' will exist thereafter.

The unwinding will be executed as described below unless the supervisory board of TNT N.V. decides otherwise before the Demerger. The existing and unvested rights on performance shares and matching shares will vest on a pro-rated basis in accordance with current plan rules and, for the performance shares, applying the then most recent performance criteria.

As the vesting period of the performance shares will be terminated prematurely, the Supervisory Board has decided in accordance with its discretionary power under the plan rules that the time value (based on a generally accepted valuation model) of the performance shares will be applied as a minimum vesting level in the unwinding of the performance shares taking into account the full vesting period.

The unwinding of the unvested performance shares and matching shares will be settled in cash and paid to the eligible management and employees.

The exercise period of the employee options for shares in TNT N.V. will be shortened and will end before the date of the Demerger. The value of any unexercised option will be calculated in accordance with a generally accepted option valuation model and will be paid to the eligible management and employees.

Treatment of TNT N.V. shareholdings by employees

TNT N.V. employees may hold shares in TNT N.V. which are delivered to them following participation in any of the TNT N.V. equity schemes. The plan administration account is structured in such way that TNT N.V. is the legal owner of these shares whilst the beneficial ownership thereof is vested in the employees.

The shares in TNT N.V. and the Ordinary Shares held by both Express and Mail employees after the Demerger will be separated from the TNT N.V. omnibus account by using a separate outside custody foundation for the sole purpose of administering and winding down the shareholdings in TNT N.V. for both Express and Mail employees.

As for the Ordinary Shares belonging to Express employees, the foundation legally owns these Ordinary Shares through an omnibus account whilst the beneficial ownership of the Ordinary Shares is – through the Company – vested in the Express employees; the TNT N.V. shares held by Express employees will be wound down either through transfer into a securities account indicated by the employee (or, failing such account, the shares in TNT N.V. will be sold on the market after a certain period and the proceeds remitted to the employee's bank account).

The same custody foundation will take care of the winding-down of the shareholdings in the Company of the Mail employees in the same way as for the shareholdings in TNT N.V. of the Express employees. As for the TNT N.V. shares, belonging to Mail employees, the foundation legally owns these shares through an omnibus account whilst the beneficial ownership is – through TNT N.V. – vested in the Mail employees.

TNT N.V. will transfer the shares to the foundation before the Demerger for that purpose.

The Company's equity plans

After the Demerger the following equity-based schemes will exist:

One-off investment matching scheme

Employees may decide to re-invest the net cash proceeds of the unwinding of the existing TNT N.V. equity plans in Ordinary Shares under an extraordinary one-off investment matching scheme. The Ordinary Shares still in the possession of the participant after a three-year holding period will subsequently be matched on a 2:1 basis, assuming the participant's continued employment (such matching may be cash settled).

Performance share plan

The share plan is a scheme with annual grants for management. Participants will be granted a conditional right over (the value of) a maximum number of Ordinary Shares. The number of Ordinary Shares comprised in the share award reflects the position that the participant holds and management's assessment of his future contribution to the Company. The scheme could be settled in cash or in shares after a period of approximately three years (vesting period). If settled in shares, participants may become economic owners of the Ordinary Shares. The plan can include specific performance-based vesting conditions. The right on shares forfeits upon termination of employment prior to vesting. However, the participant retains the right to be compensated when he leaves the Company for certain reasons (retirement, certain reorganisations, disability or death).

Bonus matching plan

A selected group of managers, excluding the Executive Board, may on a voluntary basis participate in the bonus/matching plan. In such case, they are paid 100% of their bonus in cash and can convert 25% of the bonus in Ordinary Shares with an associated 1:1 matching right (to be settled in shares or in cash) if at least 50% of the Ordinary Shares are kept for three years, assuming the participant's continued employment.

13.6 Potential conflicts of interest

There are no arrangements or understandings in place with major shareholders, customers, suppliers or others, pursuant to which any member of the Executive Board or any member of the Supervisory Board was appointed.

No member of the Executive Board and no member of the Supervisory Board has a conflict of interest (actual or potential) between any duties to the Company and his private interests and/or other duties. There is no family relationship between any member of the Executive Board, Supervisory Board or key employees.

13.7 Liability of the members of the Executive Board Members and the Supervisory Board

Under Dutch law, members of the Executive Board and the Supervisory Board may be liable towards the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages towards the Company and towards third parties for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities.

The liability of members of the Executive Board, members of the Supervisory Board and other key employees is covered by a directors and officers liability insurance policy. This policy contains limitations and exclusions, such as wilful misconduct or intentional recklessness (*opzet of bewuste roekeloosheid*).

13.8 Indemnity

The Company will indemnify each member of the Executive Board and each member of the Supervisory Board against any and all liabilities, claims, judgments, fines and penalties incurred by them as a result of any threatened, pending or completed action, investigation or other proceeding, whether civil, criminal or administrative, brought by any party other than the Company itself or its group companies, in relation to acts or omissions in or related to his capacity as a member of the Executive Board or member of the Supervisory Board. The Company will not indemnify them with respect to claims insofar as they relate to the gaining in fact of personal profits, advantages or remuneration to which the relevant person was not legally entitled, or if the relevant person will have been adjudged to be liable for wilful misconduct or intentional recklessness.

13.9 Other information in relation to members of the Executive Board and Supervisory Board

At the date of this Prospectus, no member of the Executive Board and no member of the Supervisory Board has, in the previous five years (i) been convicted of any offences relating to fraud, (ii) held an executive function at any company at the time of or immediately preceding any bankruptcy, receivership or liquidation, (iii) been subject to any official public sanction by any statutory or regulatory authority (including any designated professional body) and (iv) been the subject of any official public incrimination or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

13.10 Employees

Number of employees

The below table sets out the number of employees employed by the Company as at 31 December 2010, 2009 and 2008, as well as a breakdown of the Company's employees by geographic location.

At 31 December 2010, the Company employed a total of 83,236 employees. The table below sets out the number of employees per geographic location.

Labour force	2010	2009	2008
Employees⁽¹⁾			
Europe & MEA	36,184	36,348	38,814
Asia Pacific	31,924	29,325	27,648
Americas	11,081	11,050	7,663
Other Networks	2,435	1,895	1,936
Non-allocated ⁽²⁾	1,612	1,444	1,258
Total at year end	83,236	80,062	77,319
Employees of joint ventures ⁽³⁾	1,022	822	898
External agency staff at year end	1,650	2,705	1,641
Full-time equivalents (FTEs)⁽¹⁾			
Europe & MEA	34,177	34,542	34,830
Asia Pacific	31,403	27,955	26,920
Americas	12,083	12,637	7,589
Other Networks	2,241	1,654	1,650
Non-allocated ⁽²⁾	1,563	1,365	1,199
Total year average	81,467	78,153	72,188
FTEs of joint ventures ⁽³⁾	894	738	778

(1) Including temporary employees on the Company's payroll.

(2) Including employees and FTEs at head office and global IT support centre.

(3) These numbers represent all employees and FTEs in the joint ventures.

Pension schemes

The Company operates a number of pension schemes around the world. Most of its non-Dutch post-employment benefit plans are defined contribution plans. The most relevant defined benefit plans are in place in the Netherlands, the United Kingdom, Germany, Australia and Italy.

Defined benefit plans in the Netherlands

At the date of this Prospectus, two TNT N.V. related company pension funds (*ondernemingspensioenfondsen*) exist in the Netherlands: the TNT pension fund (*Stichting Pensioenfonds TNT*) with an invested capital of about EUR 5.2 billion (ultimo 2010) and a total number of 32,250 active members (of which 2,250 are employed by the Group) and the smaller pension fund for employees with a personal labour agreement (*Stichting Ondernemingspensioenfonds TNT*) with an invested capital of about EUR 0.3 billion (ultimo 2010) and a total number of 301 active members (of which 117 are employed by the Group) – the latter being a closed plan as of 2007. Active members are employees who are entitled to the accrual of pension benefits based on a pension agreement. A third pension plan covers the Dutch employees of the Company's fashion subsidiary.

Some of the employees also participate in certain transitional plans. These transitional defined benefit plans consist of an early retirement scheme and additional arrangements which have been agreed following the revised fiscal regulations applying to Dutch pension plans in 2006.

Defined benefit plans in the United Kingdom

In the United Kingdom, the Company contributes to a closed pension plan, externally funded in a pension fund governed by a trustee. The pension plan covers only inactive (former) employees. The pension entitlements are based on years of service within the plan until 1 July 2006 and final (average) salary.

Defined benefit plans in Germany

In Germany, the Company's employees participate in one of two pension plans. The first plan is a defined benefit plan closed for new entries since 1 January 2005. The second plan, applicable to employees who enter into employment after 1 January 2005, is a defined contribution plan with a minimum return guarantee. The defined benefit plan provides lump sum benefits based on years of service and final salary. The defined benefit plan is funded via direct insurance with an external insurance company. The contributions of the defined contribution plan are invested in public investment funds administered by an external party. The risk coverage for death and disability benefits within the defined contribution plan is directly insured with an external insurance company.

Defined benefit plans in Australia

In Australia, the Company contributes to several superannuation funds. With the exception of the TNT Group Superannuation Plan, a fund with both defined benefit and defined contribution sections, all other payments are made to defined contribution plans. The TNT Group Superannuation Plan was established under a master trust as a sub-plan of the Mercer Superannuation Trust. The defined benefit section of TNT Group Superannuation Plan provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from group companies and the group's legal or constructive obligation is limited to these contributions.

Defined benefit plans in Italy

In Italy, according to the Italian law, after the completion of employment, employers have to pay to the employees a lump sum indemnity (*trattamento di fine rapporto*), equivalent to the total (annually revalued) benefits allocated to the years of service. Starting on 1 January 2007 a special lump sum indemnity fund has been established. This fund, managed by the National Social Security Institute, is financed by a contribution equal to the lump sum indemnity allowance accrued by the employee in the private sector. All employers in the private sector having at least 50 employees are required to contribute to this fund. For the Company, the lump sum indemnity liability therefore consists of the unfunded benefits accrued by the employees up to 31 December 2006 and of the obligation reflecting the annual revaluation of these accrued benefits.

At 31 December 2010, the defined benefit obligation of the Company above described plans covers approximately 92% of the Company's obligation for post-employment benefits and the related plan assets cover approximately 94% of the Company's plan assets.

Pension consequences of the Demerger

At the date of this Prospectus, there are two Dutch TNT N.V.-related company pension funds (*ondernemingspensioenfondsen*): the TNT pension fund (*Stichting Pensioenfonds TNT*) and the smaller PAO pension fund (*Stichting Ondernemingspensioenfonds TNT*). Active members are employees who are entitled to the accrual of pension benefits based on a pension agreement.

After the Demerger, the existing pension funds will remain the administrator of the pension agreements of the Company's employees. The pension benefits accrued under the existing pension plans (up to the date of the Demerger) and the accrual of pension benefits as of the date of the Demerger will remain administered with the pension funds. To that effect, (a) the present execution agreement between the pension funds and TNT N.V. will be terminated, (b) new separate execution agreements will be concluded between the pension funds and the Company, and the pension funds and TNT N.V. and (c) an agreement between TNT N.V. and the Company will be concluded allocating the obligations and liabilities of the Company related to the affiliation of the Company resulting from the TNT N.V. execution agreements with the pension funds concluded also on behalf of the Company. For details on these agreements see section 15.2 "Related party transactions".

13.11 Works Councils and Collective Labour Agreements

Works Councils

The Group has established works councils at various levels:

- a European works council at the European level;
- a central works council at country level in the Netherlands; and
- various works councils at the level of countries or companies, depending on country specific legislation.

In the Netherlands, a works council is a representative body of the employees of a Dutch business and its members are elected by the employees. The management board of any company that runs a business with a works council must seek the non-binding advice of the works council before implementing certain decisions with respect to the business, such as those related to a major restructuring, a change of control, or the appointment or dismissal of a member of the Executive Board. If the decision to be implemented is not in line with the advice of the works council, the implementation of the relevant decision must be suspended for one month, during which period the works council may appeal against the decision at the Enterprise Chamber. Certain other decisions directly involving employment conditions that apply either to all employees or to certain groups of employees may only be taken with the works council's consent. In the absence of such prior consent, the decision may nonetheless be taken with the prior consent of the sector cantonal of the district court.

In the Netherlands five legal entities have an individual works council. A central works council is established in TNT Head Office B.V.

Collective labour agreements

In the Netherlands, almost all the Group's employees are covered by TNT collective labour agreements and/or a sector collective labour agreement, as set out below.

Name of collective labour agreement	Percentage of employees in the Netherlands covered
TNT Express Collective Labour Agreement	85%
CLA Road Transport and Haulage (CAO Beroepsgoederenvervoer)	10%

14. CORPORATE GOVERNANCE

On 9 December 2003, a committee commissioned by the Dutch State (*Commissie Tabaksblat*) published the Dutch Corporate Governance Code. Since 1 January 2004, Dutch companies whose shares are listed on a government-recognised stock exchange (such as Euronext Amsterdam) have had to report in their annual report on their compliance with the Dutch Corporate Governance Code. If a company deviates from a best practice provision in the Dutch Corporate Governance Code, the reason why must be properly explained in its annual report.

In December 2008, the Dutch Corporate Governance Code was amended as a result of the recommendations of the Dutch Corporate Governance Code Monitoring Committee, following three years of monitoring compliance and application. The amendments came into force on 1 January 2009.

The following best practice provisions of the Dutch Corporate Governance Code are not applied in full for the reasons given below:

Best practice provision II.2.8

This provision stipulates that the remuneration of a board of management member in the event of dismissal may not exceed one year's salary (the "fixed" remuneration component). If the maximum of one year's salary would be manifestly unreasonable for a board of management member who is dismissed during his first term of office, such board member shall be eligible for severance pay not exceeding twice the annual salary.

Severance payments other than related to a change of control for members of the Executive Board are one year's base salary.

Severance payments in case of a change of control equal the sum of the last annual base salary and pension contribution plus the average bonus received over the last three years, multiplied by two. No distinction is made between resident and non-resident members of the Executive Board. The Company is of the opinion that such payment is realistic taking into account the special position of members of the Executive Board in a change of control situation. Also, the Supervisory Board may decide that the performance shares vest in whole or in part.

Best practice provision IV.1.1

This provision stipulates that a company's general meeting may pass a resolution to set aside the binding nature of a nomination for the appointment of a member of the board of management or the supervisory board and/or a resolution to dismiss a member of the board of management or of the supervisory board by an absolute majority of the votes representing at least one-third of the issued share capital. The Company does not apply provision IV.1.1 due to the fact that the Articles of Association provide that a binding nomination for the appointment of members of the Executive Board or of the Supervisory Board or a resolution to dismiss a member of the Management Board or of the Supervisory Board may only be set aside by a resolution of the General Meeting of Shareholders passed with a two-thirds majority representing more than half of the Company's issued share capital. The Company deviates from this best practice provision because the Company believes that maintaining continuity in the Executive Board and the Supervisory Board is critical for delivering long-term shareholder value. The Company would like to protect its stakeholders against a sudden change in management by maintaining the qualified majority and voting quorum requirement, which is allowed under Dutch law.

15. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

15.1 Major shareholder

As at the date of this Prospectus, the Company has one shareholder: TNT N.V. TNT N.V. is a public limited liability company incorporated in the Netherlands with its statutory seat in Hoofddorp, the Netherlands. TNT N.V. is listed on Euronext Amsterdam.

After the Demerger, TNT N.V. will hold such number of Ordinary Shares representing 29.9% of the issued and outstanding share capital of the Company. TNT N.V.'s shareholding will represent 29.9% of the votes.

The Company will grant a call option to the Foundation. The Foundation will have the right to exercise the call option at any time either wholly or partly. See section 12.19 "The Foundation" for a description of the events which could trigger the Foundation to exercise the call option. When exercising the call option, the Foundation is entitled to subscribe for Preference Shares up to a maximum that is equal to 100% of the Company's issued and outstanding share capital immediately prior to the exercise of the call option, minus one Preference Share and minus any Shares already held by the Foundation.

There is no difference between the voting rights attached to the Ordinary Shares and those attached to the Preference Shares.

15.2 Related party transactions

On 7 April 2011, TNT N.V. and TNT Express entered into the Relationship Agreement. Prior to the completion of the Demerger, they will enter into the Separation Agreement, Transitional Intellectual Property Rights Agreement, a Transitional Services Agreement and a number of service level agreements all governing the relationship between TNT N.V. and TNT Express following the Demerger. The following is a summary of certain important elements of these agreements.

Relationship Agreement

For details on the Relationship Agreement see section 15.3 "Relationship Agreement".

Separation Agreement

The Company and TNT N.V. will enter into a separation agreement (the **Separation Agreement**) that, in addition to the applicable Dutch legislation, in particular the articles 2:334a up to and including 2:334t of the Dutch Civil Code, allocates assets and liabilities and creates certain rights and obligations for both parties after the Demerger in relation to, among others:

- the unwinding of financial relationships (such as cash pools, guarantees, existing financing relationships with third parties, rights and obligations resulting in joint liabilities and other intercompany arrangements);
- their employees (such as allocation, works councils, collective labour agreements, share based schemes and pensions);
- tax (such as the cut off of the existing fiscal unity, profit and loss pooling arrangements);
- accounting and treasury (such as changes in interim period, opening balance issues and credit rating); and
- litigation (such as claim and litigation handling, non-allocated and non-anticipated claims and release of provisions).

This agreement will take effect on the date of the Demerger.

Transitional Services Agreement

The Company and TNT N.V. (or any of its subsidiaries) will enter into a transitional service agreement (the **Transitional Services Agreement**). This agreement will become effective upon the Listing.

Among other services, the parties will provide the following services under the Transitional Services Agreement: (i) resources services; (ii) translation services; (iii) public affairs services; (iv) ICT services, (iv) tax services, (v) facilities and (vi) finance.

The service charges payable by the parties will be calculated individually for each service provided on a cost plus margin basis.

Transitional Period Intellectual Property Rights Agreement

Under the transitional period intellectual property rights agreement between TNT Holdings B.V. and TNT Mail Holding B.V., a direct subsidiary of TNT N.V. (the **Transitional Period Intellectual Property Rights Agreement**), the latter entity is granted the non-exclusive and royalty-free right to use part of the TNT trade mark portfolio for a transitional period. The duration of the transitional period varies from one to 36 months after the date of the Demerger, depending on the category of brand application. The right to use part of the TNT trade mark mainly concerns trade marks as “TNT Post”, “TNT Sure We Can”, the TNT logo and the Dynamic Ellipse.

The Transitional Period Intellectual Property Rights Agreement contains a 36 month limitation to the Company’s ability to use the designations “Mail” or “Post” in combination with the use of “TNT” in those European countries in which Mail has an operation (this, however, does not apply to the use of the so-called category definer “Global express, logistics and mail”). In these countries Mail is allowed to use the TNT Post brand for a transitional period of 36 months after the Demerger.

Both Mail and Express will refrain from the use of TNT in combination with the words “Parcel”/“Pakket”, “parcel service(s)” and/or “pakket service(s)” but are be allowed to use the words “parcel”, “pakket”, “parcel service(s)” and/or “pakket service(s)” as a description of its services or as a product name. For Mail, this restriction only applies to the Netherlands for a period to be agreed upon after the Demerger; outside the Netherlands Mail’s parcel business will be marketed under the TNT Post brand for a period of 36 months after the Demerger.

Service level agreements

A number of the Company’s subsidiaries will enter into service level agreements that will govern the commercial relationships with (subsidiaries of) TNT N.V. These agreements relate to joint relationships with costumers, subcontractor relationships and the provision of either mail or express services.

Pension arrangements

Execution agreement with the pension funds

The Company will conclude an execution agreement with the TNT pension fund (*Stichting Pensioenfonds TNT*) and the smaller PAO pension fund (*Stichting Ondernemingspensioenfonds TNT*) – acting also on behalf of the companies affiliated to the Company – under which it is liable for the payment of the premiums and lump sums, among other rights and obligations. The terms and conditions (including a prolongation of the liability of Mail after the Demerger for Express’ future pension payments, barring unforeseen circumstances as referred to in article 12 of the execution agreement) are the same as those in the pre-demerger execution agreement between TNT N.V. and the pension funds. Arranged in this agreement will also be the liabilities of Express related to the pension entitlements of beneficiaries in the pension funds who are no longer employed by either Express or Mail (for example, employees of disposed subsidiaries, deferred members and pensioners) and are allocated to Express as part of the Demerger. In case the Company should fail to pay the amounts due under the execution agreements, the pension fund can directly address the companies affiliated to the Company (proportionally) for those amounts.

Arrangement between the Company and TNT N.V. regarding pensions

The arrangement between the Company and TNT N.V. regarding pensions entails that:

- Express will provide a subsidiary guarantee for Mail and Mail will provide a subsidiary guarantee for Express in case of violation of contractual terms, irregularity of payments and bankruptcy.
- The subsidiary guarantee will only be related to pension benefits accrued under the existing pension plans (up to the date of the Demerger) and will comprise an over time gradually decreasing liability.
- The reciprocal liability of Express and Mail will only exist as long as the coverage ratio of the fund(s) is below a certain level. If the coverage ratio raises above that level and remains above that level for three consecutive quarters, the guarantee lapses.
- Any changes in the agreed arrangements at the request of the Dutch Central Bank will be resolved between the parties and the pension funds in good faith.
- Article 12 of the current execution agreement(s) applies to the liabilities of the guarantor.
- The contractual agreement shall replace any rights under article 2:334t of the Dutch Civil Code.

15.3 Relationship Agreement

On 7 April 2011, the Company and TNT N.V. entered into a relationship agreement (the **Relationship Agreement**). The Relationship Agreement provides for the terms and conditions on lock-up and orderly market arrangements, subject to which TNT N.V. may reduce the amount of its shareholding in the Company over time following the Listing. The Relationship Agreement contains certain key issues with respect to the Company's corporate governance. The Relationship Agreement will enter into effect on the First Trading Date and will terminate if the Demerger is aborted or cancelled or TNT N.V. holds less than 5% of the Ordinary Shares.

The following is a summary of certain other important elements of the Relationship Agreement.

Governance

The rights attached to the Ordinary Shares held by TNT N.V. will rank *pari passu* in all respects with the other Ordinary Shares.

The Articles of Association provide that a number of intended resolutions or proposals of the Executive Board require the approval or a resolution, respectively, of the General Meeting. The Relationship Agreement provides that if one of the following items is put to a vote at the General Meeting, TNT N.V. will attend the meeting but abstain from voting:

- (a) approval of an intended resolution of the Executive Board, which is approved by the Supervisory Board, entailing a significant change in the identity or character of the Company or its business, including in any case:
 - (i) the transfer of all, or substantially all, of the business of the Company to a third party;
 - (ii) entering into or breaking off a long-term cooperation of the Company or a subsidiary with another legal entity or company or as fully liable partner in a limited partnership or general partnership, if this cooperation or termination is of major significance for the Company; and
 - (iii) acquiring or disposing of participating interests in the capital of a company at a value of at least one-third of the sum of the assets of the Company as shown on its balance sheet plus explanatory notes or, if the Company prepares a consolidated balance sheet, as shown on its consolidated balance sheet plus explanatory notes, according to the last adopted financial statements of the Company, by the Company or a subsidiary;
- (b) resolution on the proposal of the Executive Board, which is approved by the Supervisory Board, to merge or demerge within the meaning of Part 7 of Book 2 of the Dutch Civil Code; and
- (c) resolution on the proposal of the Executive Board, which is approved by the Supervisory Board, to amend the Articles of Association, only in as far as such amendment of the Articles of Association relates to any of the resolutions or proposals under paragraph (a) or (b) above.

This provision terminates automatically if TNT N.V. holds 10% or less of the Ordinary Shares as a result of which TNT N.V. may vote on the items referred above, but it applies again when TNT N.V. holds more than 10% of the Ordinary Shares.

Lock-up

TNT N.V. may not for a period of six months from the date of the Demerger becoming effective, directly or indirectly, in whatever manner:

- (a) sell, assign, grant any option, right (including a right of usufruct) or warranty to purchase, subscribe or otherwise transfer or dispose of any part of the Ordinary Shares it owns;
- (b) enter into any swap or any other agreement or any transaction that transfers in whole or in part, directly or indirectly, any of the economic consequences of ownership of any part of the Ordinary Shares it owns; or
- (c) create any charge or security interest (including a pledge) over any part of the Ordinary Shares it owns.

The lock-up period may be shortened or waived with the prior written consent of the Company. TNT N.V. may during the lock-up period conduct a transfer of Ordinary Shares: (i) as part of tendering Ordinary Shares to a third party making a takeover bid (see section "Public offer for the Company")

below); (ii) to the extent required to prevent it from having to make a mandatory offer for all other outstanding Ordinary Shares see section “Mandatory offer” below); and (iii) to a wholly owned subsidiary, on the conditions, that this wholly owned subsidiary will comply with all the obligations as set out in the Relationship Agreement and prior to a change of control over the subsidiary, the Ordinary Shares will be transferred back to TNT N.V.

Future Ordinary Share sale

After expiry of the lock-up period, TNT N.V. may sell the Ordinary Shares it owns in whole or in part in an orderly market manner. TNT N.V. must inform the Company of its intention to perform such sale. In the event of a private placement or accelerated bookbuild offering of 10% or more of the Ordinary Shares, TNT N.V. is subject to another lock-up period of 90 days for the remainder of the retained stake as from completion of such placement or offering for the remainder of its Ordinary Shares. This lock-up period may be shortened or waived with the prior written consent of the Company. Subject to this provision and except if a public offer is made for the Company (section “Public offer for the Company” below), there will be no restrictions for TNT N.V. as to the method of sale and transfer of (part of) its stake in the Company.

Subject to TNT N.V.’s obligations in case a public offer is made for the Company (section “Public offer for the Company” below), TNT N.V. may not sell in one transaction or a series of transactions other than by way of an accelerated bookbuild offering 15% or more of the Shares to one party or a group of related parties.

If TNT N.V. proposes an offering that entails the Company’s involvement in the form of a management road show and/or the preparation of a Prospectus (a **Fully Marketed Offering**) of (part of) TNT’s Ordinary Shares, TNT N.V. and TNT Express will work together in preparing the Fully Marketed Offering to the highest possible standard. However, such Fully Marketed Offering may not take place during the lock-up period. There may only be one Fully Marketed Offering in any nine month period. In connection with a Fully Marketed Offering the Company may propose one bookrunner who will subsequently be appointed by TNT N.V. Fees and expenses incurred by the bookrunners and their advisers will be borne by TNT N.V., as well as such reasonable expenses incurred by the Company in connection with the Fully Marketed Offering.

If TNT N.V. sells (part of) the Ordinary Shares it owns other than by way of a Fully Marketed Offering, the Company will facilitate such sale by providing an opportunity to perform a limited due diligence investigation by a *bona fide*, creditworthy potential buyer of more than 5% of the Ordinary Shares (if and to the extent requested by TNT N.V.). The Company’s assistance might be restricted by anti-trust laws applicable from time to time. Such due diligence investigation will be similar to a customary due diligence for the accelerated bookbuild offering.

TNT N.V. may not acquire in any way any additional Ordinary Shares, provided that TNT N.V. may acquire Shares indirectly upon the acquisition of another business for other business reasons than the acquisition of Ordinary Shares as long as its stake in the Company as a result of such acquisition will be 29.9% or less.

However, if and to the extent a choice of stock or cash dividend is offered by the Company, TNT N.V. may choose to have any dividend on its Ordinary Shares in whole or in part paid as Ordinary Shares, unless the size of TNT N.V.’s stake after the acceptance of such additional shares would result in TNT N.V. being obliged to launch a mandatory offer.

Public offer for the Company

If a public offer, whether friendly or mandatory, is made for the Company, TNT N.V. will be obliged to tender its Ordinary Shares if the Executive Board and the Supervisory Board support that offer and/or recommend the offer to the Shareholders. If the Executive Board and the Supervisory Board (i) support the offer and take a neutral position as to recommending it to the Shareholders with regard to the offer; or (ii) do not support the offer and do not recommend the Offer to the Shareholders TNT N.V. will be obliged to tender its Ordinary Shares:

- (a) if its stake is between 29.9% and 25% of the Ordinary Shares: if 66.67% of the other Ordinary Shares are tendered under the offer (for the avoidance of doubt, excluding TNT’s stake); or

- (b) if its stake is lower than 25% of the Ordinary Shares: if a percentage of the other Ordinary Shares is tendered under the offer (for the avoidance of doubt, excluding TNT's stake) equal to 50% of all Ordinary Shares.

The position of the Executive Board and of the Supervisory Board towards the offer will be as set out in the position statement of the Executive Board (and the Supervisory Board) as is customary in the context of a (mandatory) offer.

If multiple public offers are simultaneously made for the Company by making an offer memorandum publicly available, TNT N.V. must tender its Ordinary Shares under the offer for which most Ordinary Shares have been tendered, irrespective of the recommendation made by the Executive Board and the Supervisory Board, provided that more than 50% of the other Ordinary Shares (for the avoidance of doubt, excluding TNT's stake) have been tendered under all offers made.

In the event of a proposed legal merger of the Company which merger entails a change of control of the Company, TNT N.V. must attend the General Meeting and must vote in favour of such legal merger if the majority of the other Shareholders support and vote in favour of such legal merger. This obligation to vote in favour of a merger terminates if TNT N.V. holds 10% or less of the Ordinary Shares, but applies again if TNT N.V. holds more than 10% of the Ordinary Shares again.

Mandatory offer

If TNT Express intends to resolve or propose that the General Meeting to resolve on any matter that might trigger TNT N.V. having to make a mandatory offer for the Company, the Company must inform TNT N.V. in writing at least 20 Business Days before taking such resolution and/or proposing to take such resolution. This is to enable TNT N.V. to take such measures as are required for it not having to make a mandatory offer. Examples of resolution or proposed resolution that might trigger TNT N.V. having to make a mandatory offer for the Company are a reduction of the Company's outstanding capital and payment of stock dividend without a choice for cash dividend. If the Company notifies TNT N.V. of a proposed resolution as described before, TNT N.V. must sell or otherwise transfer such number of its Ordinary Shares to prevent that a mandatory offer has to be made within 30 days after a triggering event has taken place.

Information and reporting

The Company will provide TNT N.V. with certain financial information and other information reasonably requested by TNT N.V. as detailed in the Relationship Agreement to enable TNT N.V. to satisfy its ongoing financial reporting, audit and other legal and regulatory requirements, including TNT N.V.'s tax, risk management and control procedures. It is taken into account that the Company has to comply with legal obligations concerning the content and timing of disclosure and rules on disclosure.

Governing law

The Relationship Agreement is governed by Dutch law.

15.4 Other related party transactions

The Company has entered into other related party transactions. See note 32 to the Combined Financial Statements included in Annex 3 Part 2 "Combined Financial Statements" for details.

16. TAXATION

16.1 Dutch taxation

Introduction

The following summary outlines the principal Dutch tax consequences of the acquisition, holding, redemption and disposal of Shares, but does not purport to be a comprehensive description of all Dutch tax considerations that may be relevant. This summary is intended as general information only and each prospective investor should consult a professional tax adviser about the tax consequences of an investment in Shares.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force on the date of this Prospectus, and it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Dutch tax consequences for:

- (a) holders of Shares holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Company and holders of Shares of whom a certain related person holds a substantial interest or deemed substantial interest in the Company. Generally speaking, a substantial interest in the Company arises if a person, alone or, where such person is an individual, together with his or her partner (a statutory defined term), directly or indirectly, holds: (i) an interest of 5% or more of the Shares or of 5% or more of a certain class of shares in the capital of the Company; (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in the Company;
- (b) investment institutions (*fiscale beleggingsinstellingen*);
- (c) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Dutch corporate income tax; and/or
- (d) corporate holders of Shares who qualify for the participation exemption (*deelnemingsvrijstelling*). Generally speaking, a shareholding is considered to qualify as a participation for the participation exemption if it represents an interest of 5% or more of the nominal paid-up share capital.

Where this summary refers to a holder of Ordinary Shares, that reference is restricted to a holder holding legal title to, as well as an economic interest in, those Shares.

Dividend tax

Withholding requirement

The Company is required to withhold 15% Dutch dividend tax in respect of dividends paid on the Shares. Under the Dutch Dividend Tax Act of 1965 (*Wet op de dividendbelasting 1965*), dividends are defined as the proceeds from shares, which include:

- (a) proceeds in cash or in kind including direct or indirect distributions of profit;
- (b) liquidation proceeds, proceeds on redemption of the Shares and, as a rule, the consideration for the repurchase of the Shares by the Company in excess of its average paid-in capital recognised for Dutch dividend tax purposes, unless a particular statutory exemption applies;
- (c) the nominal value of Shares issued to a holder of Shares or an increase in the nominal value of the Shares, except when the (increase in the) nominal value of the Shares is funded out of the Company's paid-in capital as recognised for Dutch dividend tax purposes; and
- (d) partial repayments of paid-in capital for tax purposes, if and to the extent there are qualifying profits (*zuivere winst*), unless the General Meeting has resolved in advance to make such repayment and provided that the nominal value of the Shares concerned has been reduced by an equal amount by way of an amendment of the Articles of Association and the paid-in capital is recognised as capital for Dutch dividend tax purposes.

Residents of the Netherlands

If a holder is a resident of the Netherlands or a deemed resident of the Netherlands or is an individual who has opted to be treated as a resident for the purposes of the Dutch Income Tax Act 2001 (*Wet*

inkomstenbelasting 2001), Dutch dividend tax which is withheld with respect to proceeds from the Shares will generally be creditable for Dutch corporate income tax or Dutch income tax purposes if the holder is the beneficial owner (as described below) thereof.

Non-residents of the Netherlands

If a holder is a resident of a country other than the Netherlands, and if a treaty for the avoidance of double taxation with respect to taxes on income is in effect between the Netherlands and that country, and such holder is the beneficial owner (as described below) of the proceeds from the Shares and a resident for the purposes of such treaty, the holder may, depending on the terms of that particular treaty, qualify for full or partial relief at source or for a refund in whole or in part of the Dutch dividend tax.

A refund of the Dutch dividend tax is available to entities resident in another Member State, provided these entities are not subject to corporate income tax there and would not be subject to Dutch corporate income tax if they were tax-resident in the Netherlands.

Beneficial owner

A recipient of proceeds from the Shares will not be entitled to any exemption, reduction, refund or credit of Dutch dividend tax if such recipient is not considered to be the beneficial owner of such proceeds. The recipient will, *inter alia*, not be considered the beneficial owner of these proceeds, if, in connection with such proceeds, the recipient has paid a consideration as part of a series of transactions in respect of which it is likely that:

- (a) the proceeds have in whole or in part accumulated, directly or indirectly, to a person or legal entity that would:
 - (i) as opposed to the recipient paying the consideration, not be entitled to an exemption from dividend tax; or
 - (ii) in comparison to the recipient paying the consideration, to a lesser extent be entitled to a lower rate or refund of dividend tax; and
- (b) such person or legal entity has, directly or indirectly, retained or acquired an interest in shares, profit-sharing certificates or loans, comparable to the interest it had in similar instruments prior to the series of transactions being initiated.

Reduction of Dutch withholding tax upon redistribution of foreign dividends

Provided certain conditions are met, the Company may apply a reduction of the withholding tax imposed on certain qualifying dividends distributed by the Company, if the Company has itself received dividends from certain qualifying non-Dutch subsidiaries, which dividends were subject to withholding tax upon distribution to the Company. The reduction of the Dutch withholding tax imposed on these dividends that are distributed by the Company is equal to the lesser of:

- (a) 3% of the amount of the dividends distributed by the Company that are subject to withholding tax; and
- (b) 3% of the gross amount of the dividends received during a certain period from the qualifying non-Dutch subsidiaries.

The reduction is applied to the Dutch dividend tax that the Company must pay to the Dutch tax authorities and not to the amount of the Dutch dividend tax that the Company must withhold.

Corporate and individual income tax

Residents of the Netherlands

If a holder of Shares is a resident or deemed to be a resident of the Netherlands for Dutch tax purposes and is fully subject to Dutch corporate income tax or is only subject to Dutch corporate income tax in respect of an enterprise to which the Shares are attributable, income derived from the Shares and gains realised upon the redemption or disposal of the Shares are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual holder of Shares is a resident or deemed to be a resident of the Netherlands for Dutch tax purposes (including an individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Shares and gains realised upon the redemption or disposal of the Shares are

taxable at the progressive rates (at up to a maximum rate of 52%) under the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) if:

- (a) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Shares are attributable or the holder has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Shares are attributable; or
- (b) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Shares that exceed regular, active portfolio management (*normaal actief vermogensbeheer*).

If neither of the conditions under paragraphs (a) and (b) above applies to the holder of the Shares, the taxable income from the Shares will be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*). At present, the deemed return on income from savings and investments has been fixed at a rate of 4% of the yield basis (*rendementsgrondslag*) insofar as that basis exceeds a certain threshold. In general, the yield basis is calculated as the savings and investments minus the debts relating thereto at fair market value on 1 January. The 4% deemed return on income from savings and investments will be taxed at a rate of 30%.

Non-residents of the Netherlands

If a holder is not a resident nor is deemed to be a resident of the Netherlands for Dutch tax purposes (nor has opted to be taxed as a resident of the Netherlands), such holder is not liable to any Dutch taxes in respect of income derived from the Shares and gains realised upon the redemption or disposal of the Shares, unless:

- (a) the holder is not an individual and such holders; (i) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or a permanent representative the Shares are attributable; or (ii) is (other than by way of securities) entitled to a share in the profits of an enterprise or has a co-entitlement to the net worth of an enterprise which is effectively managed in the Netherlands and to which enterprise the Shares are attributable.

This income is subject to Dutch corporate income tax at up to a maximum rate of 25%; or

- (b) the holder is an individual and such holder: (i) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Shares are attributable; or (ii) realises income or gains with respect to the Shares that qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands with respect to the Shares which exceed regular, active portfolio management (*normaal actief vermogensbeheer*); or (iii) is (other than by way of securities) entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands and to which enterprise the Shares are attributable.

Income derived from the Shares as specified under (i) and (ii) by an individual is subject to individual income tax at up to a maximum rate of 52%. Income derived from a share in the profits as specified under (iii) that is not already included under (i) or (ii) will be taxed on the basis of a deemed return on savings and investments (as described above under "Residents of the Netherlands"). The fair market value of the shares in the profits of the enterprise (which includes the Ordinary Shares) will be part of the individual's Netherlands yield basis and taxed a rate of 30% over the 4% deemed return on income from savings and investment.

Gift and inheritance tax

Residents of the Netherlands

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of the Shares by way of a gift by, or on behalf of, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Dutch gift and inheritance tax at the time of the gift or his death. A gift made under a condition precedent is deemed to be made at the time the condition precedent is fulfilled and is subject to Dutch gift and inheritance tax if the donor is a (deemed) resident of the Netherlands at that time.

A holder of Dutch nationality is deemed to be a resident of the Netherlands for the purposes of the Dutch gift and inheritance tax if he or she has been resident in the Netherlands and dies or makes a gift

within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Dutch gift tax if he or she has been resident in the Netherlands and makes a gift within a 12-month period after leaving the Netherlands. The same 12-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

Non-residents of the Netherlands

No gift or inheritance taxes will arise in the Netherlands in respect of the acquisition of the Shares by way of a gift by, or as a result of the death of a holder that is neither a resident nor deemed to be a resident of the Netherlands for the purposes of Dutch gift and inheritance tax, unless in the case of a gift of the Shares by a holder who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands, such holder dies within 180 days after the date of the gift, and at the time of his or her death is a resident or deemed to be a resident of the Netherlands. A gift made by a non-resident under a condition precedent is deemed to be made at the time the condition precedent is fulfilled and could be subject to Dutch gift and inheritance tax if the donor is a (deemed) resident of the Netherlands at that time.

Value added tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Shares or in respect of a cash payment made under the Shares, or in respect of a transfer of Shares.

Other taxes and duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Shares.

16.2 Italian taxation

Introduction

The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Prospectus and are subject to any changes in law occurring after such date that could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of Ordinary Shares and resident therein for tax purposes. The following analysis does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. Prospective investors in Ordinary Shares are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of Ordinary Shares.

Qualified and non-qualified shareholdings: definitions

For some categories of taxpayers the tax treatment of dividends or capital gains realised on the Ordinary Shares depends on whether the shareholding is classified as qualified or non-qualified.

Qualified shareholdings (*partecipazioni qualificate*) consist of the possession of shares (other than savings shares), warrants and other rights through which such shareholdings may be acquired, which together represent a percentage of voting rights exercisable at the ordinary shareholders' meeting of more than 2% or 20% – or a capital or equity ownership of more than 5% or 25% – depending on whether the shares are traded on regulated markets. In this respect, the voting rights and ownership percentage are determined considering all transfers made in the course of twelve months, even if they were made in favour of different entities or without consideration.

Non-qualified shareholdings (*partecipazioni non qualificate*) are shareholdings which do not exceed the aforesaid voting or capital ownership thresholds. In cases where only savings shares are held, the shareholding is always considered to be non-qualified.

Dividend tax

Italian resident individuals not holding the Ordinary Shares in connection with a business activity

Qualified shareholdings

If an Italian resident individual has a qualified shareholding that is not held as part of a business activity, the dividends paid on the Ordinary Shares will be added to the recipient's taxable income. The taxable income is subject to Italian income tax (**IRPEF**) according to the progressive rates contemplated for this tax (at a maximum rate of 43%), to the extent of 49.72% of their amount. To avoid the application of a provisional

withholding tax of 12.5%, the beneficiary will have to declare that the received dividends refer to a qualified shareholding.

Non-qualified shareholdings

If an Italian resident individual has a non-qualified shareholding that is not held as part of a business activity, the dividends paid on the Ordinary Shares will be subject to a 12.5% withholding tax. If the Ordinary Shares are managed into the centralised system run by Monte Titoli, a substitute tax in place of income tax will be applied, at the same rate of 12.5%, in place of the aforesaid withholding tax. The substitute tax is applied and paid directly by the Italian resident entities with which the securities are deposited and which participate in the centralised management system run by Monte Titoli, or alternatively – through a tax representative appointed in Italy pursuant to Art. 27-ter (8) of Decree 600 – by the non-resident intermediaries which participate, directly or indirectly, in the Monte Titoli system, through foreign centralised management systems which in their turn participate in the Monte Titoli system (e.g. Euroclear or Clearstream).

If, on the other hand, Shareholders opt for the asset management regime pursuant to article 7 of Legislative Decree 461 of 21 November 1997 (*risparmio gestito regime*) (as described in paragraph “Taxation of capital gains – Italian resident individuals – Non-qualified shareholdings” below), the dividends produced by non-qualified shareholdings entrusted to individual managements with authorised intermediaries will contribute towards forming the overall annual result accrued by the management, which is subject to substitute tax (*imposta sostitutiva*) at a rate of 12.5%.

However, provided that the substitute tax is levied by the entity acting as depository of the Ordinary Shares or by the intermediary entrusted with the asset management, on submitting the income tax return the investor is not under an obligation to ensure that the amount of the dividends in question contributes towards its overall income subject to IRPEF.

Italian resident individuals engaged in a business activity or Italian commercial partnerships

Dividends on Ordinary Shares paid to Italian resident individuals engaged in an entrepreneurial activity or Italian commercial partnerships will contribute in the tax year in which they are received, for a portion equal to 49.72% of their amount, towards determining the recipient’s corporate income, which is subject to IRPEF according to the progressive rates contemplated for this tax.

To avert the application of the 12.5% withholding tax contemplated by Art. 27(1) of Decree 600, on receiving dividends the beneficiary will have to declare that the dividends received refer to a shareholding held by individuals in the framework of an entrepreneurial activity.

Italian non-commercial partnerships

Dividends on Ordinary Shares paid to Italian resident non-commercial partnerships are added to the recipient’s taxable income. The taxable income is subject to IRPEF, to the extent of 49.72% of their amount, according to the progressive rates contemplated for this tax (at a maximum rate of 43%).

Italian companies, similar commercial entities or permanent establishments in Italy of foreign entities

Dividends received by Italian companies, Italian commercial entities and permanent establishment in Italy of foreign entities will not be added to the recipient’s taxable income with respect to 95% of their amount. The remaining 5% is subject to Italian corporate tax (IRES) at a rate of 27.5%. For certain categories of investors the dividend may also be partially to Italian regional tax on productive activities (**IRAP**).

As far as Italian companies adopting international accounting standards according to Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002 (**IAS/IFRS Adopters**) are concerned, dividends received on securities held for trading will be taxed in full.

Taxation of capital gains

Italian resident individuals, Italian non-commercial partnerships or Italian non-commercial entities, not holding the Ordinary Shares in connection with a business activity.

Qualified shareholdings

Capital gains obtained by transferring qualified shareholdings will be included in the overall taxable income of the transferor to the maximum extent of 49.72%. The amount thus determined is subject to IRPEF charged at the progressive rates at a maximum rate of 43% or, for Italian non-commercial entities, to IRES (as defined below) at a rate of 27.5%.

Non-qualified shareholdings

Capital gains obtained by transferring non-qualified shareholdings are subject to a substitute tax applied in place of income tax, at a rate of 12.5%.

In respect of the application of the substitute tax, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian-resident investors who do not hold the Ordinary Shares as part of a business activity, the substitute tax on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident investor pursuant to all sales or redemptions of the Ordinary Shares carried out during any given tax year. Investors must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay substitute tax on such gains together with any balance of income tax due for such year.

As an alternative to the tax declaration regime, Italian-resident investors who do not hold the Ordinary Shares as part of a business activity may elect to pay the substitute tax separately on capital gains realised on each sale or redemption of the Ordinary Shares (asset management regime pursuant to Article 6 of Legislative Decree 461 of 21 November 1997 (*risparmio amministrato regime*)). Such separate taxation of capital gains is allowed subject to: (a) the Ordinary Shares being deposited with Italian banks, investment brokerage companies (*società di intermediazione mobiliare*) or certain other authorised financial intermediaries; and (b) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant investor. The depository is responsible for accounting for substitute tax in respect of capital gains realised on each sale or redemption of the Ordinary Shares (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the investor or using funds provided by the investor for this purpose. Under the *risparmio amministrato* regime, the investor is not required to declare the capital gains in its annual tax return.

Any capital gains realised by Italian resident investors who do not hold the Ordinary Shares as part of a business activity and have entrusted the management of their financial assets, including the Ordinary Shares, to an authorised intermediary and have opted for the so-called *risparmio gestito* regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year-end, subject to a 12.5% substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, the investor is not required to declare the capital gains realised in its annual tax return.

Italian resident individuals engaged in an business activity and Italian commercial partnerships

Capital gains realised by individuals resident in Italy and engaged in an business activity, Italian commercial partnerships or similar entities, will be included in the taxable base calculated for **IRES** purposes in the tax year in which the gain is realised or, if the investor exercises the relevant option in the annual tax return, in that financial year and in the next four financial years, provided that the shareholdings have been held for a period of not less than three years.

If the conditions for participation exemption (as described below) are met, the capital gain will be included in the taxable income of the investor only for 49.72% of the relevant amount.

Italian companies, similar commercial entities or permanent establishments in Italy of foreign entities

Capital gains realised by companies or commercial entities resident for tax purposes in Italy, or permanent establishments in Italy of foreign entities, by means of transferring for consideration Ordinary Shares other than those having the requisites indicated in Art. 87 of the Italian Presidential Decree No. 917 of 22 December 1986 (**TUIR**) (see below), will be included in the taxable income of the transferor calculated in the fiscal year of the sale or, if the company exercises the relevant option in the annual tax return, in the fiscal year of the sale and in the following four fiscal years, provided that the Ordinary Shares have been held for a period of not less than three years.

Pursuant to the participation exemption regime set out by Art. 87(1) of the TUIR, 95% of the capital gain amount will not be included in the taxable income of the transferor, provided that:

- (a) the transferor has held the Ordinary Shares for at least an uninterrupted 12-month period, with the Ordinary Shares purchased most recently being considered transferred first;
- (b) the Ordinary Shares are classified as fixed financial assets (*immobilizzazioni finanziarie*) in the first balance sheet approved after their acquisition;
- (c) the company in which the shareholding is owned has its tax residence in a state or territory other than those having a privileged tax regime, as established in the Ministerial Decree issued pursuant to Art. 167 of the TUIR (Ministerial Decree of 21 November 2001) or, alternatively, a positive ruling has been obtained from the Italian tax authorities; and
- (d) the company in which the shareholding is owned runs a commercial business in accordance with the definition given in Art. 55 of the TUIR. This last requisite is presumed always to exist in the case of companies whose securities are traded on regulated markets. Furthermore, the existence of this requisite is not required in the event of capital gains realised through public offers of sale.

Conditions under (c) and (d) above must have been met uninterruptedly at least since the start of the third tax period preceding the sale of the Ordinary Shares.

The capital gains included in the taxable income of the investor will be subject to IRES at the rate of 27.5% (and, for certain categories of investors, also to IRAP)).

IAS/IFRS Adopters (i) are fully taxed on dividends received under Ordinary Shares “held for trading” and (ii) suffer a reduction in the fiscal cost of Ordinary Shares meeting all the conditions set forth in Art. 87(1)(b) to (d), but held for less than 12 months, for an amount equal to non-taxable dividends distributed during the holding period of the Ordinary Shares.

Italian funds and investment companies with a variable capital (SICAVs)

If the Shareholder is resident in Italy and is an open-ended or a closed-ended investment fund or a SICAV and the Ordinary Shares are deposited with an authorised intermediary, interest, premium and other income relating to the Ordinary Shares and accrued during the holding period will not be subject to substitute tax but must be included in the management results of the investment fund accrued at the end of each tax period, subject to an ad-hoc substitute tax applicable at a 12.5% rate (the collective investment fund tax). As of 1 July 2011, the collective investment fund tax will be repealed and replaced by a substitute tax of 12.5% levied on proceeds distributed by the investment fund or the SICAV or received by certain categories of unit holders upon redemption or disposal of the units.

Italian resident pension funds

Where an Italian resident Shareholder is a pension fund (subject to the regime provided for by Art. 17 of the Legislative Decree No. 252 of 5 December 2005) and the Ordinary Shares are deposited with an authorised intermediary, interest, premiums and other income relating to the Ordinary Shares and accrued during the holding period will not be subject to substitute tax, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11% substitute tax.

Transfer tax

Contracts relating to the transfer of securities are subject to the registration tax as follows: (a) public deeds and notarised deeds are subject to a fixed registration tax of €168; and (b) private deeds are subject to registration tax only in case of use or voluntary registration.

Inheritance and gift taxes

The transfers of Ordinary Shares as a result of death or donation are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4% on the value of an inheritance or gift exceeding €1 million;
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6% on the entire value of the inheritance or gift. Transfers in favour of brothers and/or sisters are subject to the 6% inheritance and gift tax on the value of an inheritance or gift exceeding €100 million; and
- (c) other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8% on the entire value of the inheritance or gift.

16.3 Belgian taxation

Introduction

The following is a general summary of the Belgian tax treatment of the acquisition, ownership and disposal of Ordinary Shares. It is based on Belgian tax laws, regulations and administrative interpretations in effect on the date of this Prospectus. Any changes in Belgian tax law, regulations and administrative interpretations, including changes that could have a retrospective effect may affect the validity of this summary. The following summary does not take into account or discuss the tax laws of any country other than Belgium, nor does it take into account the individual circumstances of each investor. Prospective investors should consult their own advisers as to the Belgian and foreign tax consequences of the acquisition, ownership and disposal of the Ordinary Shares.

For the purposes of this summary, a Belgian resident is: (i) an individual subject to Belgian personal income tax, i.e. an individual whose domicile is in Belgium or whose “seat of wealth” (zetel van fortuin/siège de fortune) is in Belgium, or a person assimilated to a Belgian resident (a **Belgian Resident Individual**); (ii) a company subject to Belgian corporate income tax, i.e. a company that has its registered office, its main establishment, or its effective place of management in Belgium (a **Belgian Resident Company**); or (iii) a legal entity subject to Belgian tax on legal entities, i.e. a legal entity other than a company subject to corporate income tax, that has its registered office, its main establishment, or its effective place of management in Belgium (a **Belgian Resident Legal Entity**).

Dividends

The Belgian tax treatment relating to dividends (described below) applies to the gross amount of all distributions on Ordinary Shares, less the Dutch withholding tax. By way of exception, the repayment of actual paid-up statutory capital and issue premiums are under certain conditions not treated as a dividend distribution.

Belgian withholding tax of 25% must normally be levied on dividends. In case of a redemption of Ordinary Shares, the redemption price (after deduction of that part of the qualifying paid-up statutory capital and issue premiums represented by the Ordinary Shares redeemed) will be treated as a dividend which, in certain circumstances, may be subject to a Belgian withholding tax of 10% unless this redemption is carried out on a stock exchange and meets certain conditions. In the event of a liquidation of the Company, a Belgian withholding tax of 10% will in principle be levied on any distributed amount exceeding the qualifying paid-up statutory capital and issue premiums.

Belgian resident individuals

Belgian withholding tax at 25% is generally due on dividends and this tax will in principle be withheld from the dividend by the intervening local financial intermediary. The withholding tax is retained in discharge of income tax, which means that the dividends received by a Belgian Resident Individual after deduction of Belgian withholding tax no longer need to be included in that individual's Belgian personal income tax return.

Should no Belgian financial intermediary intervene in the payment of the dividend, the individual Shareholder will have to declare the dividend received in its annual personal income tax return. The dividend will then be taxed at a distinct rate of 25%.

Any Dutch withholding tax can as a rule not be offset against the Belgian tax due. However, only the dividend after deduction of Dutch withholding tax is subject to Belgian withholding tax at a rate of 25%.

Belgian resident companies

Dividends on the Ordinary Shares paid to Belgian resident companies will be exempt from Belgian withholding tax, subject to certain identification requirements.

Dividends are in principle taxable at the normal corporate income tax rate (currently 33.99%). However, 95% of the gross dividend received can in principle be deducted from the taxable income (a dividend received deduction), provided that at the time of a dividend payment or attribution:

- (a) the Belgian resident company holds Ordinary Shares representing at least 10% of the capital or Ordinary Shares with an acquisition value of at least € 2.5 million;
- (b) the Ordinary Shares qualify and are recorded as a “fixed financial asset” under Belgian GAAP;

- (c) the Ordinary Shares have been held or will be held in full ownership for an uninterrupted period of at least one year; and
- (d) the conditions relating to the taxation of the underlying distributed income, as described in article 203 of the Belgian Income Tax Code 1992 (the ITC 1992) are met.

The Dutch withholding tax can as a rule not be offset against the Belgian tax due by Belgian corporate investors. However, it is deductible for Belgian corporate tax purposes.

Belgian resident legal entities subject to the Belgian legal entities income tax (“rechtspersonenbelasting/impôt des personnes morales”)

Belgian withholding tax at 25% is generally due on dividends and this tax will in principle be withheld from the dividend by the intervening local financial intermediary. Should no local financial intermediary intervene in the payment of the dividend, the Belgian Resident Legal Entity must declare the dividend received and pay the withholding tax spontaneously to the Treasury.

The withholding tax is retained in discharge of income tax, which means that the dividends received by Belgian Resident Legal Entities after deduction of withholding tax no longer need to be included in that legal entity's tax return.

The Dutch withholding tax can as a rule not be offset against the Belgian tax due. However, only the dividend after deduction of Dutch withholding tax is subject to Belgian withholding tax at a rate of 25%.

Capital gains

Belgian resident individuals

Belgian Resident Individuals will not be taxed on any capital gain realised on the sale of the Ordinary Shares provided that such capital gain is realised within the framework of the normal management of the individual's private estate.

Conversely, capital losses on Ordinary Shares will not be deductible.

Belgian resident companies

Capital gains are exempt provided that the Company meets the subject-to-tax conditions imposed to the application of the Belgian participation exemption regime. No minimum participation or holding period is required to benefit from the exemption of capital gains on shares.

Note that Belgian tax law provides that only the net capital gain (after deduction of costs) can be exempted.

Capital losses on Ordinary Shares are not deductible for Belgian corporate tax purposes.

Belgian Resident Legal Entities subject to the Belgian legal entities income tax (“rechtspersonenbelasting/impôt des personnes morales”)

Capital gains realised on Ordinary Shares are normally not taxable. Capital losses are not deductible.

Tax on stock exchange transactions

The purchase and the sale and any other acquisition or transfer for consideration of the Ordinary Shares in Belgium on the secondary market through a 'professional intermediary' is subject to the tax on stock exchange transactions, generally at 0.17% of the purchase price, capped at € 500 per transaction and per party.

In any event, no tax on stock exchange transactions is payable by (i) professional intermediaries within the meaning of articles 2, 9 and 10 of the Law of August 2, 2002 acting for their own account; (ii) insurance undertakings within the meaning of article 2, § 1 of the Law of July 9, 1975 acting for their own account; (iii) professional retirement institutions referred to in article 2.1 of the Law of October 27, 2006 concerning the supervision on institutions for occupational pensions acting for their own account; (iv) collective investment institutions acting for their own account; and (v) non residents (provided they submit a certificate certifying their non residency in Belgium).

16.4 German taxation

Introduction

The following is a general discussion of certain German tax consequences that are or may become relevant to Shareholders who are German tax residents (i.e. persons whose residence, habitual abode, statutory seat or place of effective management and control is located in Germany) when acquiring, holding or transferring Ordinary Shares. It does not purport to be a comprehensive description of all German tax considerations that could become relevant for the decision to acquire Ordinary Shares, and in particular does not consider any specific facts or circumstances that may apply to a particular acquirer of Ordinary Shares (including the tax consequences of the acquisition or holding of Ordinary Shares by investment funds and other tax-exempt entities). It is also not intended to be, nor should it be construed to be, legal or tax advice. This summary is based on the laws of Germany currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

Prospective purchasers of Ordinary Shares are advised to consult their own tax advisers as to the tax consequences of the acquisition, holding and disposition of Ordinary Shares, including the effect of any state or local taxes under the tax laws of Germany and each country of which they are residents. The specific tax situation of each Shareholder can only be addressed adequately by means of individual tax advice.

Dividends

Ordinary Shares held as private assets of a German tax-resident individual

Dividends received by a German tax-resident individual holding Ordinary Shares as private assets (*Privatvermögen*), i.e. the Ordinary Shares do not form part of the assets of a trade or business are generally subject to a flat rate tax (*Abgeltungsteuer*) of 25% plus 5.5% solidarity surcharge thereon (total: 26.375%) plus church tax, if applicable. The individual can request that the dividend income is taxed at the normal progressive rates (ranging from 14% to 45% plus solidarity surcharge of 5.5% and church tax thereon, if applicable) instead of the flat rate tax if this leads to a lower tax burden. Income-related expenses (*Werbungskosten*) cannot be deducted from the dividend income, except for an annual allowance for investment income (*Sparerpauschbetrag*) of €801 p.a. (€1,602 p.a. for married couples filing joint tax returns). Tax withheld in the Netherlands (15% of the dividends as described above under section 16.1 “Dutch Taxation”) can generally be credited against the German tax liability on the Dutch dividends received by the German tax resident individual.

If Ordinary Shares are held in a custodial account with a German credit institution, financial services institution (including in each case a German branch of a foreign institution but excluding a non-German branch of a German institution), a securities trading company or a securities trading bank (the **Disbursing Agent** – *auszahlende Stelle*) such Disbursing Agent will generally withhold German tax at a rate of 25% (plus 5.5% solidarity surcharge thereon and church tax, if applicable) on the gross amount of the dividends paid by the Company. However, the Disbursing Agent must reduce the amount of the German withholding tax by the amount of tax withheld in the Netherlands (15% of the dividends as described above under section 16.1 “Dutch taxation”). The German tax resident individual’s personal income tax on the dividends is generally settled by the withholding.

Ordinary Shares held as business assets by a German tax resident Shareholder

If Ordinary Shares are held as business assets by a German tax-resident holder, taxation depends on whether the holder is an individual, a corporation or a partnership.

Individuals

If a German tax-resident individual holds Ordinary Shares as business assets, only 60% of the dividends are subject to personal income tax at progressive rates (ranging from 14% to 45% plus solidarity surcharge of 5.5% thereon). Correspondingly, only 60% of the business expenses economically connected with the dividends are deductible for tax purposes. If Ordinary Shares form part of a German trade or commercial business, the full amount of the dividends (after deduction of the business expenses economically connected thereto) is also subject to trade tax. The trade tax rate is set by the local municipality. Trade tax does not apply, if the individual has held continuously since the beginning of the calendar year in which the dividend is paid a participation of at least 15% in the share capital of the Company. Trade tax may generally be credited against the personal income tax of the individual subject to certain limitations.

Tax withheld in the Netherlands (15% of the dividends as described above under section 16.1 “Dutch taxation” should be creditable against the German personal income tax (but not trade tax) liability that falls due on the dividend income.

If Ordinary Shares are held in a custodial account with a disbursing agent, the disbursing agent is not obliged to withhold German tax on dividends paid by the Company if the individual certifies to the Disbursing Agent on an officially prescribed form that the dividends form part of the business income of a German business.

Corporations

If the holder of Ordinary Shares is a German tax-resident corporation, effectively 95% of the dividends are generally exempt from corporate income tax and solidarity surcharge. 5% of the dividends are deemed non-deductible business expenses and are, therefore, subject to corporate income tax at a rate of 15% (plus 5.5% solidarity surcharge thereon; tax rate: 15.825%). Business expenses actually incurred are deductible even if directly connected with the dividends.

The dividends received are subject to trade tax at the full amount after deduction of the business expenses economically connected with them, unless the corporation has held continuously since the beginning of the calendar year in which the dividend is paid a participation of at least 15% in the share capital of the Company. In the latter case, the dividends are not subject to trade tax; however, trade tax is levied on the 5% of the dividends which are deemed non-deductible business expenses.

Tax withheld on the dividends in the Netherlands is generally not creditable against the corporate income tax liability of the corporation in Germany.

Even if Ordinary Shares are held in a custodial account with a Disbursing Agent, such agent is not required to withhold German tax from dividends paid by the Company to a corporate shareholder.

Partnerships

If the German Shareholder is a partnership, for income tax purposes the dividends will be allocated to its partners and the German tax consequences depend on whether its partners are corporations or individuals. If the partner is a corporation, dividends included in such partner’s share of profits will be taxed in accordance with the principles applicable to corporations (see under “Corporations” above). If the partner is an individual, the taxation will be in accordance with the principles applicable to individuals (see under “Individuals” above). In addition, if Ordinary Shares form part of a German trade or business of the partnership, the dividends are fully subject to trade tax at the level of the partnership unless the partnership has held continuously since the beginning of the calendar year in which the dividend is paid a participation of at least 15% of the share capital of the Company. A partner who is an individual may credit the trade tax that has been paid by the partnership and is attributable to his share in partnership’s profits against his personal income tax, in whole or in part.

The creditability of the tax withheld in the Netherlands against the German corporate or personal income tax depends on whether the partner is a corporation or an individual. If the partner is a corporation, the principles explained for corporations above apply (see under “Corporations” above). If the partner is an individual, the principles explained for individuals above apply (see under “Individuals” above).

If Ordinary Shares are held in a custodial account with a Disbursing Agent, no German withholding tax arises provided that the partnership certifies to the Disbursing Agent on the officially prescribed form that the dividends constitute business income of a German business.

Special provisions not discussed herein apply to credit institutions, financial services institutions, financial enterprises (*Finanzunternehmen*), certain insurance companies and pension funds.

Capital gains

Ordinary Shares held as private assets by a German tax resident individual

Capital gains derived from the sale or other disposal of Ordinary Shares by a German tax-resident individual holding Ordinary Shares as private assets are basically subject to the flat rate tax (*Abgeltungsteuer*) of 25% (plus solidarity surcharge of 5.5% thereon and church tax, if applicable). Capital gains are determined as the difference between (i) the proceeds from the sale or other disposition (after deduction of expenses incurred directly in connection with the sale or other disposal) and (ii) the acquisition costs. Upon application, the total capital investment income of the individual can be taxed at the normal progressive tax rates if this leads to a lower taxation (see under “Dividends” above).

Losses resulting from the sale of Ordinary Shares can only off-set capital gains resulting from the sale of shares in stock corporations.

If Ordinary Shares are held in a custodial account with a Disbursing Agent or a Disbursing Agent conducts the sale of Ordinary Shares, the Disbursing Agent is generally obliged to withhold tax at a rate of 25% (plus 5.5% solidarity surcharge thereon and, if applicable, church tax) from the capital gains derived from the sale or other disposal of the Ordinary Shares. If the acquisition cost of the Ordinary Shares is unknown to the Disbursing Agent the withholding tax will be applied to 30% of sales or disposal proceeds. The German individual's personal income tax with respect to the capital gains is generally settled by the withholding.

The flat rate tax does not apply to capital gains derived from the sale or other disposal of Ordinary Shares if the German tax-resident individual (or, in case of a gratuitous acquisition of Ordinary Shares, the holder's predecessor or predecessors) holds or has held a participation of at least 1% in the share capital of the Company at any point in time during the five years prior to the sale. In this case, 60% of the capital gain is subject to taxation at the individual's personal income tax rate (ranging from 14% to 45% plus solidarity surcharge of 5.5% thereon and church tax, if applicable). Correspondingly, only 60% of the losses from the sale and of the expenses economically connected to the sale can be deducted for tax purposes.

Ordinary Shares held as business assets by a German tax resident Shareholder

If Ordinary Shares are business assets of a German tax-resident Shareholder, the taxation of a capital gain (i.e. the difference between (i) the proceeds of the sale or other disposal minus disposal costs and (ii) the tax book value) depends on whether the German Shareholder is an individual, a corporation, or a partnership.

Individuals

If Ordinary Shares are business assets of an individual, 60% of the capital gains are subject to income tax at the progressive rates (ranging from 14% to 45%) plus the solidarity surcharge of 5.5% thereon and church tax, if applicable. Correspondingly, only 60% of any losses from the sale and of business expenses economically connected to the sale can be deducted for tax purposes. If Ordinary Shares form part of a German trade or commercial business, 60% of the capital gains are also subject to trade tax. The trade tax can generally be credited against the personal income tax of the individual subject to certain limitations.

If Ordinary Shares are held in a custodial account with a Disbursing Agent or a Disbursing Agent conducts the sale of the Ordinary Shares, no withholding does arise if the individual certifies to the Disbursing Agent on the officially prescribed form that the capital gains constitute business income of a German business.

Corporations

Effectively, 95% of the capital gains from the sale or other disposal of Ordinary Shares by a corporate German tax-resident Shareholder are exempt from corporate income tax and solidarity surcharge and trade tax. 5% of the capital gains are deemed non-deductible business expenses and are, therefore, subject to corporate income tax at a rate of 15% (plus 5.5% solidarity surcharge thereon) and trade tax at the rate set by the relevant municipalities. Losses from the sale or other disposition and other reductions in profit in connection with Ordinary Shares cannot be deducted as business expenses.

Even if the Ordinary Shares in the Company are held in a custodial account with a Disbursing Agent or a Disbursing Agent conducts the sale of the Ordinary Shares, no German withholding tax applies.

Partnerships

If the holder of Ordinary Shares is a partnership, the tax treatment of the capital gain depends on whether the respective partner is a corporation or an individual. If the partner is a corporation, capital gains included in such partner's share of profits will be taxed in accordance with the principles applicable to corporations (see under "Corporations" above). If the partner is an individual, the taxation will be in accordance with the principles applicable to individuals (see under "Individuals" above). In addition, the capital gains are subject to trade tax at the level of the partnership if the Ordinary Shares form part of a German trade or commercial business of the partnership. The trade tax is levied on 60% of the capital gains included in an individual partner's share in the partnership's profits and on 5% included in a corporate partner's share in the partnership's profits. Losses from the sale or other reductions in profit in connection with the Ordinary Shares are not taken into account for purposes of trade tax if they are attributable to a corporate partner and only 60% of these losses or expenses are taken into account if they are attributable to an individual partner. An individual partner can generally credit the trade tax paid

by the partnership and attributable to his or her share in the partnership's profits against his or her personal income tax subject to certain limitations.

If Ordinary Shares are held in a custodial account with a Disbursing Agent or a Disbursing Agent conducts the sale of the Ordinary Shares, no German withholding tax arises if the partnership certifies to the German Disbursing Agent on the officially prescribed form that the capital gain constitutes business income of a German business.

Special provisions not discussed herein apply to credit institutions, financial services institutions, financial enterprises (*Finanzunternehmen*), certain insurance companies and pension funds.

German Controlled Foreign Corporation Rules (*Außensteuergesetz*)

Tax residents of Germany will have to include in their income distributed and undistributed earnings of a foreign company in which they hold shares if the foreign company qualifies as a low taxed controlled foreign corporation (**CFC**) for German tax purposes. The (partial) exemption of dividends from German tax does not apply to these amounts. A company generally qualifies as a CFC if the majority of the shares in a foreign company are held by German residents and certain expatriates. However, with regard to certain passive portfolio income (*Zwischeneinkünfte mit Kapitalanlagecharakter*) of a foreign company (including, among other things, interest and capital gains from the disposal of financial instruments but excluding dividends received) the German Shareholders will be required to include these amounts into income on a *pro rata* basis regardless of whether the majority of the Shareholders is resident in Germany. The inclusion will take place if the passive portfolio income of the Company (as determined under German tax accounting principles) is subject to income tax of less than 25% in the Netherlands. However, a German Shareholder may escape such taxation of undistributed earnings if he held less than 1% of the issued share capital of the Company and can either show to the satisfaction of the German tax authorities that (1) less than 90% of the Company's income is passive portfolio income or (2) that regular and substantial trading in the Company's main class of shares takes place at a recognised stock exchange.

Inheritance and Gift Tax

In general, German inheritance or gift tax with respect to a transfer of Ordinary Shares will only arise, if, in the case of inheritance tax, the decedent or the beneficiary, or, in the case of gift tax, the donor or the receiver, is a resident of Germany or if the Ordinary Shares are attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed in Germany. Exceptions from this rule apply to certain German expatriates.

Other German taxes

No German stock exchange transfer tax, stamp duty or similar tax is levied on the acquisition, the sale or other disposal of Ordinary Shares. Value added tax will also not apply to such transfers, unless the transferor is allowed to opt and actually opts for it to apply. Net wealth tax is at present not levied in Germany.

16.5 French taxation

Introduction

The following summary outlines the main French tax consequences of the holding and disposal by a French tax resident of the Ordinary Shares, but does not purport to be a comprehensive description of all French tax considerations that may be relevant. For the purposes of this summary, a French tax resident (a **French Tax Resident**) may be (i) an individual residing in France for French tax purposes by reason of his permanent home, main place of residence, professional activity or centre of economic interests being located in France, and who holds the Ordinary Shares as a private investment (a **French Resident Individual**), or (ii) a French legal entity subject to corporate income tax in France (a **French Resident Company**). This summary is based on French tax legislation, treaties, published case law, and administrative regulations, in each case as in force on the date of this Prospectus, and it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary is intended as general information only and each prospective investor should consult a professional tax adviser about the tax consequences of an investment in Ordinary Shares.

Dividend tax

Whether received in France or abroad, dividend payments made in respect of the Ordinary Shares and received by a French Tax Resident will be included in his taxable income, the computation of which being different for individuals and entities subject to corporate income tax.

French Resident Individual

Dividends received by a French Resident Individual are in principle subject to individual income tax at the standard applicable progressive rates (i.e. up to a 41% maximum rate). Under the French Tax Code (the **FTC**), the taxable amount is reduced by two allowances: (i) a proportional allowance equal to 40% of the dividends gross amount, and (ii) a fixed amount of EUR 3,050 for married couples or civil partners filing joint tax returns (and EUR 1,525 for a single person). The benefit of these allowances is available as to the dividends received in respect of the Ordinary Shares to the extent in particular that the Company is subject to standard corporate income tax in the Netherlands and the dividends distribution has been approved in accordance with applicable Dutch laws and the Company's constitutional documents.

A French Resident Individual may elect, instead of the taxation at the standard progressive rate, for a withholding tax (*prélèvement forfaitaire libératoire*) at the flat rate of 19%. In such case, the allowances are not available. The benefit of the flat tax is available as to the dividends received in respect of the Ordinary Shares to the extent that the Company is subject to standard corporate income tax in the Netherlands and the dividends distribution has been approved in accordance with applicable Dutch laws and the Company's constitutional documents.

Dividends received by a French Resident Individual are in any case subject to the following social contributions:

- (a) the general social contribution (*contribution sociale généralisée*) at the rate of 8.2% (a portion of which, currently set at 5.8% of the dividends received, being deductible from the individual income taxable basis of the year of payment provided such dividends have been subject to individual income tax at the standard progressive rates);
- (b) the contribution to the social debt reimbursement (*contribution au remboursement de la dette sociale*) at the rate of 0.5%;
- (c) the social levy (*prélèvement social*) at the rate of 2.2%; and
- (d) the additional contributions to the social levy (*contributions additionnelles au prélèvement social*) at the rate of 1.4%.

Dutch withholding tax imposed on the dividends received, if any, will generally entitle the French Resident Individual to a French tax credit equal to the Dutch withholding tax paid in accordance with a treaty entered into between The Netherlands and the Republic of France, but capped to the French income tax applied on dividends. The French tax credit shall be included in the French Resident Individual taxable income basis.

To the extent the conditions of the FTC are satisfied, a French Resident Individual holding the Ordinary Shares through a stock savings plan for at least five years will be exempt from individual income tax on the dividends received with respect to such Ordinary Shares. Ordinary Shareholders investing through a stock savings plan are advised to consult their own tax adviser.

French Resident Company

As a general rule, dividends received are subject to corporate income tax at the ordinary rate of 33.1/3%, as well as an additional contribution equal to 3.3% of the corporate income tax after a basis allowance that cannot exceed EUR 763,000 per twelve-month period, if applicable.

In case the conditions of the FTC are satisfied, which in particular requires (i) that the French Resident Company holds the Ordinary Shares for a minimum period of two years and (ii) that the Ordinary Shares held by the French Resident Company represent at least 5% of the voting and financial rights of the Company, the dividends received may however benefit from a corporate income tax exemption, subject to the taxation at the ordinary tax rate of 33.1/3% of an amount equal to 5% of the gross dividends.

Other Shareholders who are French tax residents

Shareholders subject to a specific tax regime must determine with their professional tax advisers which tax rules apply in their particular case as to dividends received in respect of the Ordinary Shares.

Capital gains on the disposal of the Ordinary Shares

French Resident Individual

Any gain realised on the disposal of Ordinary Shares by a French Resident Individual entitled to the benefit of the Treaty will generally be subject to income tax only in France.

Capital gains arising from a transfer of Ordinary Shares realised by a French Resident Individual will be subject to income tax at a rate currently set at 19%.

Capital gains will also be subject to the following social contributions, which are non-deductible from the individual income taxable basis:

- (a) the general social contribution at the rate of 8.2%;
- (b) the contribution to the social debt reimbursement (at the rate of 0.5%;
- (c) the social levy at the rate of 2.2%; and
- (d) the additional contributions to the social levy at the rate of 1.4%.

Capital gains arising from a transfer of Ordinary Shares are equal to the difference between the net proceeds of the Ordinary Shares disposal and their acquisition (or subscription) price. To the extent that the conditions of the FTC are satisfied, which implies in particular that the Ordinary Shares are held for a minimum period of five years, the amount taxable is reduced by one third per additional ownership year, the capital gains being thus exempt from the 19% taxation after an eight-year ownership period. Such allowance or exemption does not apply to the social contributions mentioned above, which are levied on the entire net capital gain realised.

Pursuant to the FTC, capital losses incurred in a given year may solely be offset against capital gains of the same nature realised in the same year (or during the ten subsequent years). The one-third allowance mentioned above applies to both capital gains and losses. As a result, capital losses arising from the transfer of Ordinary Shares held for more than eight years may not be offset against capital gains.

To the extent the conditions provided in the FTC are satisfied, a French Resident Individual holding the Ordinary Shares through a stock savings plan for at least five years will be exempt from individual income tax on the capital gains arising from the disposal of such Ordinary Shares. Capital losses incurred on Ordinary Shares held through a stock savings plan may solely be offset against capital gains incurred on Ordinary Shares held through a stock savings plan, except upon termination of the stock savings plan. Ordinary Shareholders investing through a stock savings plan are advised to consult their own tax adviser.

French Resident Company

Any gain realised on the disposal of Ordinary Shares by a French Resident Company entitled to the benefit of the tax treaty between France and the Netherlands will only be subject to income tax in France provided, in particular, that the ownership of the Ordinary Shares is not effectively attributable to a permanent establishment or a fixed base the investor in the Ordinary Shares has in the Netherlands.

As a general rule, capital gains and losses realised upon the disposal of the Ordinary Shares will be included in the taxable income of entities taxable at the ordinary corporate income tax rate of 33.1/3% as well as an additional contribution equal to 3.3% of the corporate income tax after a basis allowance that cannot exceed EUR 763,000 per twelve-month period, if applicable.

Such capital gains may however benefit from a corporate income tax exemption – subject to the taxation of 5% of the net capital gains at the ordinary tax rate of 33.1/3% – provided in particular that the Ordinary Shares (i) qualify as a controlling interest (*titres de participation*), and (ii) have been held for at least two years as of the date of their disposal. Pursuant to the FTC, the following Ordinary Shares (other than Ordinary Shares of entities principally invested in French real estate) qualify as participating interest (*titres de participation*): (i) Ordinary Shares qualifying as such under French non-consolidated accounting rules, (ii) Ordinary Shares acquired pursuant to a public takeover bid for cash or for Ordinary Shares by the company that initiated it, or (iii) Ordinary Shares of a company that qualify for the parent-subsidiaries regime provided for in the FTC, to the extent in (ii) and (iii) that those Ordinary Shares are booked as participating interest or in a special sub-account of the balance sheet corresponding to their characterization for French accounting purposes.

Other Shareholders who are French tax residents

Ordinary Shareholders subject to a specific tax regime must determine with their professional tax advisers which tax rules apply in their particular case in the event of capital gains or losses realised upon the disposal of Ordinary Shares.

Stamp duties

No French taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by or on behalf of a holder of Ordinary Shares by reason only of the ownership or sale of the Ordinary Shares, provided that no written agreement formalizing the transfer of Ordinary Shares is executed in France.

16.6 UK taxation

Introduction

The following statements are intended to apply only as a general guide to United Kingdom tax law and to the published practice of HM Revenue and Customs (**HMRC**) as at the date of this Prospectus, both of which are subject to change, possibly with retrospective effect. They relate only to certain limited aspects of the United Kingdom taxation treatment of persons holding Ordinary Shares after the Demerger (the statements do not, for example, address the UK tax consequences in respect of the Demerger itself) and (except to the extent stated otherwise) are intended to apply only to such Shareholders who are resident (and, in the case of individuals, ordinarily resident and domiciled) in, and only in, the United Kingdom for tax purposes, who hold the Ordinary Shares as investments and who are the absolute beneficial owners of the Ordinary Shares. The statements may not apply to certain classes of Shareholders such as dealers, brokers or traders in shares or securities or persons who either directly or indirectly control or hold, either alone or together with one or more associated or connected persons, 10% or more of the issued Ordinary Shares, of the entire issued share capital, of the voting power or of the rights to profits or capital of the Company. Prospective Shareholders who are in any doubt as to their tax position regarding the acquisition, ownership and disposition of the Ordinary Shares or who are subject to tax in a jurisdiction other than the United Kingdom should consult their own tax advisers.

Dividends

Withholding tax

The Company will not be required to withhold United Kingdom tax at source from dividend payments it makes.

Individuals

As described under “Dividend tax” in section 16.1 “Dutch taxation”, the Company is required to withhold Dutch dividend tax in respect of dividends paid on the Ordinary Shares. Shareholders are referred to that section in respect of further details of the Dutch dividend tax. The Netherlands – United Kingdom Income Tax Treaty 2008 (which came into effect for income tax purposes on 6 April 2011) provides for a reduced rate of Dutch dividend tax of 10% to apply (subject to certain exceptions). Shareholders should consult their own tax advisers as regards the conditions and administrative procedures required for the reduced 10% Dutch dividend rate to apply. For the purposes of this section, the expression “Pre-WHT Dividend” means the amount of the dividend before the deduction of any Dutch dividend tax (i.e. the amount of dividend received by a Shareholder plus any Dutch tax withheld).

An individual Shareholder who receives a dividend from the Company will be entitled to a UK tax credit which may be set off against his total income tax liability on the dividend. Such an individual Shareholder’s liability to income tax is calculated on the aggregate of the Pre-WHT Dividend and the UK tax credit (the **UK Deemed Dividend**) which will be regarded as the top slice of the individual’s income. The UK tax credit will be equal to 10% of the UK Deemed Dividend (i.e. the UK tax credit will be one-ninth of the amount of the Pre-WHT Dividend).

A Shareholder who is not liable to income tax in respect of the UK Deemed Dividend will not be entitled to reclaim any part of the UK tax credit.

An individual Shareholder liable to income tax at the basic rate will be subject to income tax on the UK Deemed Dividend at the rate of 10% of the UK Deemed Dividend so that the UK tax credit will satisfy in full such Shareholder’s liability to income tax on the dividend.

An individual Shareholder liable to income tax at the higher rate will be subject to income tax on the UK Deemed Dividend at the rate of 32.5% of the UK Deemed Dividend but will be able to set the UK tax credit off against part of this liability. The effect of that set off of the UK tax credit is that such a shareholder will have to account for additional tax equal to one quarter of the Pre-WHT Dividend.

An individual Shareholder liable to income tax at the additional rate will be subject to income tax on the UK Deemed Dividend at the rate of 42.5% of the UK Deemed Dividend but will be able to set the UK tax credit off against part of this liability. The effect of that set off of the UK tax credit is that such a Shareholder will have to account for additional tax equal to approximately 36.1% of the Pre-WHT Dividend.

An individual Shareholder who is, as set out above, subject to income tax on the UK Deemed Dividend may be entitled to a credit for Dutch tax withheld by the Company against such UK income tax. The amount of credit for Dutch tax is subject to various limits and cannot generally exceed 10% of the Pre-WHT Dividend. Any excess of the Dutch tax over the UK income tax payable is not refundable by HMRC.

Companies

Shareholders within the charge to United Kingdom corporation tax which are “small companies” (for the purposes of Chapter 3 of Part 9A of the Corporation Tax Act 2009 (**CTA 2009**)) will not be subject to United Kingdom corporation tax on any dividend received from the Company provided certain conditions are met (including an anti-avoidance provision).

Other Shareholders within the charge to United Kingdom corporation tax will not be subject to United Kingdom tax on dividends received from the Company so long as the dividends fall within an exempt class and certain conditions are met. For example, dividends paid on shares that are “ordinary shares” and are not “redeemable” (as those terms are used in Chapter 3 of Part 9A of the CTA 2009) and dividends paid to a person holding less than 10% of the issued share capital of the payer (or any class of that share capital) should generally fall within an exempt class. The exemptions are not comprehensive and are subject to anti-avoidance rules. If the conditions for exemption are not or cease to be satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to United Kingdom corporation tax on dividends received from the Company. Corporation tax is charged on dividends at the rate applicable to that company.

No credit in respect of amounts withheld by the Company on account of Dutch dividend tax will be available from HMRC to a Shareholder within the charge to United Kingdom corporation tax where dividends received from the Company are not subject to United Kingdom tax. Shareholders are referred to under “Dividend tax” in section 16.1 “Dutch taxation” in respect of further details of the Dutch dividend tax.

Provision of information

Persons in the United Kingdom paying “foreign dividends” to, or receiving “foreign dividends” on behalf of, another person may, in certain circumstances, be required to provide certain information to HMRC regarding the identity of the payee or the person entitled to the “foreign dividend”, and, in certain circumstances, such information may be exchanged with tax authorities in other countries. However, guidance published by HMRC applicable for the 2011/2012 tax year indicates that HMRC will not exercise this power where “foreign dividends” are paid on or before 5 April 2012.

Capital gains

A disposal or deemed disposal of Ordinary Shares by a Shareholder may, depending on the Shareholder’s circumstances and subject to any available exemptions and reliefs, give rise to a chargeable gain or an allowable loss for the purposes of the taxation of capital gains.

Individuals

For individual Shareholders, the principal factors that will determine the capital gains tax position on a disposal or deemed disposal of the Ordinary Shares are the extent to which the Shareholder realises any other capital gains in the tax year in which the disposal is made, the extent to which the holder has incurred capital losses in that or earlier tax years and the level of the annual allowance of tax-free gains in that tax year (the “annual exemption”). The annual exemption for the 2011/2012 tax year is £10,600. Shareholders should be aware that the United Kingdom Parliament is entitled to withdraw this link between the level of the annual exemption and the retail prices index or even to reduce the level of the

annual exemption for future tax years below its current level. If, after all allowable deductions, an individual Shareholder's taxable income for the year exceeds the basic rate income tax limit, a taxable chargeable gain accruing on a disposal or deemed disposal of Ordinary Shares would be taxed at 28%. Otherwise, such a gain may be taxed at 18% or 28% or a combination of both rates.

Individuals who are temporarily non-United Kingdom resident may, in certain circumstances, be subject to tax in respect of gains realised whilst they are not resident in the United Kingdom.

Companies

A disposal or deemed disposal of Ordinary Shares by a Shareholder within the charge to United Kingdom corporation tax may give rise to a chargeable gain (or allowable loss) for the purposes of United Kingdom corporation tax, depending on the circumstances and subject to any available exemptions or reliefs. Corporation tax is charged on chargeable gains at the rate applicable to that company.

Shareholders within the charge to United Kingdom corporation tax will, for the purposes of computing gains but not losses, be allowed to claim an indexation allowance which applies to reduce capital gains to the extent that such gains arise due to inflation.

Currency fluctuations

Capital gains tax and corporation tax on chargeable gains are each computed on the basis of pound sterling valuations. Accordingly, any changes in the sterling value of the Ordinary Shares arising on account of movements in the value of other currencies against sterling will be taken into account in the computation of chargeable gains and allowable losses.

Stamp duty and stamp duty reserve tax (SDRT)

The following statements on UK SDRT apply regardless of whether or not a Shareholder is resident (or ordinarily resident or domiciled) in the United Kingdom.

No SDRT will be payable on the issue of the Ordinary Shares or on any transfer of the Ordinary Shares provided that the Ordinary Shares are not registered in a register kept in the United Kingdom.

No stamp duty will be payable on the issue of the Ordinary Shares.

The transfer on sale of Ordinary Shares could give rise to a liability to United Kingdom stamp duty at the rate of 0.5% of the amount or value of the consideration given for the sale. However, provided that no document effecting a transfer of, or containing an agreement to transfer an equitable interest in, Ordinary Shares is either (i) executed in the United Kingdom or (ii) relates to any property situated, or to any matter or thing done or to be done, in the United Kingdom, then no United Kingdom stamp duty should be payable on such a document.

17. GENERAL INFORMATION

17.1 Corporate resolutions

In the context of the Demerger, TNT N.V. (in its capacity as the shareholder of the Company before the Demerger), the Company and its subsidiary TNT Express Holdco must take the following corporate resolutions:

Resolution	Taken by	Date
Approval of legal demerger	General meeting of TNT N.V.	25 May 2011
	General Meeting	30 May 2011 latest
Approval of legal merger	General meeting of TNT Express Holdco and General Meeting	30 May 2011 latest

17.2 Statement of significant change

There has been no significant change in the financial or trading position of the Group since 31 December 2010 up to the date of this Prospectus, other than set out in this Prospectus.

17.3 Material subsidiaries

After completion of the Demerger, the Company is the holding company of a group that includes the following material subsidiaries and significant investments (held directly or indirectly by the Company), all of which are engaged in the Company's business, including the ownership of trademarks and licences related to the Company's business:

Name	Country of incorporation	Percentage held by the Company (directly or indirectly)
TNT Airways NV/SA	Belgium	100%
TNT Australia Pty. Limited	Australia	100%
TNT Brasil Participações One Limitada	Brazil	100%
TNT China Holdings B.V.	The Netherlands	100%
TNT (China) Holdings Company Limited	China	100%
TNT Express Brasil Ltda	Brazil	100%
TNT Express GmbH	Germany	100%
TNT Express National SAS	France	100%
TNT Express Nederland B.V.	The Netherlands	100%
TNT Express Worldwide (China) Limited	China	100%
TNT Express Worldwide (Poland) Sp zoo	Poland	100%
TNT Express Worldwide (Spain), S.L.	Spain	100%
TNT Express Worldwide N.V.	The Netherlands	100%
TNT Finance B.V.	The Netherlands	100%
TNT France Holding Snc	France	100%
TNT Global Express SpA	Italy	100%
TNT GRS 2008 Limited	United Kingdom	100%
TNT Holdings (Deutschland) GmbH	Germany	100%
TNT Holdings B.V.	The Netherlands	100%
TNT Holdings Luxembourg S.à.r.l.	Luxembourg	100%
TNT India Private Limited	India	100%
TNT Head Office B.V.	The Netherlands	100%
TNT SPC Limited	United Kingdom	100%
TNT (UK) Limited	United Kingdom	100%
TNT USA Inc.	United States	100%
XP International B.V.	The Netherlands	100%

17.4 Availability of documents

Copies (in print) of the Combined Financial Statements, the deed of incorporation of the Company and the Articles of Association are available free of charge at the Company's head office at Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands, during normal business hours and in electronic form from the Company's website at www.tnt.com.

Copies (in print) of this Prospectus and any supplement to this Prospectus (if any) may be obtained at no cost from the date of this Prospectus at the Company's head office. Alternatively, this Prospectus can also be found electronically on the website of the Company at www.tnt.com or on the website of Euronext Amsterdam at www.euronext.com (Dutch residents only).

17.5 Independent auditor

The combined financial statements of Express as of and for the years ended 31 December 2010, 2009 and 2008, included as Annex 3 Part 2 "Combined Financial Statements", have been audited by PwC, independent auditors, as stated in their report appearing herein. The auditor's report is unqualified. The auditors of the Company have no interest in the Company.

The address of PwC is Thomas R. Malthusstraat 5, 1066 JR Amsterdam, the Netherlands. The auditors, who sign on behalf of PwC, are members of the Royal Dutch Institute for Registered Accountants (*Koninklijk Nederlands Instituut van Register Accountants*). PwC has given, and has not withdrawn, its consent to the inclusion or incorporation by reference of its report in this Prospectus in the form and context in which they are included.

17.6 Credit rating agency

Standard & Poor's Financial Services LLC (**S&P**) and Moody's Investors Service Limited (**Moody's**) will assign ratings to the Company. These ratings will be made public in separate communications by the rating agencies and the Company respectively.

As of the date of this Prospectus, each of the rating agencies is established in the EU and has applied for registration under Regulation (EU) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the **CRA Regulation**), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority. In general, European-regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. The assignment of ratings to the Ordinary Shares is not a recommendation to invest in the Ordinary Shares and may be revised, suspended or withdrawn at any time.

18. DEFINITIONS

The following definitions are used throughout this Prospectus.

ADRs	American depository receipts
ADR Record Date	26 May 2011
AFM	the Dutch Authority for the Financial Markets (<i>Autoriteit Financiële Markten</i>)
Articles of Association	the articles of association of the Company, as applicable after the Demerger becomes effective
B2B	business-to-business
B2C	business-to-customer
C2C	consumer-to-consumer
CEP market	the courier-express-parcels market within the transportation industry
CET	Central European Time
CO₂	carbon dioxide
Combined Financial Statements	the Company's audited combined financial statements for the financial years ended 31 December 2010, 2009 and 2008, respectively
Company (or TNT Express)	TNT Express N.V.
Controlling Entity	the person or company holding at least 95% of a company's issued share capital by nominal value for its own account
CRA Regulation	Regulation (EU) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies
Demerger	the legal demerger (<i>juridische splitsing</i>) of Express by TNT N.V. to the Company and the following legal merger (<i>juridische fusie</i>) between the Company, as the surviving entity, and TNT Express Holdco, as the disappearing entity
Dutch Financial Supervision Act	the Dutch Financial Supervision Act (<i>Wet op het financieel toezicht</i>) and the rules promulgated thereunder
Dutch Market Abuse Decree	the Dutch Decree on Market Abuse pursuant to the Dutch Financial Supervision Act (<i>Besluit Marktmisbruik Wft</i>)
Dutch Securities (Bank Giro Transactions) Act	the Dutch Securities (Bank Giro Transactions) Act (<i>Wet giraal effecten verkeer</i>)
EBIT	Earnings Before Interest and Taxation (not in conformity with IFRS)
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortization (not in conformity with IFRS)
EMEA	Europe, Middle East and Africa
Enterprise Chamber	the Enterprise Chamber of the Amsterdam Court of Appeal (<i>Ondernemingskamer van het Gerechtshof te Amsterdam</i>)
EU	the European Union
EUR, € or euro	the currency of the European Monetary Union
Euroclear	Euroclear Bank S.A./N.V. as operator of the Euroclear System

Euroclear Nederland	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. trading as Euroclear Nederland, the Dutch depository and settlement institute, a subsidiary of Euroclear
Euronext	Euronext Amsterdam N.V.
Euronext Amsterdam	NYSE Euronext in Amsterdam
Executive Board	the board of management (<i>raad van bestuur</i>) of the Company
Express (or the Group)	TNT Express, its subsidiaries and joint ventures and the business conducted by them
Express Business	the express business consisting of time-certain and day-definite pick up, transport and delivery services (including value-added services) around the world for customers sending documents, parcels and freight
First Trading Date	the date that trading in the Ordinary Shares on Euronext Amsterdam is expected to commence, which is 26 May 2011
Foundation	Stichting Continuïteit TNT Express
French Tax Resident	a French Resident Company or a French Resident Individual
French Resident Company	a French legal entity subject to corporate income tax in France
French Resident Individual	an individual residing in France for French tax purposes by reason of his permanent home, main place of residence, professional activity or centre of economic interests being located in France, and who holds the Ordinary Shares as a private investment
FTC	French Tax Code
FTEs	full-time equivalents
Fully Marketed Offering	an offering that entails the Company's involvement in the form of a management road show and/or the preparation of a Prospectus
General Meeting	the general meeting of Shareholders
Group (or Express)	TNT Express, its subsidiaries and joint ventures and the business conducted by them
HMRC	HM Revenue and Customs
IFRS	International Financial Reporting Standards as adopted by the European Union
Independent Source	an independent industry publication, government publication, report by market research firm or another independent publication
IRAP	Italian regional tax on productive activities
IRES	Italian corporate tax
IRPEF	Italian income tax
Listing	the first admission to trading and listing of the Ordinary Shares as described in this Prospectus
Listing Agent	ING Bank N.V.
LTL	less-than-truck-load
Mail or Mail Business	the mail business consisting of mail, mail-related and parcel services to its customers, including the provision of a universal postal service in the Netherlands

Management By-Laws	the internal regulations of the Executive Board, dated 15 March 2011
Mazars	Mazars Paardekooper Hoffman Accountants N.V.
Member State	a member state of the European Economic Area
Moody's	Moody's Investors Service Limited
Ordinary Share Record Date	30 May 2011
Ordinary Shares	ordinary shares in the capital of the Company with a nominal value of EUR 0.08 each
Preference Shares	preference shares in the capital of the Company with a nominal value of EUR 0.08 each
Prospectus	this Prospectus dated 11 April 2011
Prospectus Directive	the Directive 2003/71/EC of the European Parliament and of the Council of the European Union and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the Relevant Member State
PwC	PricewaterhouseCoopers Accountants N.V.
Regulation S	Regulation S under the Securities Act
Relationship Agreement	the relationship agreement to be entered into by TNT N.V. and the Company prior to the Demerger
Relevant Member State	each Member State that has implemented this Prospectus Directive
S&P	Standard & Poor's Financial Services LLC
SDRT	UK stamp duty and stamp duty reserve tax
Securities Act	The United States Securities Act of 1933, as amended from time to time
Separation Agreement	the separation agreement to be entered into by the Company and TNT N.V.
Shares	the Ordinary Shares and the Preference Shares
Shareholder	a holder of at least one Share in the capital of the Company
Supervisory Board	the supervisory board (<i>raad van commissarissen</i>) of the Company
Supervisory Board By-Laws	the internal regulations of the Supervisory Board
Takeover Directive	Directive 2004/25/EC of the European Parliament and of the Council of the European Union
TNT Express (or the Company)	TNT Express N.V.
TNT Express Holdco	TNT Express Holdco B.V.
Transitional Intellectual Property Rights Agreement	the transitional period intellectual property rights agreement between TNT Holdings B.V. and TNT Mail Holding B.V., a direct subsidiary of TNT N.V.
Transitional Services Agreement	the transitional services agreement to be entered into by the Company and TNT N.V.
TUIR	Italian Presidential Decree No. 917 of 22 December 1986
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland

United States or **US**

the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

USD, US dollar or **\$**

United States dollar

ANNEX I

DEMERGER PROPOSAL AND EXPLANATORY NOTES

This Annex I contains the legal demerger proposal and the explanatory notes thereto, excluding the annexes to the proposal and annexes to the notes. The annexes to the proposal and annexes to the notes are not part of this Prospectus. The legal demerger proposal, the explanatory notes thereto and the annexes to the proposal and the notes can be downloaded from the corporate website of TNT N.V. (www.tnt.com).

PART I

DEMERGER PROPOSAL

This demerger proposal (the **Demerger Proposal**) is presented by:

- (1) the Board of Management of TNT N.V. (to be renamed as: PostNL N.V. in connection with the Demerger (as defined hereinafter)), a public company under Dutch law (*naamloze vennootschap*), having its official seat in Amsterdam, the Netherlands, its office address at Taurusavenue 111, 2132 LS Hoofddorp, and registered with the trade register under number 27168968 (**TNT N.V.**); and
- (2) the Executive Board of TNT Express N.V., a public company under Dutch law (*naamloze vennootschap*), having its official seat in Amsterdam, the Netherlands, its office address at Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands and registered with the trade register under number 33267240 (**TNT Express**, and collectively with TNT N.V.: the **Demerging Parties**).

RECITALS:

- (A) TNT N.V. is the holder of all issued and outstanding shares in the capital of TNT Express.
- (B) The Demerging Parties intend to effect the Demerger (as defined hereinafter). To that intent, they have prepared the present Demerger Proposal as well as the explanatory notes thereto. The Demerger Proposal and the accompanying documents will be made available for inspection at the offices of the Demerging Parties and at the offices of the trade register as of 11 April 2011. The explanatory notes to the Demerger Proposal will also be made available for inspection at the offices of the Demerging Parties. All relevant Demerger documents can be downloaded from the corporate website of TNT N.V. (www.tnt.com).
- (C) It is furthermore intended to merge Express Holdco (as defined hereinafter) into TNT Express. after having effected the Demerger, as a result of which Express Holdco will cease to exist, the assets and liabilities of Express Holdco will be transferred to TNT Express. under universal succession of title, and TNT Express. will allot new shares in its capital to TNT N.V. (the **Merger**). TNT Express. and Express Holdco have drawn up a Merger proposal to that effect (the **Merger Proposal**), which will be made available, together with the accompanying documents, for inspection at the offices of the parties to the Merger and at the offices of the trade register as of 11 April 2011. The explanatory notes to the Merger Proposal will also be made available for inspection at the offices of the parties to the Merger.

PROPOSAL:

It is proposed to effect a statutory demerger in accordance with Section 2:334a subsections 1 and 3 of the Dutch Civil Code (the **Demerger**) as a result of which:

- TNT N.V. will continue to exist;
- TNT Express. will acquire part of the assets and liabilities of TNT N.V. under universal succession of title; and
- the shareholders of TNT N.V. (the **Shareholders**) will become shareholders of TNT Express.

DATA TO BE MENTIONED PURSUANT TO SECTION 2:334F, SUBSECTIONS 2 AND 4 AND SECTION 2:334Y OF THE DUTCH CIVIL CODE:

(a) Type of legal entity, name and official seat of the Demerging Parties.

1. TNT N.V.:

the public company under Dutch law (*naamloze vennootschap*) TNT N.V., having its official seat in Amsterdam, the Netherlands.

2. TNT Express:

the public company under Dutch law (*naamloze vennootschap*) TNT Express N.V., having its official seat in Amsterdam, the Netherlands.

(b) Articles of association of the Demerging Parties.

TNT N.V.:

The articles of association of TNT N.V. were last amended by deed, executed on 27 April 2007 before G.W.Ch. Visser, civil law notary in Amsterdam, the Netherlands. It is intended that the articles of association of TNT N.V. will be amended in connection with the Demerger. The text of the articles of association as currently in force and the articles of association as they will read after the amendment thereof in connection with the Demerger (the **Proposed TNT N.V. Articles**) are attached to this Demerger Proposal as Annex A.1 and Annex A.2 respectively. It is noted that Article 5 paragraphs 1 and 2 of the Proposed TNT N.V. Articles can only be amended after having finalised the mandatory capital reduction process.

TNT Express:

The articles of association of TNT Express were last amended by deed, executed on 18 March 2011 before the aforementioned civil law notary G.W.Ch. Visser. It is intended that the articles of association of TNT Express will be amended in connection with the Demerger. The text of the articles of association as currently in force and the articles of association as they will read after the amendment thereof in connection with the Demerger (the **Proposed TNT Express Articles**) are attached to this Demerger Proposal as Annex B.1 and Annex B.2 respectively.

(c) Transfer under universal succession of title of part of the assets and liabilities of TNT N.V.

The assets and liabilities of TNT N.V. will be partially transferred under universal succession of title to TNT Express, see further under (d) below.

(d) Accurate description of the assets and liabilities that will be transferred under universal succession of title to TNT Express and of the assets and liabilities that will remain with TNT N.V. and pro forma profit and loss accounts

TNT Express:

The assets and liabilities set forth below shall be acquired by TNT Express:

- 12,759 shares in the capital of TNT Express Holdco B.V., a private limited liability company under Dutch law (*besloten vennootschap met beperkte aansprakelijkheid*), having its official seat in Amsterdam, the Netherlands, its office address at Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands, and registered with the trade register under number 33186455 (**Express Holdco**) with a nominal value of EUR 1 each, numbered 1 through 12,759, constituting (rounded off) 70.1% of the issued and outstanding share capital of Express Holdco;
- all issued and outstanding shares in the capital of TNT Express; and
- a receivable due from TNT Mail Finance B.V. in the amount of EUR 84,000,000 excluding accumulated interest, pursuant to the agreement between TNT N.V. and TNT Mail Finance B.V. dated 22 December 2010.

The following value is attributed to the assets and liabilities that shall be acquired by TNT Express: EUR 2,183,000,000.

The following valuation method for the assets and liabilities to be acquired by TNT Express is applied: book value, on the basis of International Financial Reporting Standards (IFRS) taking into account Section 2:362, subsection 8 of the Dutch Civil Code.

The description refers to the condition of the assets and liabilities to be acquired by TNT Express as at 1 January 2011.

This description of the assets and liabilities to be acquired by TNT Express will also be considered to be the description required pursuant to Section 2:94b of the Dutch Civil Code in conjunction with Section 2:334bb of the Dutch Civil Code.

TNT N.V.:

All other assets and liabilities that at the time of the Demerger belong or appear to belong to TNT N.V. shall remain with TNT N.V.

Pro forma profit and loss accounts

Pro forma profit and loss accounts of TNT N.V. and of TNT Express for the financial year 2010 (as if the Demerger took place in 2010) are attached to this proposal as Annex C.1 and Annex C.2 respectively.

(e) Value of the part of the assets and liabilities to be acquired under universal succession of title by TNT Express and of the part of the assets and liabilities that shall remain with TNT N.V.

The value of the part of the assets and liabilities to be acquired by TNT Express as a result of the Demerger is EUR 2,183,000,000.

The value of the part of the assets and liabilities that shall remain with TNT N.V. as a result of the Demerger is EUR 241,000,000.

TNT N.V. shall not acquire shares in the capital of TNT Express as a result of the Demerger.

The aforementioned values have been determined as at 1 January 2011, which is the date of the interim statements of TNT N.V. as referred to in Section 2:334g, subsection 2 of the Dutch Civil Code. The values have been calculated with due observance of Section 2:334g, subsection 2, third full sentence of the Dutch Civil Code.

(f) Rights to be granted and compensation to be paid pursuant to Section 2:334p of the Dutch Civil Code at the expense of TNT Express.

As there are no persons who, in any capacity other than as shareholder have special rights against TNT N.V., no special rights will be granted and no compensation will be paid to anyone.

(g) Benefits to be granted to the managing directors or supervisory directors of the Demerging Parties or to third parties in connection with the Demerger.

None.

(h) Intentions regarding the composition of the management boards and the supervisory boards of the Demerging Parties after the Demerger.

TNT N.V.:

The Board of Management of TNT N.V. currently consists of Mr. M.P. Bakker, Mr. H.M. Koorstra and Mrs. M.-Ch.M. Lombard.

The Supervisory Board of TNT N.V. currently consists of Mr. R.J.N. Abrahamsen, Mrs. P.M. Altenburg, Mrs. M.E. Harris, Mr. R. King, Mr. P.C. Klaver, Mr. W. Kok, Mr. S. Levy and Mr J. Wallage.

It is intended to change the composition of the Board of Management and the Supervisory Board of TNT N.V. in connection with the Demerger. As at the date of the Demerger becoming effective, Mr. M.P. Bakker and Mrs M.-Ch.M. Lombard will resign as members of the Board of Management of TNT N.V., and Mrs. M.E. Harris, Mr. R. King and Mr. S. Levy will resign as members of the Supervisory Board.

Unless any other person is nominated by the general meeting of TNT N.V., the Supervisory Board of TNT N.V. intends to propose Mr. W. Kok, Mrs. T. Menssen and Mr. M.A.M. Boersma for (re)appointment as supervisory directors. The Supervisory Board furthermore intends to appoint Mr. G.T.C.A. Aben, Mr. J.P.P. Bos and Mrs. H.W.P.M.A. Verhagen as members of the Board of Management of TNT N.V.

Taking into account the above, as at the date of the Demerger becoming effective the Board of Management of TNT N.V. will consist of Mr. H.M. Koorstra (CEO and Mail in the Netherlands), Mr. J.P.P. Bos (CFO), Mr. G.T.C.A. Aben (HR), and Mrs. H.W.P.M.A. Verhagen (Parcels and International), and the Supervisory Board of TNT N.V. will consist of Mr. R.J.N. Abrahamsen, Mrs. P.M. Altenburg, Mr. P.C. Klaver, Mr. W. Kok, Mr. J. Wallage, Mrs. T. Menssen and Mr. M.A.M. Boersma.

TNT Express:

The Executive Board of TNT Express currently consists of Mrs. M.-Ch.M. Lombard (CEO) and Mr. B.L. Bot (CFO). At present, TNT Express has no Supervisory Board.

It is the intention that a Supervisory Board will be set up in connection with the Demerger. There is no intention to change the composition of the Executive Board.

As at the date of the Demerger becoming effective, the Supervisory Board of TNT Express will be composed of Mr. A. Burgmans, Mr. S. Levy, Mrs. M.E. Harris, Mr. R. King, Mrs. M. Scheltema, and Mr. L.W. Gunning.

- (i) Date as at which the financial data of the part of the assets and liabilities of TNT N.V. to be acquired under universal succession of title by TNT Express will be accounted for in the annual accounts of TNT Express.**

1 January 2011.

- (j) Contemplated measures in connection with the acquisition by the Shareholders of shares in the capital of TNT Express.**

The outstanding ordinary shares in the capital of TNT N.V. are, at the choice of the shareholders either bearer shares or registered shares. The bearer ordinary shares are represented by one single share certificate (the Necigef global certificate). The registered ordinary shares are registered in TNT N.V.'s shareholders register.

The shares to be allotted in connection with the Demerger by TNT Express to the Shareholders who hold bearer shares in TNT N.V. are registered ordinary shares included in the deposit system of the Securities Giro Transactions Act (*girale aandelen*). These shares are issued and tradable subject to due observance of the Proposed TNT Express Articles and in accordance with the Securities Giro Transactions Act (*Wet giraal effectenverkeer*). TNT Express will register the allotment of these shares in its shareholders register as referred to in the Proposed TNT Express Articles.

The shares to be allotted by TNT Express to the Shareholders who hold registered shares in TNT N.V. in connection with the Demerger, will be registered ordinary shares (*aandelen op naam*) and will be registered in the shareholders register of TNT Express.

- (k) Intentions concerning continuation or termination of activities.**

The activities of TNT N.V. will be continued by TNT N.V. to the extent related to the assets and liabilities which will be maintained by TNT N.V.

The activities of TNT N.V. related to the assets and liabilities to be transferred by TNT N.V. to TNT Express will be continued by TNT Express.

- (l) Approval of the proposal and resolution to effect the Demerger.**

The Supervisory Board of TNT N.V. approved the Demerger Proposal in its meeting of 15 March 2011. The approval of the Supervisory Board of TNT N.V. is also evidenced by the co-signing of the Demerger Proposal by all members of the Supervisory Board.

The resolution for TNT N.V. to effect the Demerger will be adopted by its general meeting. The resolution of the general meeting to effect the Demerger shall, among other things, also include the resolution to amend the articles of association of TNT N.V. in conformity with the Proposed TNT N.V. Articles. The Demerger resolution of the general meeting of TNT N.V. does not require any separate approval.

TNT N.V., in its capacity as sole shareholder of TNT Express, will resolve on the Demerger for TNT Express. The Demerger resolution by the sole shareholder of TNT Express does not require any separate approval.

TNT N.V. expressly reserves the right to withdraw the proposal to adopt the resolution to effect the Demerger tabled for the extraordinary general meeting of shareholders of TNT N.V. to be held on 25 May 2011, pursuant to a resolution of the Board of Management and with the approval of the Supervisory Board.

(m) Consequences of the Demerger for the goodwill and the distributable reserves of TNT Express and of TNT N.V.

TNT Express:

The Demerger has no effect on the goodwill of TNT Express. The value of that part of the assets and liabilities to be acquired by TNT Express as a result of the Demerger, which exceeds the nominal value of the shares to be allotted in connection with the Demerger, will be added to the freely distributable reserves of TNT Express.

TNT N.V.:

The Demerger has no effect on the goodwill of TNT N.V. The freely distributable reserves of TNT N.V. will be decreased by an amount equal to the value of the part of the assets and liabilities to be acquired by TNT Express as a result of the Demerger.

(n) The exchange ratio of the shares to be allotted in connection with the Demerger and the amount of the payments to be made pursuant to the exchange ratio.

TNT N.V. has an issued and outstanding share capital of EUR 182,383,324.80, divided into 379,965,260 ordinary shares with a nominal value of EUR 0.48 each. Preference shares B in the share capital of TNT N.V. have not been issued.

The exchange ratio (the **Exchange Ratio**) has been set at 1:1. For each ordinary share in the capital of TNT N.V. with a nominal value of EUR 0.48 held by a Shareholder, TNT Express will allot one ordinary share in its capital with a nominal value of EUR 0.08.

Payments will not be made in connection with the Exchange Ratio.

As a result of the Demerger, TNT Express and TNT N.V. will be the shareholders of Express Holdco. TNT N.V. will then still hold a stake of 29.9% in Express Holdco. Subsequently, Express Holdco as the company ceasing to exist will enter into the Merger with TNT Express. As a result of the Merger such number of shares will be allotted to TNT N.V. as are equal to 29.9% of the share capital of TNT Express following the Merger.

As a result of the Merger (in conjunction with the Demerger), the issued and outstanding share capital of TNT Express will amount to EUR 43,362,654.48, divided into 542,033,181 ordinary shares with a nominal value of EUR 0.08 each. TNT N.V. will have a stake of 29.9%.

(o) The date as of which and the extent to which the Shareholders will share in the profits of TNT Express.

The Shareholders will become shareholders of TNT Express as of the Demerger becoming effective. They will share in the profits of TNT Express over the financial year 2011 as of 1 January 2011 in proportion to the aggregate nominal value of ordinary shares held by them and subject to due observance of Article 30 of the Proposed TNT Express Articles.

(p) Cancellation of shares upon application of Section 2:334x, subsection 3 of the Dutch Civil Code.

Due to the Demerger, TNT Express will acquire all currently issued and outstanding shares in its capital, consisting of 45,000 shares with a nominal value of EUR 1 each (the **Existing Shares**). TNT Express will cancel the Existing Shares by the application of Section 2:334x, subsection 3 of the Dutch Civil Code as at the date of the Demerger becoming effective.

Auditors statements.

Mr. R. Dekkers of PricewaterhouseCoopers Accountants N.V. in Amsterdam, the Netherlands, has issued:

- (1) an auditors statement referred to in Section 2:334aa, subsections 1 and 2 of the Dutch Civil Code, regarding the reasonableness of the Exchange Ratio and the value of the part of the assets and liabilities that will be maintained by TNT N.V. This statement is attached to this Demerger Proposal as Annex D.1.
- (2) an auditors statement referred to in Section 2:94b of the Dutch Civil Code in conjunction with Section 2:334bb of the Dutch Civil Code, regarding the value of the part of the assets and liabilities of TNT N.V. that is transferred by universal succession of title to TNT Express This statement is attached to this Demerger Proposal as Annex D.2.

Mr. J.J.W. Galas of Mazars Paardekooper Hoffman N.V. in Rotterdam, the Netherlands, has issued an auditors statement referred to in Section 2:334aa, subsection 1 of the Dutch Civil Code, regarding the reasonableness of the Exchange Ratio. This statement is attached to this Demerger Proposal as Annex E.1.

Signed in Hoofddorp, the Netherlands, on 7 April 2011.

ANNEXES:

- Annex A.1: articles of association of TNT N.V. as currently in effect
- Annex A.2: articles of association of TNT N.V. as they will read after the Demerger
- Annex B.1: articles of association of TNT Express as currently in effect
- Annex B.2: articles of association of TNT Express as they will read after the Demerger
- Annex C.1: *pro forma* profit and loss accounts of TNT N.V.
- Annex C.2: *pro forma* profit and loss accounts of TNT Express.
- Annex D.1: statement of the auditor of TNT N.V., as referred to in Section 2:334aa, subsections 1 and 2 of the Dutch Civil Code
- Annex D.2: statement of the auditor of TNT Express, as referred to in Section 2:94b of the Dutch Civil Code in conjunction with Section 2:334bb of the Dutch Civil Code
- Annex E.1 statement of the auditor of TNT Express, as referred to in Section 2:334aa, subsection 1 of the Dutch Civil Code

PART 2

EXPLANATORY NOTES TO DEMERGER PROPOSAL

These explanatory notes (the **Explanatory Notes**) are made in respect of the proposal (the **Demerger Proposal**) for the demerger under Section 2:334a subsections 1 and 3 of the Dutch Civil Code (the **Demerger**) between TNT N.V. (to be renamed as: PostNL N.V. in connection with the Demerger), a public company under Dutch law (*naamloze vennootschap*), having its official seat in Amsterdam, the Netherlands, its office address at Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands, and registered with the trade register under number 27168968 (**TNT N.V.**), and TNT Express N.V., a public company under Dutch law, having its official seat in Amsterdam, the Netherlands, its office address at Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands, and registered with the trade register under number 33267240 (**TNT Express**, and collectively with TNT N.V.: the **Demerging Parties**), as a result of which (i) TNT N.V. will continue to exist, (ii) TNT Express will acquire part of the assets and liabilities of TNT N.V. under universal succession of title; and (iii) the shareholders of TNT N.V. will become shareholders of TNT Express.

The Explanatory Notes have been prepared by the Board of Management of TNT N.V. and the Executive Board of TNT Express.

The Board of Management of TNT N.V. and the Executive Board of TNT Express propose the Demerger by TNT N.V. to TNT Express of: (i) 70.1% of the shares in TNT Express Holdco B.V. (**Express Holdco**), (ii) the entire issued share capital in TNT Express, and (iii) a receivable due from TNT Mail Finance B.V. in the amount of EUR 84,000,000 excluding accumulated interest. As part of the Demerger, TNT Express will allot ordinary shares in its capital on a “one share for one share” basis to the existing shareholders of TNT N.V. and cancel the shares in its own capital that will be transferred to it as part of the Demerger.

Reasons for the Demerger

The main reasons for the Demerger are the increasingly divergent strategic profiles of the two businesses of TNT N.V. and the limited synergies existing between them. The mail business provides mail, mail-related and parcel services to customers, including the universal postal service in the Netherlands (the **Mail Business**). The express business provides on-demand door-to-door express delivery services for customers sending documents, parcels and freight worldwide (the **Express Business**).

The Mail Business is faced with a continually declining mail market in the Netherlands and has to focus on sustaining cash flows and operational efficiency. The priorities of the Express Business are to grow its existing European networks, to continue to grow its intercontinental business from and to Europe into adjacent markets and to secure contributions from its existing positions in China, South America and India. In addition, separation would enable greater internal focus on each business, with single-business investment discipline and capital allocation and leaner, more flexible organisations. Externally, separation would provide more transparency and two distinct shareholding opportunities with a choice of investment in two different kinds of companies.

Expected consequences for the operations

The operations of TNT N.V. will be continued by TNT N.V. to the extent they relate to the Mail Business and by TNT Express to the extent they relate to the Express Business. All assets and liabilities related to the Express Business have been allocated to Express Holdco as part of an internal reorganisation.

Explanation from a legal, economic and social point of view

Legal

Under Dutch law, a demerger (*juridische afsplitsing*) is the act by which one company (in this case TNT N.V.) transfers without its dissolution a portion of its assets and liabilities to another company (in this case TNT Express), in consideration of which the latter company allots and allocates shares to the shareholders of the demerging company. On the date on which the Demerger becomes effective, TNT N.V. will transfer without its dissolution 70.1% of the Express Business to TNT Express. The Demerger becomes effective the day after the execution by the relevant parties of a notarial deed.

The Demerger has two main consequences: 70.1% of the assets and liabilities related to the Express Business are transferred to TNT Express by way of universal succession of title (*overgang onder algemene titel*) and the shareholders of TNT N.V. will receive by operation of law, *pro rata* and in return for no consideration, ordinary shares in the capital of TNT Express.

Dutch law allows TNT Express to cancel the shares in its own capital that it receives as a result of the Demerger, by providing for this in the notarial deed for the Demerger.

Economic

The Mail Business will be able to focus on sustaining cash flows and operational efficiency. The Express Business will be able to grow its existing European networks, to continue to grow its intercontinental business from and to Europe into adjacent markets and to secure contributions from its existing positions in China, South America and India. In addition, the Demerger enables greater internal focus on each business, with single-business investment discipline and capital allocation.

Social

In preparation for the Demerger, all employees of TNT Head Office B.V. (to be renamed as TNT Nederland B.V.), currently held by Express Holdco, were assigned to either the Mail Business or the Express Business. If they were assigned to the Express Business, the employees maintained their employment relationship with TNT Head Office B.V. If they were assigned to the Mail Business, the employees were transferred to TNT Mail Holding B.V. (to be renamed at a later stage). All other employees within the TNT group remain employed by their existing employing entity.

All members of the Board of Management of TNT N.V. are employed by TNT N.V.; the two members that will form the Executive Board of TNT Express will conclude new employment contracts with TNT Express.

The Demerger is not envisaged to affect jobs and working conditions.

Subject to approval of the Demerger by the general meeting of TNT N.V., the unvested rights granted in performance shares in TNT N.V. and matching shares in TNT N.V. as well as any unexercised options will be unwound. All schemes will be terminated before the Demerger becomes effective and no 'legacy plans' will exist thereafter.

In respect of the pensions, TNT N.V. has concluded execution agreements with two Dutch TNT N.V.-related company pension funds (*ondernemingspensioenfondsen*): the TNT pension fund (*Stichting Pensioenfonds TNT*) and the smaller PAO pension fund (*Stichting Ondernemingspensioenfonds TNT*). After the Demerger, the existing pension funds will remain the administrator of the pension agreements of the employees assigned to the Express Business. The pension benefits accrued under the existing pension plans (up to the date of the Demerger) and the accrual of pension benefits as of the date of the Demerger will remain insured with the pension funds.

On 29 November 2010 a positive advice has been obtained from the Central Works Council in relation to the Demerger.

Exchange ratio

TNT N.V. has an issued and outstanding share capital of EUR 182,383,324.80, divided into 379,965,260 ordinary shares with a nominal value of EUR 0.48 each. Preference shares B in the share capital of TNT N.V. have not been issued.

The exchange ratio has been set at 1:1. For each ordinary share in the capital of TNT N.V. with a nominal value of EUR 0.48 held by a shareholder, TNT Express will allot one ordinary share with a nominal value of EUR 0.08. Payments will not be made in connection with the exchange ratio.

By using the exchange ratio 1:1, taking into account that all existing shares in TNT Express held by TNT N.V. are demerged to TNT Express and cancelled, the valuation of the method used has no effect on the exchange ratio.

As a result of the Demerger, TNT Express and TNT N.V. will be the only shareholders of Express Holdco. TNT N.V. will hold a stake of 29.9% in Express Holdco. Following the Demerger, Express Holdco (as the company ceasing to exist) will enter into a legal merger with TNT Express (the **Merger**). As a result of the Merger, such number of shares will be allotted to TNT N.V. as are equal to 29.9% of the share capital of TNT Express following the Merger.

As a result of the Merger (in conjunction with the Demerger), the issued and outstanding share capital of TNT Express will amount to EUR 43,362,654.48, divided into 542,033,181 ordinary shares with a nominal value of EUR 0.08 each. TNT N.V. will have a stake of 29.9%.

The Board of Management of TNT N.V. and the Executive Board of TNT Express consider this method of determining the exchange ratio and this exchange ratio to be suitable. In determining the exchange ratio no specific difficulties have arisen.

Auditors reports

Mr. R. Dekkers of PricewaterhouseCoopers Accountants N.V. in Amsterdam, the Netherlands, has issued an auditors report pursuant to Section 2:334aa, subsection 3 of the Dutch Civil Code, regarding the information laid down in these Explanatory Notes. This report is attached to these Explanatory Notes as Annex A.1.

Mr. J.J.W. Galas of Mazars Paardekooper Hoffman N.V. in Rotterdam, the Netherlands, has issued an auditors report pursuant to Section 2:334aa, subsection 3 of the Dutch Civil Code, regarding the information laid down in these Explanatory Notes. This report is attached to these Explanatory Notes as Annex A.2.

Signed in Hoofddorp, the Netherlands, on 7 April 2011.

ANNEXES:

Annex A.1: report of the auditor of TNT N.V. as referred to in Section 2:334aa, subsection 3 of the Dutch Civil Code

Annex A.2: report of the auditor of TNT Express as referred to in Section 2:334aa, subsection 3 of the Dutch Civil Code

ANNEX 2

MERGER PROPOSAL AND EXPLANATORY NOTES

This Annex 2 contains the legal merger proposal and the explanatory notes thereto, excluding the annexes to the proposal and annexes to the notes. The annexes to the proposal and annexes to the notes are not part of this Prospectus. The legal merger proposal, the explanatory notes thereto and the annexes to the proposal and the notes can be downloaded from the corporate website of TNT N.V. (www.tnt.com).

PART I MERGER PROPOSAL

This merger proposal (the **Merger Proposal**) is presented by:

- (1) the Executive Board of TNT Express N.V., a public company under Dutch law (*naamloze vennootschap*), having its official seat in Amsterdam, the Netherlands, its office address at Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands, and registered with the trade register under number 33267240 (**TNT Express**); and
- (2) the management board of TNT Express Holdco B.V., a private limited liability company under Dutch law (*besloten vennootschap met beperkte aansprakelijkheid*), having its official seat in Amsterdam, the Netherlands, its office address at Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands, and registered with the trade register under number 33186455 (**Express Holdco**, and collectively with TNT Express: the **Merging Parties**).

RECITALS:

- (A) All shares in the capital of TNT Express and of Express Holdco are currently held by TNT N.V., a public company under Dutch law (*naamloze vennootschap*), having its official seat in Hoofddorp, the Netherlands, its office address at Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands, and registered with the trade register under number 27168968 (**TNT N.V.**).
- (B) TNT N.V. and TNT Express intend to demerge part of the assets and liabilities of TNT N.V., including 12,759 shares in the capital of Express Holdco and all issued and outstanding shares in the capital of TNT Express, to TNT Express, and TNT Express will allot new shares in its capital to the shareholders of TNT N.V. (the **Demerger**). To this intent, TNT N.V. and TNT Express have drawn up a Demerger proposal which will be made available together with the accompanying documents, at the offices of the parties to the Demerger and at the offices of the trade register as of 11 April 2011 (the **Demerger Proposal**). The explanatory notes to the Demerger Proposal will also be made available for inspection at the offices of the parties to the Demerger. All relevant Demerger documents can be downloaded from the corporate website of TNT N.V. (www.tnt.com).
- (C) The Merging Parties intend to subsequently merge Express Holdco (as the disappearing company) into TNT Express as the acquiring company. To this intent, the Merging Parties have drawn up the present Merger Proposal, as well as the explanatory notes thereto. The Merger Proposal and the accompanying documents will be made available at the offices of the Merging Parties and at the offices of the trade register as of 11 April 2011. The explanatory notes to the Merger Proposal will also be made available for inspection at the offices of the Merging Parties. The Merger (as defined hereinafter) will only be effected following the Demerger taking effect.
- (D) Immediately prior to the Merger taking effect, but after the Demerger becomes effective, TNT Express will hold 70.1% of the issued shares in the capital of Express Holdco and TNT N.V. will hold the remaining 29.9%.

PROPOSAL:

It is proposed to effect a statutory merger between the Merging Parties in accordance with Section 2:309 of the Dutch Civil Code (the **Merger**) as a result of which:

- Express Holdco will cease to exist;
- TNT Express will acquire all assets and liabilities of Express Holdco under universal succession of title; and
- TNT Express will allot ordinary shares to TNT N.V.

DATA TO BE MENTIONED PURSUANT TO SECTION 2:312, SUBSECTIONS 2 AND 4, AND SECTION 2:326 OF THE DUTCH CIVIL CODE:

(a) Type of legal entity, name and official seat of the Merging Parties.

1. TNT Express:
the public company under Dutch law (*naamloze vennootschap*) TNT Express N.V., having its official seat in Amsterdam, the Netherlands.
2. Express Holdco:
the private company with limited liability under Dutch law (*besloten vennootschap met beperkte aansprakelijkheid*) TNT Express Holdco B.V., having its official seat in Amsterdam the Netherlands.

(b) Articles of association of TNT Express as acquiring company.

The articles of association of TNT Express were last amended by deed, executed on 18 March 2011 before G.W.Ch. Visser, civil law notary in Amsterdam. It is intended that the articles of association of TNT Express will be amended in connection with the Demerger. The text of the articles of association as currently in force and the articles of association as they will read after the amendment thereof in connection with the Demerger (the **Proposed TNT Express Articles**) are attached to this Merger proposal as Annex A.1 and Annex A.2 respectively. The articles of association of TNT Express shall not be amended in connection with the Merger.

(c) Rights to be granted and compensation to be paid pursuant to Section 2:320 of the Dutch Civil Code at the expense of TNT Express.

As there are no persons who, in any capacity other than as shareholder have special rights against Express Holdco, no special rights will be granted and no compensation will be paid to anyone.

(d) Benefits to be granted to the managing directors or supervisory directors of the Merging Parties or to third parties in connection with the Merger.

None.

(e) Intentions regarding the composition of the Executive Board and the Supervisory Board of TNT Express after the Merger.

The Executive Board of TNT Express currently consists of Mrs. M.-Ch.M. Lombard (CEO) and Mr. B.L. Bot (CFO). At present, TNT Express has no Supervisory Board.

It is intended that a Supervisory Board will be set up in connection with the Demerger. There is no intention to change the composition of the Executive Board of TNT Express.

As at the date of the Demerger becoming effective, the Supervisory Board of TNT Express will be composed of Mr. A. Burgmans, Mr. S. Levy, Mrs. M.E. Harris, Mr. R. King, Mrs. M. Scheltema, and Mr. L.W. Gunning.

There is no intention to make any further changes to the composition of the Executive Board and of the Supervisory Board of TNT Express in connection with the Merger.

(f) Date as at which the financial data of Express Holdco will be accounted for in the annual accounts of TNT Express.

1 January 2011.

(g) Contemplated measures in connection with the transfer of ownership of Express Holdco.

Following the Demerger, TNT N.V. and TNT Express will be the shareholders of Express Holdco. By the Merger, Express Holdco will merge with TNT Express and cease to exist. TNT Express will allot new shares to the shareholders of Express Holdco. Consequently, TNT Express will allot shares to TNT N.V. only, since a company under Dutch law cannot allot shares to itself.

The shares to be allotted by TNT Express to TNT N.V. in connection with the Merger are registered ordinary shares included in the deposit system of the Securities Giro Transactions Act (*girale aandelen*). These shares are issued and tradable subject to due observance of the Proposed TNT Express Articles

and in accordance with the Securities Giro Transactions Act (*Wet giraal effectenverkeer*). TNT Express will register the allotment of these shares in its shareholders register as referred to in the Proposed TNT Express Articles.

(h) Intentions concerning continuance or termination of activities.

The activities of Express Holdco will be continued by TNT Express.

(i) Approval of the proposal and resolution to effect the Merger.

Neither the Merger Proposal nor the resolution to merge require any separate approval. TNT N.V. will resolve on the Merger in its capacity as sole shareholder of TNT Express and of Express Holdco.

(j) Consequences of the Merger for the goodwill and the distributable reserves of TNT Express.

The Merger has no effect on the goodwill of TNT Express. The value of 29.9% of the assets and liabilities of Express Holdco (the part that is attributed to TNT N.V. via its 29.9% shareholding in Express Holdco following the Demerger) which exceeds the nominal value of the shares to be allotted by TNT Express in connection with the Merger, will be added to the distributable reserves of TNT Express.

(k) The exchange ratio of the shares to be allotted in connection with the Merger and the amount of the payments to be made pursuant to the exchange ratio.

Following the Demerger, TNT N.V. will hold 5,441 shares with a nominal value of EUR 1 each in the capital of Express Holdco, being 29.9% of the issued and outstanding share capital of Express Holdco. TNT Express will hold the remaining 12,759 shares in the capital of Express Holdco.

As a result of the Demerger, TNT Express will have an issued and outstanding share capital of EUR 30,397,220.80, consisting of 379,965,260 ordinary shares with a nominal value of EUR 0.08 each.

The exchange ratio is determined as follows. It is agreed that TNT N.V. will hold the same percentage of shares in the capital of TNT Express following the Merger, as it will hold in Express Holdco after the Demerger, being a stake of 29.9%. As a result of the Merger, 162,067,921 ordinary shares in the capital of TNT Express, with a nominal value of EUR 0.08 each, will be allotted to TNT N.V. against the 5,441 shares in the capital of Express Holdco held by TNT N.V. following the Demerger. Consequently, the exchange ratio (rounded to two decimal places) is 1:29,786.42 (the **Exchange Ratio**).

As a result of the Merger, TNT Express will have an issued and outstanding share capital of EUR 43,362,654.48, consisting of 542,033,181 ordinary shares with a nominal value of EUR 0.08 each.

Payments will not be made in connection with the Exchange Ratio.

(l) The date as of which and the extent to which TNT N.V. will share in the profits of TNT Express.

TNT Express will allot ordinary shares to TNT N.V. as at the Merger becoming effective. TNT N.V. will share in the profits of TNT Express over the financial year 2011 as of 1 January 2011, in proportion to the aggregate nominal value of ordinary shares held by it and subject to due observance of Article 30 of the Proposed TNT Express Articles.

(m) Cancellation of shares upon application of Section 2:325, subsection 3 of the Dutch Civil Code.

TNT Express will not cancel any shares.

Auditors statements.

Mr. R. Dekkers of PricewaterhouseCoopers Accountants N.V. in Amsterdam, the Netherlands, has issued:

- (1) an auditors statement referred to in Section 2:328, subsection 1 of the Dutch Civil Code, regarding the reasonableness of the Exchange Ratio; and
- (2) an auditors statement referred to in Section 2:328, subsection 1 of the Dutch Civil Code, regarding the value of the equity of Express Holdco.

These statement are attached to this proposal as Annex B.

Signed in Hoofddorp, the Netherlands on 7 April 2011.

ANNEXES:

Annex A.1: articles of association of TNT Express as currently in effect

Annex A.2: articles of association of TNT Express as they will read after the Demerger

Annex B: auditors statement referred to in Section 2:328, subsection I of the Dutch Civil Code, regarding the reasonableness of the Exchange Ratio and the value of the equity of Express Holdco

PART 2

EXPLANATORY NOTES TO MERGER PROPOSAL

These explanatory notes (the **Explanatory Notes**) are made in respect of the proposal for the merger (the **Merger Proposal**) under Section 2:309 of the Dutch Civil Code (the **Merger**) between TNT Express N.V., a public company under Dutch law (*naamloze vennootschap*), having its official seat in Amsterdam, the Netherlands, its office address at Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands, and registered with the trade register under number 33267240 (**TNT Express**), and TNT Express Holdco B.V., a private limited liability company under Dutch law (*besloten vennootschap met beperkte aansprakelijkheid*), having its official seat in Amsterdam, the Netherlands, its office address at Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands, and registered with the trade register under number 33186455 (**Express Holdco**, and collectively with TNT Express: the **Merging Parties**), as a result of which (i) Express Holdco will cease to exist, (ii) the assets and liabilities of Express Holdco will be acquired by TNT Express under universal succession of title, and (iii) TNT Express will allot shares to TNT N.V., a public company under Dutch law (*naamloze vennootschap*), having its official seat in Hoofddorp, the Netherlands, its office address at Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands, and registered with the trade register under number 27168968 (TNT N.V.).

These Explanatory Notes have been prepared by the Executive Board of TNT Express and the management board of Express Holdco.

Immediately prior to the Merger but after the proposed Demerger (as defined in the Merger Proposal) by TNT N.V. of part of the assets of TNT N.V. (the **Express Business**) to TNT Express becomes effective, TNT Express will hold 70.1% of the issued shares in the capital of Express Holdco. TNT N.V. will hold the remaining 29.9% of the issued shares in the capital of Express Holdco. The Executive Board of TNT Express and the management board of Express Holdco propose that Express Holdco merges with TNT Express whereby Express Holdco is the disappearing company and TNT Express is the surviving company. As a result of the Merger, all assets and liabilities of Express Holdco will transfer to TNT Express by universal succession of title. As part of the Merger, TNT Express will allot such number of shares to TNT N.V. for it to hold 29.9% of the issued shares in the capital of TNT Express after the Merger.

Reasons for the Merger

The Executive Board of TNT Express and the management board of Express Holdco intend to simplify the legal structure of the group. This will simplify the management of the group and it will lower the costs involved in its management and administration. In addition, TNT N.V. will hold shares in the listed top company, TNT Express.

For these reasons, the Merger is of a business nature.

Expected consequences for the operations

The operations of Express Holdco will be continued by TNT Express.

Explanation from a legal, economic and social point of view

Legal

Under Dutch law, a legal merger (*juridische fusie*) is the act by which all of the assets and liabilities of one company (in this case Express Holdco) are transferred to another company (in this case TNT Express) by way of universal succession of title (*overgang onder algemene titel*). As a result of the Merger, Express Holdco ceases to exist and the shareholders of Express Holdco become shareholders of the acquiring company. The number of shares that the shareholders of Express Holdco receive depends on the proposed exchange ratio. The Merger becomes effective on the day after the execution by the relevant parties of a notarial deed.

Economic

The Merger will result in costs savings due to the simplified group structure and there being no separate administration for Express Holdco.

Social

The Merger is not envisaged to affect jobs and working conditions. Express Holdco does not have any employees.

Exchange ratio

Immediately prior to the Merger becoming effective, (i) TNT Express will hold 70.1% of the issued shares in the capital of Express Holdco and TNT N.V. will hold the remaining 29.9%, and (ii) as part of the Merger, TNT Express will allot such number of ordinary shares to TNT N.V. for it to hold 29.9% of the ordinary shares of TNT Express after the Merger.

The exchange ratio is determined as follows. It is agreed that TNT N.V. will hold the same percentage of ordinary shares following the Merger as it will hold in Express Holdco immediately prior to the Merger becoming effective, being a stake of 29.9%. Consequently, the exchange ratio is (rounded to two decimal places) 1:29,786.42. As a result of the Merger, 162,067,921 ordinary shares, with a nominal value of EUR 0.08 each, will be allotted to TNT N.V. by TNT Express against the 5,441 shares in the capital of Express Holdco held by TNT N.V. immediately prior to the Merger. Payments will not be made in connection with the exchange ratio.

The method used refers to the same percentages held in the Express Business: 29.9%:29.9%, which results in the given exchange ratio for the shares. The valuation of the method used has no effect on the exchange ratio.

The Executive Board of TNT Express and the management board of Express Holdco consider this method of determining the exchange ratio and this exchange ratio to be suitable. In determining the exchange ratio no specific difficulties have arisen.

Auditors report

Mr. R. Dekkers of PricewaterhouseCoopers Accountants N.V. in Amsterdam, the Netherlands, has issued an auditors report pursuant to Section 2:328, subsection 2 of the Dutch Civil Code, regarding the information laid down in these Explanatory Notes. The report is attached to these Explanatory Notes as Annex A.

Signed in Hoofddorp, the Netherlands on 7 April 2011.

ANNEX:

Annex A: auditors report referred to in Section 2:328, subsection 2 of the Dutch Civil Code

ANNEX 3

RECONCILIATION AND COMBINED FINANCIAL STATEMENTS

This Annex contains Combined Financial Statements and a reconciliation to underlying results which have been derived from the Express supplemental report which was issued on 21 February 2011. Additional 2009 and 2008 information has been added to this Annex for prospectus purposes only.

PART I RECONCILIATION

Following the completion of the announced internal legal restructuring on 1 January 2011, the full legal scope of the Express entities to be demerged as well as the legal scope of the remaining TNT N.V. (Mail) Group after demerger have been defined. Accounting standards require TNT N.V. to publish its full year 2010 results and subsequent reports anticipating the demerger of Express.

As a result, the Express entities to be demerged are presented in a single line in the income statement and balance sheet in the TNT N.V. 2010 financial statements.

The most notable differences between the 'new' reporting structure and former segment reporting of TNT are the following:

Difference in scope Express and Mail: 'Other Networks' in addition to certain centrally-managed entities included in Non-allocated will be included in the scope of the demerged Express entity. The remaining centrally managed entities, including TNT N.V., will be included in the scope of the remaining Mail entity. The actual revenues and costs incurred by this changed scope differ from that reported under the previous segment reporting, which was aligned with divisional management responsibilities.

Temporary adjustment – profit pooling arrangement: Previously, a profit pooling arrangement was in place, whereby Express' legal entities absorbed the fiscal losses of Mail. Given that the new reporting structure is on a legal entity basis, these losses are reflected in Express' operating income in 2010 and in the adjusted figures for 2009 and 2008. In anticipation of the demerger the profit pooling arrangement was terminated on 30 November 2010.

Temporary differences – defined benefit pension expense and actual payable pension contributions: As disclosed previously in TNT N.V.'s annual reports, for segment reporting purposes the total defined benefit pension cost for the Dutch pension plans was allocated to the units on the basis of the total pensionable salary of the employees concerned. For statutory purposes, however, the relevant entities recognise the cost equal to the contributions payable for the period in their financial statement (IAS 19.34a). TNT N.V., the sponsor for such plans, recognises the contributions received from the relevant Group companies as a benefit that offsets the defined benefit pension expense. As a consequence, TNT N.V. will show a net benefit given that the contributions received are higher than the defined benefit pension expense. The results of the Express entities to be demerged will show the higher pension cost based on the contributions paid. However, following the demerger, the new Express entity will no longer qualify as a TNT Group entity and will only report defined benefit pension expenses in its income statement.

As a result of the differences explained above, the operating income under the previous segment reporting differs from the operating income for the new Mail and Express entities. A reconciliation of the previous divisional operating income into the operating income for the new entities is shown in the following table:

Reconciliation 2010

	Year ended at 31 December				
<i>(in € millions)</i>	2010 Results previous structure	Scope	Profit pooling	Pensions	2010 Results new structure
Express	6,782	271			7,053
Mail	4,298	(5)			4,293
Other networks	271	(271)			
Non-allocated and intercompany	(22)	22			
Total operating revenues	11,329	17	—	—	11,346
Express	309	(63)	(41)	(25)	180
Mail	402	12	41	25	480
Other networks	11	(11)			
Non-allocated	(62)	62			
Total operating income	660	—	—	—	660

Reconciliation 2009

	Year ended at 31 December				
<i>(in € millions)</i>	2009 Results previous structure	Scope	Profit pooling	Pensions	2009 Results new structure
Express	5,956	252			6,208
Mail	4,216	(4)			4,212
Other networks	253	(253)			
Non-allocated and intercompany	(23)	23			
Total operating revenues	10,402	18	—	—	10,420
Express	193	(16)	(92)	(24)	61
Mail	472	(1)	92	24	587
Other networks	7	(7)			
Non-allocated	(24)	24			
Total operating income	648	—	—	—	648

Reconciliation 2008

<i>(in € millions)</i>	2008 Results previous structure	Scope	Profit pooling	Pensions	2008 Results new structure
Express	6,653	273			6,926
Mail	4,245	(4)			4,241
Other networks	273	(273)			
Non-allocated and intercompany	(19)	19			
Total operating revenues	11,152	15	—	—	11,167
Express	376	(35)	(35)	(20)	286
Mail	633	8	35	20	696
Other networks	11	(11)			
Non-allocated	(38)	38			
Total operating income	982	—	—	—	982

Underlying development 2010, 2009 and 2008

The Group operating income in 2010, 2009 and 2008 was impacted by various non-recurring items. In order to analyse the operational results excluding non-recurring and exceptional items, management assesses the underlying operating income for a deeper understanding of the business performance.

The following table shows the underlying adjustments made to the previous divisional structure operating income.

Reconciliation 2010

Year ended at 31 December							
<i>(in € millions)</i>	Results previous structure	Restructuring related charges	Impairments and other value adjustments	Other	Bad weather/ Strike	Demerger costs	Underlying previous structure 2010
Express	309	16		16	15		356
Mail	402	167	11	(12)	10		578
Other networks	11				11		
Non-allocated	(62)			(10)		45	(27)
Operating income	660	183	11	(6)	25	45	918

Reconciliation 2009

	Year ended at 31 December				
<i>(in € millions)</i>	Results previous structure	Restructuring related charges	Impairments and other value adjustments	Other	Underlying previous structure 2009
Express	193	37	22	4	256
Mail	472	28	146	(15)	631
Other networks	7			7	
Non-allocated	(24)				(24)
Operating income	648	65	168	(11)	870

Reconciliation 2008

	Year ended at 31 December				
<i>(in € millions)</i>	Results previous structure	Restructuring related charges	Impairments and other value adjustments		Underlying previous structure 2008
Express	376	33	37		446
Mail	633	82	7		722
Other networks	11				11
Non-allocated	(38)				(38)
Operating income	982	115	44		1,141

To clarify the underlying performance of the two newly-created groups, similar adjustments can be made for various one-off and exceptional charges related to ongoing activities within these units as well as the one off-charges related solely to the demerger. The table below includes a reconciliation between the operating income of the new Express and Mail entities and the underlying performance.

Reconciliation 2010

Year ended at 31 December										
(in € millions)	Reported 2010	Restructuring related charges	Impairments and other value adjustments	Other	Brazil	Bad weather/ Strike	Demerger costs	Profit pooling	Pensions	Underlying 2010
Express	180	16		(4)	20	15	45	41	25	338
Mail	480	167	11	(22)		10		(41)	(25)	580
Operating income	660	183	11	(26)	20	25	45	0	0	918

Reconciliation 2009

Year ended at 31 December							
(in € millions)	Reported 2009	Restructuring related charges	Impairments and other value adjustments	Other	Profit pooling	Pensions	Underlying 2009
Express	61	37	22	4	92	24	240
Mail	587	28	146	(15)	(92)	(24)	630
Operating income	648	65	168	(11)	0	0	870

Reconciliation 2008

Year ended at 31 December						
(in € millions)	Reported 2008	Restructuring related charges	Impairments and other value adjustments	Profit pooling	Pensions	Underlying 2008
Express	286	33	37	35	20	411
Mail	696	82	7	(35)	(20)	730
Operating income	982	115	44	0	0	1,141

The differences between the underlying operating income and the underlying operating income of the previous structure are due to the inclusion of Other Networks, and certain centrally-managed entities previously included in Non-allocated, in either the new Express or Mail entities.

Reconciliation summary

<i>(in € millions)</i>	Underlying 2010		Underlying 2009		Underlying 2008	
	Previous structure	New structure	Previous structure	New structure	Previous structure	New structure
Express	356	338	256	240	446	411
Mail	578	580	631	630	722	730
Other networks	11		7		11	
Non-allocated	(27)		(24)		(38)	
Total operating income	918	918	870	870	1,141	1,141

The total underlying operating income for the new groups as included in the reconciliation does not take into account additional future measures to optimise head office functions. The impact from foreign currency exchange differences and working days is not included.

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Combined statements of financial position

At 31 December

<i>(in € millions, except percentages)</i>	Notes	2010	variance %	2009	variance %	2008
ASSETS						
Non-current assets						
Intangible assets	(1)					
Goodwill		1,703		1,646		1,559
Other intangible assets		189		207		193
Total		1,892	2.1	1,853	5.8	1,752
Property, plant and equipment						
Land and buildings	(2)	453		452		409
Plant and equipment		245		213		202
Aircraft		259		280		303
Other		108		119		130
Construction in progress		24		13		21
Total		1,089	1.1	1,077	1.1	1,065
Financial fixed assets						
Investments in associates	(3)	42		58		57
Other loans receivable		3		3		3
Deferred tax assets	(22)	230		204		187
Other financial fixed assets		19		20		16
Total		294	3.2	285	8.4	263
Pension assets	(10)	6	50.0	4	100.0	2
Total non-current assets		3,281	1.9	3,219	4.4	3,082
Current assets						
Inventory	(4)	15		13		14
Trade accounts receivable	(5)	1,075		953		923
Accounts receivable	(5)	166		183		1,805
Income tax receivable	(22)	26		33		64
Prepayments and accrued income	(6)	157		130		162
Cash and cash equivalents	(7)	807		830		437
Total current assets		2,246	4.9	2,142	(37.1)	3,405
Assets classified as held for sale	(8)	4		10		15
Total assets		5,531	3.0	5,371	(17.4)	6,502
LIABILITIES AND NET INVESTMENT						
Net investment						
Equity of entities contributed in kind	(9)	2,994		2,751		4,368
Non-controlling interests		8		3		1
Total		3,002	9.0	2,754	(37.0)	4,369
Non-current liabilities						
Deferred tax liabilities	(22)	35		52		51
Provisions for pension liabilities	(10)	49		53		54
Other provisions	(11)	77		69		73
Long term debt	(12)	301		348		348
Accrued liabilities		6		53		5
Total		468	(18.6)	575	8.3	531
Current liabilities						
Trade accounts payable		414		316		254
Other provisions	(11)	91		84		89
Other current liabilities	(13)	845		984		689
Income tax payable	(22)	31		26		27
Accrued current liabilities	(14)	680		632		543
Total		2,061	0.9	2,042	27.5	1,602
Total liabilities and net investment		5,531	3.0	5,371	(17.4)	6,502

The accompanying notes form an integral part of the financial statements.

Combined income statements

Year ended at 31 December

(in € millions, except percentages)

	Notes	2010	variance %	2009	variance %	2008
Net sales	(15)	6,945		6,109		6,791
Other operating revenues	(16)	108		99		135
Total revenues		7,053	13.6	6,208	(10.4)	6,926
Other income	(17)	12				9
Cost of materials		(401)		(290)		(327)
Work contracted out and other external expenses		(3,650)		(3,157)		(3,521)
Salaries and social security contributions	(18)	(2,190)		(2,007)		(2,106)
Depreciation, amortisation and impairments	(19)	(209)		(237)		(270)
Other operating expenses	(20)	(435)		(456)		(425)
Total operating expenses		(6,885)	(12.0)	(6,147)	7.6	(6,649)
Operating income		180	195.1	61	(78.7)	286
Interest and similar income		22		64		162
Interest and similar expenses		(59)		(77)		(210)
Net financial (expense)/income	(21)	(37)	(184.6)	(13)	72.9	(48)
Results from investments in associates	(3)	(17)		(13)		(32)
Profit before income taxes		126	260.0	35	(83.0)	206
Income taxes	(22)	(57)		(43)		(66)
Profit/(loss) for the period		69	962.5	(8)	(105.7)	140
Attributable to:						
Non-controlling interests		3	—	3		—
Equity holders of the parent		66	700.0	(11)	(107.9)	140

The accompanying notes form an integral part of the financial statements.

Combined statements of comprehensive income

<i>(in € millions, except percentages)</i>	Year ended at 31 December				
	2010	variance %	2009	variance %	2008
Profit/(loss) for the period	69		(8)		140
Gains/(losses) on cashflow hedges, net of tax	(7)		13		(15)
Currency translation adjustment net of tax	105		65		(133)
Other comprehensive income for the period	98	25.6	78	152.7	(148)
Total comprehensive income for the period	167	138.6	70	975.0	(8)
Attributable to:					
Non-controlling interests	3		3		0
Equity of entities contributed in kind	164	144.8	67	937.5	(8)

The charges set out above are not necessarily representative of those that would be incurred by Express under separate ownership.

Earnings per share information has not been presented as Express, prior to the demerger, does not have a defined capital structure yet, that is consistent across all of its constituent businesses.

The 2010 tax impact on the cash flow hedges is -€1 million (2009: 6, 2008: -8). There is no tax impact on the currency translation adjustment.

Combined statements of cash flows

	Year ended at 31 December					
	Notes	2010	variance %	2009	variance %	2008
<i>(in € millions, except percentages)</i>						
Profit before income taxes		126		35		206
Adjustments for:						
Depreciation, amortisation and impairments		209		237		270
Share based payments		14		13		12
Investment income:						
(Profit)/loss of assets held for sale	(8)	(9)		3		(5)
Interest and similar income		(22)		(64)		(163)
Foreign exchange (gains) and losses		4		7		1
Interest and similar expenses		55		70		210
Results from investments in associates		17		13		32
Changes in provisions:						
Pension liabilities		(6)		(3)		(7)
Other provisions		(1)		(23)		43
Changes in working capital:						
Inventory		(1)		2		1
Trade accounts receivable		(76)		10		66
Accounts receivable		21		(56)		35
Other current assets		(30)		19		(6)
Trade accounts payable		58		66		61
Other current liabilities excluding short term financing and taxes		(3)		87		15
Cash generated from operations		356	(14.4)	416	(46.0)	771
Interest paid		(39)		(66)		(94)
Income taxes received/(paid)		(76)		(34)		(152)
Net cash from operating activities	(23)	241	(23.7)	316	(39.8)	525
Interest received		13		22		52
Acquisition of subsidiaries and joint ventures (net of cash)		(23)		(62)		
Investments in associates		(8)		(15)		(12)
Disposal of associates		8				
Capital expenditure on intangible assets		(50)		(36)		(52)
Disposal of intangible assets		2		1		
Capital expenditure on property, plant and equipment		(121)		(120)		(202)
Proceeds from sale of property, plant and equipment		26		26		11
Other changes in (financial) fixed assets		2		(1)		4
Changes in non-controlling interests		1		—		
Net cash used in investing activities	(24)	(150)	18.9	(185)	7.0	(199)
Proceeds from long term borrowings		5		24		
Repayments of long term borrowings		(19)		(9)		(2)
Proceeds from short term borrowings		9		32		367
Repayments of short term borrowings		(51)		(377)		(66)
Repayments of finance leases		(24)		(21)		(22)
Financing related to TNT		(41)		612		(382)
Net cash used in financing activities	(25)	(121)	(146.4)	261	348.6	(105)
Total changes in cash		(30)		392		221

The accompanying notes form an integral part of the financial statements.

Combined statements of changes in net investment

<i>(in € millions)</i>	Net investment	Translation reserve	Hedging reserve	Equity of entities contributed in kind	Non- controlling interests	Total net investment
Balance at 31 December						
2007	1,475	(86)	(13)	1,376	1	1,377
Total comprehensive income	140	(133)	(15)	(8)		(8)
Capital contributions/reductions	2,912			2,912		2,912
Dividends						
Other	88			88		88
Total movement in						
TNT N.V. investments	3,000	0	0	3,000		3,000
Balance at 31 December						
2008	4,615	(219)	(28)	4,368	1	4,369
Total comprehensive income	(11)	65	13	67	3	70
Capital contributions/reductions	723			723		723
Dividends	(2,664)			(2,664)		(2,664)
Other	257			257	(1)	256
Total movement in						
TNT N.V. investments	(1,684)	0	0	(1,684)	(1)	(1,685)
Balance at 31 December						
2009	2,920	(154)	(15)	2,751	3	2,754
Total comprehensive income	66	105	(7)	164	3	167
Capital contributions/reductions	96			96		96
Other	(17)			(17)	2	(15)
Total movement in						
TNT N.V. investments	79	0	0	79	2	81
Balance at 31 December						
2010	3,065	(49)	(22)	2,994	8	3,002

See the accompanying note 9 for further details regarding changes in net investment.

The capital structure set out above is not necessarily representative of the capital structure of Express under separate ownership. The new capital structure will determine the restrictions on the distribution of dividends and repayment of capital.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

GENERAL INFORMATION AND DESCRIPTION OF THE BUSINESS

As part of its Vision 2015 strategy, TNT N.V. (hereafter also referred to as 'TNT') announced on 2 December 2010 that the Express business would be demerged from TNT N.V. and that consequently TNT N.V. would only comprise of Mail activities. With the demerger, TNT aims to realise two strong, independently listed companies. Both the Board of Management and the Supervisory Board of TNT have approved all required decisions for the proposed demerger. The main reasons for separation are the increasingly divergent strategic profiles of the two units and the limited synergies existing between them. Mail is faced with a continuously declining mail market in the Netherlands and has to focus on sustaining solid cash flows and operational efficiency. The priorities for Express are to grow its existing strong European networks, continue to grow the intercontinental business from and to Europe into adjacent markets and to secure contributions from its existing strong positions in China, South America and India. Separation will enable greater internal focus on each business, with single-business investment discipline and capital allocation and leaner, more flexible organisations. TNT N.V. will retain a 29.9% minority financial shareholding in Express.

This demerger will be proposed to the shareholders of TNT during the Annual Meeting of Shareholders on 25 May 2011. The demerger will be effective pending shareholder approval.

In order to provide additional insight into the performance and financial position of the Express business (hereafter referred to as 'Express' or 'the company'), combined financial statements of Express have been prepared for the financial years 2010, 2009 and 2008.

The combined financial statements have been authorised for issue by TNT's Board of Management and Supervisory Board on 11 April 2011.

Following the internal restructuring conducted throughout 2010, Express legal entities that are assigned to Express have been contributed in kind and as a result are legally owned by Express Holdco B.V. as at 31 December 2010.

In the proposed demerger, TNT N.V. intends to demerge to its wholly-owned subsidiary TNT Express N.V. a 70.1% stake in its wholly-owned subsidiary TNT Express Holdco B.V., which directly or indirectly owns 100% of the Express subsidiaries and activities. At the same time TNT N.V. will also demerge 100% of its shares in TNT Express N.V., which shares will automatically be cancelled as a result of the demerger. Consequently TNT N.V. will not hold an interest in TNT Express N.V. anymore. TNT Express N.V. will allot new shares to the shareholders of TNT N.V. in a 1:1 ratio.

The demerger is followed by a merger whereby TNT Express Holdco B.V. merges into TNT Express N.V. and ceases to exist. In exchange, TNT Express N.V. will allot new shares to TNT N.V. and thereafter TNT N.V. will hold a 29.9% interest in TNT Express N.V.

In addition, to achieve the desired leverage structure, an intercompany receivable of TNT N.V. on TNT Mail Holding B.V., a wholly owned subsidiary of TNT N.V., will be demerged to Express.

The basis of preparation, combination and preparation of the combined financial statements of Express is further described below.

BASIS OF PREPARATION

Express provides door-to-door express delivery services for customers sending documents, parcels, freight and special services worldwide, with a focus on time-certain and/or day-certain pick-up and delivery. The main sectors Express services are high tech, automotive, industrial, healthcare and lifestyle. Express is structured per geography and function.

The Combined Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU). The Combined Financial Statements are the first financial statements prepared by the Company which includes the Express business entities in scope. The Company has elected to not apply IFRS 1, "First-time Adoption of International Financial Reporting Standards" but to apply the same accounting policies as those applied in the historical reporting of financial information to TNT N.V.

The accounting policies in the historical combined financial statements for Express are consistent with the accounting policies applied in TNT's consolidated financial statements, which comply with IFRS as adopted by the EU. As a result the combined financial statements are based on predecessor values.

The combined financial statements have not been prepared under Part 9 of Book 2 of the Netherlands Civil Code. They have been prepared under the historical cost convention in accordance with IFRS, except for certain financial instruments which are measured at fair value, and may not be indicative of the actual results of operations and financial position of Express had it operated as a separate entity.

Complex financial history

The Company's financial history does not cover the Express business, as the Company will only acquire the Express business as a result of the Demerger. The financial information in respect of the Express business is included in the individual financial information of the legal entities that constitute the Express business, i.e. TNT Express Holdco and its subsidiaries. This affects the ability of an investor to make an informed assessment of the Express business. As a consequence, the Company is to be treated as having a "complex financial history" as meant in Commission Regulation (EC) 211/2007. In order to assist the investor in making an informed assessment, audited combined financial statements have been prepared of the legal entities that constitute the Express Business for the financial years ended 31 December 2010, 2009 and 2008, respectively, in this Prospectus defined as 'Combined Financial Statements'.

Carve-out

The Combined Financial Statements have been prepared on a "carve-out" basis from the TNT N.V. consolidated financial statements for the purposes of presenting the financial position, results of operations and cash flows of the Company on a stand-alone basis. In preparing the Combined Financial Statements, the financial information of the legal entities within Express has been extracted from the reporting records on a legal entity basis, which have been reported for group consolidation purposes. The accounting policies in the Combined Financial Statements are consistent with the accounting policies applied in TNT N.V.'s consolidated financial statements. As a result the Combined Financial Statements are based on predecessor values.

Limitations inherent to carve-out

Express did not operate as a standalone entity in the past and therefore, the Combined Financial Statements are an approximation of what its combined financial results of operations, financial position and cash flows might have been, had Express operated as a separate entity apart from TNT N.V. during the periods presented.

The combined financial statements of Express reflect assets, liabilities, revenues and expenses directly attributable to Express, including management fee allocations recognised on a historical basis in the accounting records of TNT on a legal entity basis. Although it is not possible to estimate the actual costs that would have been incurred if the services performed by TNT had been purchased from independent third parties, the allocations are considered to be reasonable by the directors of TNT and management of Express. However, the financial position, results of operations and cash flows of Express are not necessarily representative or indicative of those that would have been achieved had Express operated autonomously or as an entity independent from TNT.

Basis of combination

In determining the entities to be included in the combined financial statements, management considered those entities that have been managed as part of Express on a historical basis.

Currently, the legal entities of the Express business are held by Express Holdco B.V. following the internal restructuring that was finalised late end December 2010. As a result, the financial statements have not been prepared by consolidating the current ultimate parent Express Holdco B.V. and its subsidiaries for the financial years 2008, 2009 and 2010. Instead the financial statements have been prepared by combining all individual subsidiaries into one reporting entity, Express Holdco B.V. The list of individual legal entities included within these combined financial statements, which together form the Express business is provided in note 36. These entities have been classified as subsidiary, associate or joint venture undertakings as described below and all intra-Express transactions, balances, income and expenses, including unrealised profits on such transactions, have been eliminated on combination. Unrealised losses have also been eliminated unless the transaction provided evidence of an impairment of the asset transferred.

Net investment

The net investment by other TNT companies includes the aggregated combined share capital of the entities included within the combined financial statements, capital contributions and reductions, dividend payments and other movements relating to TNT investments not managed as part of the Express business, accumulated results, cumulative translation adjustments and cash flow hedging.

Management fee

TNT uses a cost recovery mechanism to recover certain central management and other similar costs it incurs at a corporate level. The management fees reflected in the combined financial statements are based on the amounts historically due and have been recorded in the accounts of the individual legal entities within Express under the contractual cost recovery mechanism. An appropriate proportion of the remuneration of personnel for TNT and Express, including their salaries and pension costs, is included in these management fees. These management fees have either been directly attributed to individual operations of Express or, for costs incurred centrally, allocated between the relevant TNT businesses and Express operations on arm's length basis. A complete discussion of the relationship Express has with TNT and other TNT entities is included in note 32 to these combined financial statements.

Pension and post retirement costs

Express operates a number of pension plans around the world, which include defined benefit plans in the Netherlands, United Kingdom, Germany, Italy and Australia. The Dutch pension plans are funded defined benefit plans covered by pension funds externally funded in 'Stichting Pensioenfonds TNT' and 'Stichting Ondernemingspensioenfonds TNT'. TNT N.V. is the sponsoring employer for these two Dutch pension plans and consequently these pension plans qualify as Group plans for Express, in accordance with IAS 19.34a. Due to their qualification as Group plans, Express recognises in the combined financial statement a cost equal to the contribution payable for the period.

Interest

The interest charge reflected in the combined financial statements is based on the interest charge historically incurred by the entities included in Express on specific external borrowings or financing provided by other TNT companies. Details of specific external borrowings and borrowings held with other TNT companies are set out in notes 12 and 13.

Taxation

The tax charge attributable to Express is based on the tax charge attributable to the individual entity or group of TNT entities in the relevant individual tax jurisdictions, on a separate return basis. Tax liabilities that may arise from any separation from TNT tax groups of the operations of Express in specific countries have not been reflected in these combined financial statements.

Goodwill

Goodwill recorded at a consolidated TNT level and attributable to Express as a result of previous business combinations with parties outside of the TNT group of companies has been recorded in these combined financial statements.

Share-based Payments

A number of Express employees participate in TNT's performance share schemes. For purposes of these combined financial statements, transfers of TNT's equity instruments to employees of Express have been reflected as equity settled share-based payment transactions.

The principal accounting policies applied in the preparation of these combined financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. All amounts included in the financial statements are presented in euro, unless otherwise stated.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional currency and presentation currency

Items included in the financial statements of all Express' entities are measured using the currency of the primary environment in which the entity operates ('the functional currency'). The combined financial statements are presented in euros, which is the functional and presentation currency of Express.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated to the functional currency using year-end exchange rates.

Foreign currency exchange gains and losses resulting from the settlement of foreign currency transactions and balances and from the translation at year-end exchange rates are recognised in the income statement, except for qualifying cash flow hedges and qualifying net investment hedges that are directly recognised in equity.

Foreign operations

The results and financial position of all Express entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing exchange rate,
- income and expenses are translated at average exchange rates, and
- the resulting exchange differences based on the different ways of translation between the balance sheet and the income statement are recognised as a separate component of equity (translation reserve).

Foreign currency exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments are taken to the translation reserve. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate.

Subsidiaries, associates and joint ventures

Subsidiaries are all entities (including special purpose entities) over which Express has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Express controls another entity.

An associate is an entity that is neither a subsidiary nor an interest in a joint venture, over which commercial and financial policy decisions Express has the power to exert significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over those policies. Express' share of results of all significant associates is included in the combined financial statements of income using the equity method. The carrying value of Express' share in associates includes goodwill on acquisition and includes changes to reflect Express' share in net earnings of the respective companies, reduced by dividends received. Express' share in non-distributed earnings of associates is included in net investment. When Express' share of any accumulated losses exceeds the acquisition value of the shares in the associates, the book value is reduced to zero and the reporting of losses ceases, unless Express is bound by guarantees or other undertakings in relation to the associate.

A joint venture is a contractual arrangement whereby Express and one or more parties undertake an economic activity that is subject to joint control. Joint ventures in which Express participates with other parties are proportionately combined. In applying the proportionate combination method, Express' percentage share of the balance sheet and income statement items are included in Express' combined financial statements

Business combinations

Express uses the acquisition method of accounting to account for the acquisition of subsidiaries. The consideration of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes also the fair value arising from contingent consideration arrangements. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred over the fair value of Express' share of the identifiable net assets of the subsidiary is recorded as goodwill. If the cost of acquisition is less than the fair value of Express' share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Express treats transactions with non-controlling interests as transactions with equity owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When Express ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if Express had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The non-controlling interest is initially measured at the proportion of the non-controlling interest in the recognized net fair value of the assets, liabilities and contingent liabilities. Losses applicable to the non-controlling in excess of the non-controlling interest in the subsidiary's equity are allocated against Express' interests except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with Express' accounting policies.

Express applied the new policies as described above prospectively to transactions occurring on or after 1 January 2010. Prior to 1 January 2010, the cost of an acquisition was measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination were measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Transactions with non-controlling interests were treated as transactions with external parties. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings. When the group ceased to have control or significant influence over an entity, the carrying amount of the investment at the date control or significant influence became its cost for the purposes of subsequent accounting.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the share of the identifiable net assets acquired by Express. Goodwill on acquisitions of subsidiaries and joint ventures is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is recognised as an asset and, although it is not amortised, it is reviewed for impairment annually and whenever there is a possible indicator of impairment. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Goodwill is carried at cost less accumulated impairment losses. On disposal of an entity any residual amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous historic values, as no adjustment was required on transition. These have also been subject to impairment tests at that date and will continue to be, at least, annually.

Other intangible assets

Costs related to the development and installation of software for internal use are capitalised at historical cost and amortised over the estimated useful life. Apart from software, other intangible assets mainly include customer relationships, assets under development, licences and concessions. Other intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

An asset is transferred to its respective intangible asset category at the moment it is ready for use and is amortised using the straight-line method over its estimated useful life. Other intangible assets are valued at historical cost less amortisation and impairment.

Property, plant and equipment

Property, plant and equipment are valued at historical cost using a component approach, less depreciation and impairment losses. In addition to the costs of acquisition, the company also includes costs of bringing the asset to working condition, handling and installation costs and the non-refundable purchase taxes. Under the component approach, each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

Depreciation is calculated using the straight-line method based on the estimated useful life, taking into account any residual value. The asset's residual value and useful life is reviewed, and adjusted if appropriate, at each balance sheet date. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Land is not depreciated. System software is capitalised and amortised as a part of the tangible fixed asset for which it was acquired to operate, because the estimated useful life is inextricably linked to the estimated useful life of the associated asset.

Leases of property, plant and equipment are classified as finance leases if the company has substantially all the risks and rewards of ownership. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in long-term debt. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Impairment of goodwill, intangible assets and property, plant and equipment

Goodwill

Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is an indication that the asset might be impaired.

For the purposes of assessing impairment, assets are grouped by cash generating unit, the lowest level at which there are separately identifiable cash flows. For impairment testing of goodwill, the cash generating unit is defined as the lowest level where goodwill is monitored for internal purposes. This level may be higher than the level used for testing other assets, but is not at a higher level than an operating segment.

If the recoverable value of the cash generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. The recoverable amount is the higher of the fair value less cost to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the asset specific risks. For the purpose of assessing impairment, corporate assets are allocated to specific cash generating units before impairment testing. The allocation of the corporate assets is based on the contribution of those assets to the future cash flows of the cash generating unit under review. Goodwill following the acquisition of associates is not separately recognised or tested for impairment.

Impairment losses recognised for goodwill are not reversed in a subsequent period.

Finite lived intangible assets and property, plant and equipment

At each balance sheet date, Express reviews the carrying amount of its finite lived intangible assets and property, plant and equipment to determine whether there is an indication that those assets have suffered an impairment loss. If any indication exists, the recoverable amount of the assets is estimated in order to determine the extent, if any, of the impairment loss. An asset is impaired if the recoverable amount is lower than the carrying value. The recoverable amount is defined as the higher of an asset's fair value less costs to sell and its value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised immediately in the

income statement. Impairment losses recognised in prior periods shall be reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The recoverable amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Financial assets and liabilities

Express classifies financial assets and liabilities into the following categories: financial assets and liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and financial liabilities measured at amortised cost. The classification depends on the purpose for which the financial asset or liability was acquired. Management determines the classification of Express' financial assets and liabilities at initial recognition.

Financial assets and financial liabilities at fair value through profit or loss include derivatives and other assets and liabilities that are designated as such upon initial recognition.

Measurement at fair value requires disclosure of measurement methods by level of the following fair value measurement hierarchy:

- 1 Quoted prices (unadjusted) in active markets;
- 2 Inputs other than quoted prices that are observable either directly (prices) or indirectly (derived from prices);
- 3 Inputs not based on observable market data.

'Financial assets and financial liabilities at fair value through profit or loss' are initially recorded at fair value net of transaction costs incurred and subsequently re-measured at fair value on the balance sheet. Express designates certain derivatives as: hedges of the fair value of recognised assets and liabilities of a firm commitment (fair value hedge); hedges of a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction (cash flow hedge); or hedges of a net investment in a foreign operation (net investment hedge).

If a derivative is designated as a cash flow or net investment hedge, changes in its fair value are considered to be effective and recorded in a separate component in equity until the hedged item is recorded in income. Any portion of a change in the fair value of a derivative that is considered to be ineffective, or is excluded from the measurement of effectiveness, is immediately recorded in the income statement.

At the inception of the transaction, Express documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The company also documents the assessment, both at hedge inception and on an ongoing basis, of whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit and loss (for example, when the forecasted sale that is hedged takes place). However, when the forecasted transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the asset or liability.

When a hedging instrument expires or is sold, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gains or losses existing in equity at that time, remain in equity until the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gains or losses that were reported in equity are immediately transferred to the income statement.

Loans granted and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which Express has no intention of trading. Loans and receivables are included in trade and other receivables in the balance sheet, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities where Express has the positive intention and ability to hold to maturity.

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months as per the balance sheet date. Available-for-sale financial assets are carried at fair value.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Unrealised gains and losses arising from changes in the fair value of financial assets and liabilities classified as at fair value through profit and loss are directly recorded in the income statement.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in equity. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the combined income statement as a gain or a loss.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), Express establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

Express assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement – is removed from equity and recognised in the income statement. Impairment losses on equity instruments recognised in the income statement are not reversed through the income statement.

Financial liabilities measured at amortised cost are recognised initially at fair value net of transaction costs incurred and are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the financial liability using the effective interest method.

Inventory

Inventories of raw materials and finished goods are valued at the lower of historical cost or net realisable value. Historical cost is based on weighted average prices.

Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of accounts receivable is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the loss is recognised in the income statement. Any reversal of the impairment loss is included in the income statement at the same line as where the original expense has been recorded.

The risk of uncollectibility of accounts receivable is primarily estimated based on prior experience with, and the past due status of, doubtful debtors, while large accounts are assessed individually based on factors that include ability to pay, bankruptcy and payment history. In addition, debtors in certain countries are subject to a higher collectability risk, which is taken into account when assessing the overall risk of uncollectability. The assumptions and estimates applied for determining the valuation allowance are reviewed periodically.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at fair value. Cash and cash equivalents include cash at hand, bank account balances, bills of exchange and cheques (only those which can be cashed in the short-term). All highly liquid investments with an original maturity of three months or less at date of purchase are considered to be cash equivalents. Bank overdrafts are not netted off from cash and cash equivalents.

Assets of disposal group classified as held for sale and discontinued operations

Assets (or disposal groups) held for sale are classified as assets held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Assets held for sale are no longer amortised or depreciated from the time they are classified as such.

Operations that represent a separate major line of business or geographical area of operations, or that are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale and either have been disposed of or have been classified as held for sale, are presented as discontinued operations in Express' income statement.

Provisions for pension liabilities

TNT N.V. is the sponsoring employer for the Dutch pension plan, which is externally funded and covers the majority of TNT's employees in the Netherlands. In accordance with IAS 19.34a the net defined benefit cost is recognised in the corporate financial statements of TNT N.V. The participating Express companies recognise the costs equal to the contribution payable for the period in the financial statements and therefore account their participation in the Dutch pension plan on a defined contribution basis.

The obligation for all pension and other post-employment plans that qualify as defined benefit plans is determined by calculating the present value of the defined benefit obligation and deducting the fair value of the plan assets. Express uses actuarial calculations (projected unit credit method) to measure the obligations and the costs. For the calculations, actuarial assumptions are made about demographic variables (such as employee turnover and mortality) and financial variables (such as the expected long-term return on plan assets). The discount rate is determined by reference to market rates.

Cumulative actuarial gains and losses are recognised in the balance sheet. The portion of the cumulative actuarial gains and losses that exceed the higher of 10% of the obligation or 10% of the fair value of plan assets (corridor approach) is recognised in the income statement over the employees' expected average remaining service lives.

Past service costs, if any, are recognised on a straight-line basis over the average vesting period of the amended pension or early retirement benefits. Certain past service costs may be recognised immediately if the benefits vest immediately.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised at the date of the curtailment or settlement.

Pension costs for defined contribution plans are expensed in the income statement when incurred or due.

Other provisions

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The gross up of the provision following the discounting of the provision is recorded in the income statement as interest expense.

Provisions are recorded for employee benefit obligations, restructuring, onerous contracts and other obligations.

The provision for employee benefit obligations includes long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit sharing, bonuses and deferred compensation. The expected costs of these benefits are recognised over the period of employment. Actuarial gains and losses and changes in actuarial assumptions are charged or credited to income in the period such gain or loss occurs. Related service costs are recognised immediately.

The provision recorded for restructuring largely relates to termination benefits. Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Express recognises termination benefits when

the company has committed to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

Provisions for onerous contracts are recorded when the unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to arise from that contract, taking into account impairment of fixed assets first. The provision for other obligations relates to legal and contractual obligations and received claims.

Trade accounts payable

Trade accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income.

The amount of income tax included in the income statement is determined in accordance with the rules established by the taxation authorities, based on which income taxes are payable or recoverable.

Deferred tax assets and liabilities, arising from temporary differences between the carrying amounts of assets and liabilities and the tax base of assets and liabilities, are calculated using the substantively enacted tax rates expected to apply when they are realised or settled. Deferred tax assets are recognised if it is probable that they will be realised. Deferred tax assets and liabilities where a legally enforceable right to offset exists and within the same tax group are presented net in the balance sheet.

Revenue recognition

Revenues are recognised when services are rendered, goods are delivered or work is completed. Revenue is the gross inflow of economic benefits during the current year that arise from ordinary activities and result in an increase in equity, other than increases relating to contributions from equity participants.

Revenues of delivered goods and services are recognised when:

- the company has transferred to a buyer the significant risks and rewards of ownership of the goods and services,
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control of the goods and services sold,
- the amounts of revenue are measured reliably,
- it is probable that the economic benefits associated with the transaction will flow to the company,
- the costs to be incurred in respect of the transaction can be measured reliably, and
- the stage of completion of the transaction at the balance sheet date can be measured reliably.

Revenue is measured at the fair value of the consideration of received amounts or receivable amounts.

Amounts received in advance are recorded as accrued liabilities until services are rendered to customers or goods are delivered.

Net sales

Net sales represent the revenues from the delivery of goods and services to third parties less discounts, credit notes and taxes levied on sales. Accumulated experience is used to estimate and provide for the discounts and returns.

Other operating revenues

Other operating revenues relate to the sale of goods and rendering of services not related to the normal trading activities of Express and mainly include sale of passenger/charter revenue, custom clearance income and administration fees.

Other income

Other income includes net gains or losses from the sale of property, plant and equipment and other gains and losses.

Operating expenses

Operating expenses represent the direct and indirect expenses attributable to sales, including cost of materials, cost of work contracted out and other external expenses, personnel expenses directly related to operations, and depreciation, amortisation and impairment charges.

Salaries

Salaries, wages and social security costs are charged to the profit and loss account when due, and in accordance with employment contracts and obligations.

Profit-sharing and bonus plans

The company recognises a liability and an expense for cash settled bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable after normalisation for certain one-off items.

Share-based payments

Express has equity-settled, share-based compensation plans. Share-based payment transactions are transactions in which Express receives benefits from its employees in consideration for TNT N.V.'s equity instruments. The fair value of the share-based transactions is recognised as an expense (part of the employee costs) and a corresponding increase in equity over the vesting period. The fair value of share-based payments under the company's Performance Share Plan is calculated using the Monte Carlo model. The equity instruments granted do not vest until the employee completes a specified period of service.

Interest income and expense

Interest income and expense are recognised on a time proportion basis using the effective interest method. Interest income comprises interest income on loans and receivables, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains and gains on hedged items. Interest expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets and losses on hedged items.

All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they can be capitalised as cost of a qualifying asset.

Grants

Grants are recognised initially when there is reasonable assurance that they will be received and Express has complied with the conditions associated with the grant. Grants that compensate Express for expenses incurred are recognised in the income statement on a systematic basis in the same period in which the expenses are recognised. Grants that compensate Express for the cost of an asset are deducted from the historical value of the asset and recognised in the income statement on a systematic basis over the useful life of the asset.

Operating leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Combined statement of cash flows

The combined statement of cash flows is prepared using the indirect method. Cash flows in foreign currencies are translated at average exchange rates. Exchange rate differences affecting cash items are shown separately in the statement of cash flows. Receipts and payments with respect to taxation on profits are included in the cash flow from operating activities. Interest payments are included in cash flows from operating activities while interest receipts are included in cash flows from investing activities. The cost of acquisition of subsidiaries, associates and investments, insofar as it was paid for in cash, is included in cash flows from investing activities. Acquisitions of subsidiaries are presented net of cash balances acquired. Cash flows from derivatives are recognised in the statement of cash flows in the same category as those of the hedged item.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers (CODM), who are responsible for allocating resources and assessing performance of the operating segments. The CODM has been identified as the Board of Management of TNT N.V., which makes strategic decisions. The Board of Management receives operational and financial information on a monthly basis for Express and Other Networks as these were two of the segments of the TNT Group. Due to the demerger of the Express business, the segment information in the 2010 combined financial statements focuses on the operating segments of the Express business that will be the reportable segments going forward. As a consequence, the 2010 segment information discloses details relating to the operating segments of the Express business. These are Europe & MEA, ASPAC, Americas and Other Networks. For comparison purposes, the 2009 and 2008 segment information has been presented consistently.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING EXPRESS' ACCOUNTING POLICIES

The preparation of the financial statements of Express requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of Express' financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Express makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Business combinations

Express accounts for all its business combinations applying the acquisition method unless it is a combination of entities under common control. The assets acquired and the liabilities assumed are recognised and measured on the basis of their fair values at the date of acquisition. To determine fair values of assets acquired and liabilities assumed, Express must make estimates and use valuation techniques when a market value is not readily available. Any excess of the cost of an acquisition over the fair value of the net identifiable assets acquired represents goodwill.

In preparing these combined financial statements, internal reorganisations or transfer of businesses between Express companies were accounted for at predecessor carrying amounts. These transactions did not give rise to goodwill.

Impairment of assets

In determining impairments of intangible assets including goodwill, tangible fixed assets and financial fixed assets, management must make significant judgements and estimates to determine whether the fair value of the cash flows generated by those assets is less than their carrying value. Determining cash flows requires the use of judgements and estimates that have been included in the strategic plans and long-range forecasts of Express. The data necessary for executing the impairment tests are based on management estimates of future cash flows, which require estimating revenue growth rates and profit margins. For applied sensitivities on intangible assets, see note 1.

Depreciation and amortisation of tangible and intangible fixed assets

Tangible and intangible fixed assets, except for goodwill, are depreciated or amortised at historical cost using a straight-line method based on the estimated useful life, taking into account any residual value. The asset's residual value and useful life are based on Express' best estimates and reviewed, and adjusted if required, at each balance sheet date.

Impairment of receivables

The risk of uncollectability of accounts receivable is primarily estimated based on prior experience with, and the past due status of, doubtful debtors, while large accounts are individually assessed, based on factors that include ability to pay, bankruptcy and payment history. In addition, debtors in certain countries are subject to a higher collectability risk, which is taken into account when assessing the overall risk of uncollectability. The assumptions and estimates applied for determining the valuation allowance are reviewed periodically.

Restructuring

Restructuring charges mainly result from restructuring operations, including combinations and/or relocations of operations, changes in Express' strategic direction, or managerial responses to declining demand, increasing costs or other market factors. Restructuring provisions reflect many estimates, including those pertaining to separation costs, reduction of excess facilities, contract settlements and tangible asset impairments. Actual experience has been and may continue to be different from these estimates.

Income taxes

The company is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision and liability for income taxes. There are many transactions and calculations where the ultimate tax determination is uncertain during the ordinary course of business. Express recognises liabilities for tax issues based on estimates of whether additional taxes will be due,

based on its best interpretation of the relevant tax laws and rules. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Express recognises deferred tax assets to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered. This is based on estimates of taxable income by jurisdiction in which the company operates and the period over which deferred tax assets are recoverable. In the event that actual results differ from these estimates in future periods, and depending on the tax strategies that the company may be able to implement, changes to the recognition of deferred tax assets could be required, which could impact Express' financial position and net profit.

Accounting for assets classified as held for sale

Accounting for assets classified as held for sale requires the use of significant assumptions and estimates, such as the assumptions used in the fair value calculations as well as the estimated costs to sell.

Contingent liabilities

Legal proceedings covering a range of matters are pending against the company in various jurisdictions. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the company often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, Express consults with legal counsel and certain other experts on matters related to litigations.

Express accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

Changes in accounting policies and disclosures

a) New and amended standards adopted by Express in 2010

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010 and have been adopted by Express:

- IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. IFRS 3 revised continues to apply the acquisition method to business combinations. Significant changes have been incorporated, including the remeasurement through the income statement of contingent payments associated with the purchase of the business, expensing of all acquisition-related costs and the choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquirer's net assets. Express will apply IFRS 3 (revised) prospectively to all business combinations as from 1 January 2010. Prior acquisitions will not be affected by this revised IFRS. The impact of IFRS 3 revised on the 2010 financial position, income statement and cash flow is limited due to the absence of significant acquisitions in 2010.
- IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. IAS 27 (revised) has had no impact on the current period as no transactions whereby an interest in an entity is retained after the loss of control of that entity occurred, and there have been no transactions with non-controlling interests.
- IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics). This amendment has no significant impact on goodwill impairment testing as the largest cash generating unit for impairment testing was already lower or equal to the operating segment structure.

b) The following IFRS amendments are currently not relevant for Express:

- IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water).
- IFRIC 9, 'Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement', effective 1 July 2009. This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the 'fair value through profit or loss' category.
- IFRIC 16, 'Hedges of a net investment in a foreign operation' effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within Express, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied.
- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009) and IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations.

IFRIC 17 and IFRS 5 amendment have no impact on the presentation of assets and liabilities in the combined statement of financial position of Express as at 31 December 2010.

c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted by Express:

- IAS 24 (revised), 'Related party disclosures', issued in November 2009. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011 and clarifies and simplifies the definition of a related party. Express will apply the revised standard from 1 January 2011. When the revised standard is applied, Express will need to disclose any transactions between its subsidiaries and its associates.
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt or equity swap). Express will apply the interpretation from 1 January 2011. It is not expected to have any impact on Express' or company's financial statements.
- Amendments to IFRIC 14, 'Prepayments of a minimum funding requirement'. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. Express will apply these amendments for the financial reporting period commencing on 1 January 2011. The amendment will not result in a material impact on Express' financial statements.

d) New and amended standards adopted by Express in 2009

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009 and have been adopted by Express:

- IFRS 7 'Financial instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement

hierarchy. The impact on the disclosure is limited as Express does not hold significant financial assets and liabilities measured at fair value. Most financial instruments are measured at amortised costs. Hedges are measured at fair value and are disclosed in note 30.

- IAS 1 (revised) 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses in the statement of changes in net investment, and requires 'non-owner changes' to be presented separately from owner changes. Express has chosen to present all non-owner changes in net investment in two separate statements, namely, a separate income statement and a separate statement of comprehensive income. Comparative information has been presented in conformity with the revised standard. This change in accounting policy only impacts presentation aspects.
- IFRS 2 (amendment), 'Share-based payment' (effective 1 January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. Express has adopted this IFRS 2 (amendment) as from 1 January 2009. The amendment does not have a material impact on the Express financial statements.
- IAS 23 (amendment), 'Borrowing costs' (effective 1 January 2009) deals with the capitalisation of directly attributable borrowing costs to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The amendment does not have a material impact on the Express financial statements, as borrowing costs of qualifying assets were already capitalised. The extent of capitalised borrowing cost is limited given the nature of Express' operations and relatively low level of construction in progress.

NOTES TO THE COMBINED STATEMENTS OF FINANCIAL POSITION

I Intangible assets: 1,892 million (2009: 1,853, 2008: 1,752)

Statement of changes

<i>(in € millions, except percentages)</i>	Goodwill	Software	Other intangibles	Total
Amortisation percentage		10%-35%	0%-35%	
Historical cost	1,951	332	70	2,353
Accumulated amortisation and impairments	(373)	(175)	(11)	(559)
Balance at 31 December 2007	1,578	157	59	1,794
Changes in 2008				
Additions	3	42	10	55
Disposals				—
(De)consolidation			2	2
Internal transfers/reclassifications	3	(20)	17	—
Amortisation		(42)	(13)	(55)
Impairments		(2)		(2)
Exchange rate differences	(25)	(12)	(5)	(42)
Total changes	(19)	(34)	11	(42)
Historical cost	1,924	319	98	2,341
Accumulated amortisation and impairments	(365)	(196)	(28)	(589)
Balance at 31 December 2008	1,559	123	70	1,752
Changes in 2009				
Additions	54	10	26	90
Disposals	(4)	(1)		(5)
(De)consolidation		1	36	37
Internal transfers/reclassifications		32	(32)	
Amortisation		(39)	(20)	(59)
Impairments			(10)	(10)
Exchange rate differences	37	5	6	48
Total changes	87	8	6	101
Historical cost	2,011	357	135	2,503
Accumulated amortisation and impairments	(365)	(226)	(59)	(650)
Balance at 31 December 2009	1,646	131	76	1,853
Changes in 2010				
Additions	13	11	39	63
Disposals		(2)		(2)
(De)consolidation			(23)	(23)
Internal transfers/reclassifications		29	(29)	—
Amortisation		(46)	(8)	(54)
Exchange rate differences	44	4	7	55
Total changes	57	(4)	(14)	39
Historical cost	2,069	397	138	2,604
Accumulated amortisation and impairments	(366)	(270)	(76)	(712)
Balance at 31 December 2010	1,703	127	62	1,892

Goodwill

Goodwill including that generated from the acquisition of the TNT business is allocated to Express' cash generating units ('CGU's') and tested for impairment. The CGU's correspond to operations in a region and the nature of the services that are provided being: Northern Europe, Southern Europe & MEA, ASPAC, North America, South America and Other Networks.

In 2010, the additions to goodwill of €13 million are the result of the finalisation of the purchase price allocation of the 2009 acquisitions of Espresso Araçatuba (€5 million) and LIT Cargo (€8 million). Exchange rate differences resulted in an increase of goodwill by €44 million (2009: 37, 2008 -25) for acquisitions in Brazil, Chile and China due to the strengthening of the relating currencies compared to the euro.

In 2009, the increase of goodwill amounted to €54 million arising from acquisitions of Espresso Araçatuba (€37 million) and LIT Cargo (€17 million). This resulted also in an increase of the other intangibles of €36 million due to first time consolidation of these entities.

In 2008, the increase of goodwill of €3 million was a result of the finalisation of the purchase price allocation of the 2007 acquisition of Hoau (China). Also as a result of the finalisation of the purchase price allocation the goodwill for Mercurio (Brazil) increased by €3 million while the customer relationship intangible asset decreased by €3 million.

The recoverable amount is the higher of the value in use and fair value less cost to sell. Fair value less cost to sell represents the best estimate of the amount Express would receive if it sold the CGU. The fair value was estimated on basis of the present value of future cash flows taken into account cost to sell.

For mature markets, the estimated future net cash flows are based on a five-year forecast and business plan. For emerging markets where no steady state has been achieved to date, a ten-year forecast (2009: seven years, 2008: ten years) has been applied to estimate the future net cash flows. Management concluded that it is more reasonable to assume that a steady state is realised in ten years instead of seven years in the emerging markets where Express has a presence. In 2008, Express used a ten-year forecast period. However, in 2009, the strategic planning time frame was reduced to seven years. The applied growth rate does not exceed the long-term average growth rate of the related operations and markets. The cash flow projections based on financial budgets have been approved by management.

Express determined the budgeted gross margin based on past performance and its expectations for market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used in the CGU's valuations vary between 10% to 14% pre-tax (post-tax 8% to 10%) to reflect specific risks relating to the relevant CGU's.

Key assumptions used to determine the recoverable values of all CGU's are the following:

- maturity of the underlying market, market share and volume development in order to determine the revenue mix and growth rate,
- level of capital expenditure in network related assets which may affect the further roll out of the network,
- level of operating income largely impacted by revenue and cost development taken into account the nature of the underlying costs and potential economies of scale, and
- discount rate to be applied following the nature of the underlying cash flows and foreign currency and inflation related risks.

Management has carried out an impairment test and concluded that the recoverable amount of the individual CGU's is higher than the carrying amount. Due to current market circumstances and relating uncertainty, a sensitivity analysis has been applied for all CGU's. This sensitivity analysis included the individual impact of the following items which are considered to be the most critical when determining the recoverable value:

- increase of the discount factor by 1% and 2%,
- increase of capital expenditure of 5% per year, and
- decrease of operating income of 5% per year.

The 2010 sensitivity analyses showed that there is limited headroom present for the CGU South America, which covers the goodwill of the acquisitions in Brazil being Expresso Araçatuba (€52 million) and Mercurio (€170 million) and in Chile being LIT Cargo (€29 million) for a total amount of €251 million. Brazil's 2010 results have been negatively impacted by integration-related costs and one-off adjustments of €20 million. In addition, the actual 2010 performance was below forecast. Consequently, management intensively reviewed the strategic business forecasts resulting in a reduced forecast for Brazil for the period 2011-2020. The improvement of the profitability and the successful integration of Mercurio and Expresso Araçatuba is a priority. Reengineering and further automation of operations within depots is a key area of attention. Management is also implementing initiatives to further strengthen administrative processes and systems.

As at 31 December 2010 and based on the latest actual forecast with a forecast period of 10 years, the goodwill of the CGU South America is fully recoverable with the recoverable value exceeding the carrying amount by around €120 million. The key parameter in this sensitivity analyses is the applied discount factor and the development of the operating income. If the discount factor would increase with 1%, the headroom would be around €40 million (+2%: -20). When operating income would reduce with 5% year on year, the headroom would be around €90 million. The results from the sensitivity analysis for the CGU South America therefore showed a headroom which could vary between -€20 million to €90 million.

The headroom would have been negative for an amount of €50 million if, as in 2009, a seven year forecast would have been applied. This would have resulted in a goodwill impairment.

Total goodwill balance at 31 December 2010 amounted to €1,703 million (2009: 1,646, 2008: 1,559) of which Express has allocated €658 million (2009: 658, 2008: 656) to Northern Europe, €574 million to Southern Europe & MEA (2009: 574, 2008: 578), €162 million to APSAC (2009: 148, 2008: 151), €251 million to South America (2009: 208, 2008: 116), €0 million to North America (2009: 0, 2008: 0) and €58 million to Other Networks (2009: 58, 2008: 58).

Software and other intangible assets

At 31 December 2010, the software balance of €127 million (2009: 131, 2008: 123) included internally generated software with a book value of €103 million (2009: 109, 2008: 102). The addition in software in 2010 of €11 million (2009: 10, 2008: 42) is related to self-produced software of €3 million (2009: 3, 2008: 31) and €8 million (2009: 7, 2008: 11) of purchased software.

The reclassification of €29 million in 2010 to self-produced software is due to finalised IT projects (2009: 32, 2008: 20).

At 31 December 2010, other intangible assets of €62 million (2009: 76, 2008: 70) related to customer relationships of €28 million (2009: 53, 2008: 41) and software under construction of €34 million (2009: 23, 2008: 29). The reduction of €23 million in 2010 in other intangibles is due to adjustments to the fair values of brand name of €6 million and customer relationships of €17 million. This is the result of the finalisation of the purchase price allocation of Expresso Araçatuba and LIT Cargo.

The estimated amortisation expenses for software and other intangibles for the subsequent five years are 2011: €47 million, 2012: €43 million, 2013: €32 million, 2014: €19 million, 2015: €14 million and thereafter: €34 million. Besides software development, Express does not conduct significant research and development and therefore does not incur research and development costs.

In 2009, the impairment charge of €10 million related mainly to non-recoverable customer relationship intangible assets in Asia. These costs were included in the line depreciation, amortisation and impairment in the income statement. In 2008, the software impairment charge of €2 million mainly related to the write-off of software in Brazil.

2 Property, plant and equipment: 1,089 million (2009: 1,077, 2008: 1,065)

Statement of changes

<i>(in € millions, except percentages)</i>	Land and buildings	Plant and equipment	Aircraft	Other	Construction in progress	Total
Depreciation percentage	0%-10%	4%-33%	4%-10%	7%-25%	0%	
Historical cost	611	490	710	451	18	2,280
Accumulated depreciation and impairments	(160)	(291)	(324)	(320)	—	(1,095)
Balance at 31 December 2007	451	199	386	131	18	1,185
Changes in 2008						
Capital expenditure in cash	30	31	2	42	104	209
Capital expenditure in financial leases		10				10
(De)consolidation						
Disposals		(2)		(2)		(4)
Exchange rate differences	(53)	(30)	(6)	(11)	(4)	(104)
Depreciation	(31)	(51)	(33)	(61)		(176)
Impairments			(37)			(37)
Transfers to assets held for sale	(7)		(11)			(18)
Internal transfers/reclassifications	19	45	2	31	(97)	
Total changes	(42)	3	(83)	(1)	3	(120)
Historical cost	571	477	550	451	21	2,070
Accumulated depreciation and impairments	(162)	(275)	(247)	(321)		(1,005)
Balance at 31 December 2008	409	202	303	130	21	1,065
Changes in 2009						
Capital expenditure in cash	27	32	1	14	46	120
Capital expenditure in financial leases				3		3
(De)consolidation	9	8		12	2	31
Disposals	(3)	(7)		(2)		(12)
Exchange rate differences	21	18		4	1	44
Depreciation	(31)	(50)	(23)	(59)		(163)
Impairments		(5)				(5)
Transfers to assets held for sale	(1)	(4)	(1)			(6)
Internal transfers/reclassifications	21	19		17	(57)	0
Total changes	43	11	(23)	(11)	(8)	12
Historical cost	642	554	550	479	13	2,238
Accumulated depreciation and impairments	(190)	(341)	(270)	(360)		(1,161)
Balance at 31 December 2009	452	213	280	119	13	1,077
Changes in 2010						
Capital expenditure in cash	6	22	1	24	68	121
Capital expenditure in financial leases/other		3		2	3	8
(De)consolidation		2				2
Disposals	(1)	(2)	(5)	(2)		(10)
Exchange rate differences	17	18	4	6	2	47
Depreciation	(29)	(54)	(23)	(51)		(157)
Impairments			2			2
Transfers to assets held for sale	(1)					(1)
Internal transfers/reclassifications	9	43		10	(62)	
Total changes	1	32	(21)	(11)	11	12
Historical cost	673	638	610	477	24	2,422
Accumulated depreciation and impairments	(220)	(393)	(351)	(369)		(1,333)
Balance at 31 December 2010	453	245	259	108	24	1,089

Land and buildings mainly relate to depots, hubs and other production facilities. Land and buildings of €30 million (2009: 30, 2008: 31) and plant and equipment of €16 million (2009: 5, 2008: 0) are pledged as security to third parties in Germany and Brazil respectively. Express does not hold freehold office buildings for long-term investments and for long-term rental income purposes.

Plant and equipment mainly relate to investments in vehicles and sorting machinery. Other property, plant and equipment mainly relate to furniture, fittings, IT equipment and other office equipments.

Aircraft and (spare) engines are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term to estimated residual values of 20%. Depending on the type of aircraft, the depreciation term varies from 10 to 25 years. Spare parts are depreciated to their estimated residual value on a straight-line basis over the remaining estimated useful life of the associated aircraft or engine type. Of the 25 owned aircraft (2009: 29, 2008: 29), 22 aircraft (2009: 20, 2008: 20) are classified as property plant and equipment and three (2009: 9, 2008: 9) are classified as assets held for sale.

In 2010, two aircraft which were classified as assets held for sale as from 2008 were transferred back to property, plant and equipment. These aircraft will be recommissioned back into use in Asia in 2011 and have been taken out of service in 2008. The aircraft were measured at their recoverable amounts at the date of the subsequent decision not to sell. As a result €2 million of the previously recorded impairment charge was reversed after taken into account normal depreciation that would have been charged had no impairment occurred.

The 2009 impairment charge of €5 million related to vehicles in Americas. The transfer of assets held for sale related mainly to buildings in ASPAC and vehicles in Americas.

The 2008 impairment of aircraft of €37 million is based on the fair value less cost to sell, based among others on external pricing information. This impairment has been triggered by a significant decrease in air volumes as from 2008 followed by decommissioning of nine aircraft.

Finance leases included in the property, plant and equipment balance as at 31 December are:

At 31 December 2010					
<i>(in € millions)</i>	Land and buildings	Plant and equipment	Aircraft	Other	Total 2010
Total	12	13	183	1	209
Europe & MEA	12	5	183		200
Asia Pacific					
Americas		8		1	9
At 31 December 2009					
<i>(in € millions)</i>	Land and buildings	Plant and equipment	Aircraft	Other	Total 2009
Total	14	16	199	1	230
Europe & MEA	14	8	199		221
Asia Pacific					
Americas		8		1	9
At 31 December 2008					
<i>(in € millions)</i>	Land and buildings	Plant and equipment	Aircraft	Other	Total 2008
Total	16	17	202	2	237
Europe & MEA	16	12	202	1	231
Asia Pacific					
Americas		5		1	6

Included in land and buildings under financial leases are leasehold rights and ground rent. The book value of the leasehold rights and ground rent in Express is €12 million (2009: 14, 2008: 16), comprising a historical cost of €25 million (2009: 25, 2008: 25), with accumulated depreciation of €13 million (2009: 11,

2008: 9). Aircraft leases amounting to €183 million (2009: 199, 2008: 202) mainly relate to two Boeing 747 freighters.

Leasehold and ground rents expiring:

- within one year amount to €1 million (2009: 1, 2008: 1);
- between one and five years amount to €3 million (2009: 4, 2008: 4) and
- between five and 20 years amount to €8 million (2009: 9, 2008: 11).

There are no leasehold and ground rents contracts with indefinite terms. Leasehold rights and ground rent for land and buildings are mainly in Belgium for €8 million (2009: 9, 2008: 9) and in France for €4 million (2009: 5, 2008: 6).

There is no material temporarily idle property, plant and equipment at 31 December 2010 (2009: 0, 2008: 0).

3 Financial fixed assets: 294 million (2009: 285, 2008: 263)

Statement of changes

(in € millions)	Other financial fixed assets					Total
	Investments in associates	Other loans receivable	Deferred tax assets	Financial fixed assets at fair value	Other prepay- ments and accrued income	
Balance at 31 December 2007	78	4	182	2	17	283
Changes in 2008						
Acquisitions/additions	12		27		3	42
Disposals/decreases			(16)	(1)		(17)
Impairments and other value adjustments	(30)					(30)
Results from investments	(2)					(2)
Withdrawals/repayments	(1)	(1)			(5)	(7)
Exchange rate differences			(6)			(6)
Other changes						
Total changes	(21)	(1)	5	(1)	(2)	(20)
Balance at 31 December 2008	57	3	187	1	15	263
Changes in 2009						
Acquisitions/additions	15		22	1	5	43
Disposals/decreases			(14)			(14)
Impairments and other value adjustments	(10)					(10)
Results from investments	(3)					(3)
Withdrawals/repayments					(3)	(3)
Exchange rate differences			9		1	10
Other changes	(1)					(1)
Total changes	1	0	17	1	3	22
Balance at 31 December 2009	58	3	204	2	18	285
Changes in 2010						
Acquisitions/additions	8		35	1	2	46
Disposals/decreases	(7)		(25)			(32)
Impairments and other value adjustments	(17)					(17)
Withdrawals/repayments					(5)	(5)
Exchange rate differences			16		1	17
Total changes	(16)		26	1	(2)	9
Balance at 31 December 2010	42	3	230	3	16	294

Investments in associates

As at 31 December 2010 investments in associates amounted to €42 million (2009: 58, 2008: 57) and relates to investments made by Logispring Investment Fund Holding B.V. and TNT Europe Finance B.V., whose sole activity is to invest in incubator funds.

In 2010, the underlying investments in these entities are adjusted for a fair value adjustment of €17 million (2009: 10, 2008: 30) following anticipated liquidations, of underlying investments and deteriorated prospects for other investments and limited results (2010: 0, 2009: -3, 2008: -2). The fair values are derived from the most recent valuation reports based on EVCA rules for fair value calculations extrapolated using relevant benchmarks and indices. None of the investments are currently listed and as a consequence grouped within level 3 of the fair value measurement hierarchy as mentioned in the accounting policies. The investments in associates do not include goodwill (2009:0, 2008: 0).

In 2010, the addition of €8 million (2009: 15, 2008: 12) to associates related to capital contributions to Logispring investments. The disposals of €7 million relates to the unwinding and divestment of Logispring investments.

Deferred tax assets

Deferred tax assets are further explained in note 22.

4 Inventory: 15 million (2009: 13, 2008: 14)

<i>(in € millions)</i>	At 31 December		
	2010	2009	2008
Raw materials and supplies	11	9	9
Finished goods	4	4	5
Total	15	13	14

Total inventory of €15 million (2009: 13, 2008: 14) is valued at historical cost for an amount of €20 million (2009: 17, 2008: 16) and is stated net of provisions for obsolete items amounting to €5 million (2009: 4, 2008: 2). There are no inventories pledged as security for liabilities as at 31 December 2010 (2009: 0, 2008: 0). In 2010, 2009 and 2008, no material write-offs relating to inventories occurred. The balance of inventories that is expected to be recovered after 12 months is nil (2009: 0, 2008: 0).

5 (Trade) accounts receivable: 1,241 million (2009: 1,136, 2008: 2,728)

<i>(in € millions)</i>	At 31 December		
	2010	2009	2008
Trade accounts receivable – total	1,149	1,024	986
Allowance for doubtful debt	(74)	(71)	(63)
Trade accounts receivable	1,075	953	923
Net receivable from TNT			1,681
VAT receivable	15	24	32
Accounts receivable from associates	1	(1)	1
Other accounts receivable	150	160	91
Accounts receivable	166	183	1,805

The fair value of the accounts receivable approximates its carrying value. Other accounts receivables mainly include receivables from insurance companies, deposits and various other items. The balance of accounts receivable that is expected to be recovered after 12 months is €4 million (2009: 3, 2008: 24). The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. Express does not hold collateral as security for the outstanding balances. The concentration of the accounts receivable per customer is limited. The top ten trade receivables of Express account for 3% of the outstanding trade receivables as per 31 December 2010 (2009: 5%, 2008: 8%). The concentration of the trade accounts receivable portfolio over the different regions can be summarised as follows: Europe & MEA €714 million (2009: 671, 2008: 688), ASPAC €219 million (2009: 176, 2008: 158)

and Americas €93 million (2009: 71, 2008: 35). For the non-trade accounts receivables no allowance for doubtful debt is required.

In 2008, the net receivable from TNT represents a receivable from the Express business towards the continuing TNT Group of €1,681 million. This net receivable arises mainly from financing activities as the trading activities between Express and TNT are limited, see note 32. In 2010 and 2009, Express had a net payable towards TNT, see note 13.

As of 31 December 2010, the total trade accounts receivable amounted to €1,149 million (2009: 1,024, 2008: 986), of which €407 million (2009: 351, 2008: 493) was past due date but not individually impaired. The standard payment term for Express is around seven days. The total allowance for doubtful debt amounts to €74 million (2009: 71, 2008: 63) of which €34 million (2009: 35, 2008: 43) relates to trade accounts receivable that were individually impaired for the notional amount. The remainder of the allowance relates to a collective loss component established for groups of similar trade accounts receivable balances in respect to losses that have been incurred but not yet identified as such for trade accounts receivable. This collective loss component is largely based on the ageing of the trade receivables and reviewed periodically.

The ageing analysis of the trade accounts receivable past due but not individually impaired is presented below:

	At 31 December		
	2010	2009	2008
<i>(in € millions)</i>			
Up to 1 month	284	246	364
2-3 months	84	74	85
3-6 months	23	21	25
Over 6 months	16	10	19
Total	407	351	493

The movements in the allowance for doubtful debt of trade accounts receivables are as follows:

	2010	2009	2008
<i>(in € millions)</i>			
Balance at 1 January	71	63	54
Provided for during financial year	34	35	29
Receivables written off during year as uncollectable	(25)	(26)	(19)
Unused amounts reversed	(6)	(1)	(1)
Balance at 31 December	74	71	63

6 Prepayments and accrued income: 157 million (2009: 130, 2008: 162)

Prepayments and accrued income include amounts paid in advance to cover costs that will be charged against income in future years and net revenues not yet invoiced. At 31 December 2010, prepayments amounted to €78 million (2009: 62, 2008: 50). The balance of prepayments and accrued income that is expected to be recovered after 12 months is nil (2009: 0, 2008: 0).

Prepayments and accrued income also include outstanding short-term foreign exchange forward contracts for an amount of €2 million (2009: 9, 2008: 41). The fair value of these financial instruments has been calculated at the relevant (forward) market rates at 31 December in 2010, 2009 and 2008. The notional principal amount of the outstanding foreign exchange forward contracts is €177 million at 31 December 2010 (2009: 363, 2008: 837).

7 Cash and cash equivalents: 807 million (2009: 830, 2008: 437)

Cash and cash equivalents comprise cash at bank and in hand of €75 million (2009: 77, 2008: 85) and short-term bank deposits of €732 million (2009: 753, 2008: 352). The effective interest rate during 2010 on short-term bank deposits was 0.3% (2009: 0.4%, 2008: 3.5%) and the average outstanding amount was €582 million (2009: 504, 2008: 189). The individual deposits have an average maturity of 1.4 days (2009:

1.5, 2008: 1.6). Included in cash and cash equivalents is €1 million (2009: 1, 2008: 1) of restricted cash. The fair value of cash and cash equivalents approximates the carrying value.

8 Assets classified as held for sale: 4 million (2009: 10, 2008: 15)

The assets classified as held for sale amount to €4 million (2009: 10, 2008: 15) and relate to aircraft of €2 million (2009: 3, 2008: 11), vehicles of €2 million (2009: 6, 2008: 0) and buildings of €0 million (2009: 1, 2008: 4).

As per 31 December 2010, there are three aircraft (2009: 9, 2008: 9) classified as assets held for sale. In 2010, three aircraft were sold. The net profit of €2 million is recorded as other income. In addition, two aircraft were transferred back to property, plant and equipment in 2010 as they will be recommissioned back into use in Asia in 2011. The aircraft were re-measured at their recoverable value of €2 million, see note 2. One aircraft for sale has been scrapped for use of spare parts.

In 2009, a fair value adjustment of €7 million has been recorded relating to aircraft that were decommissioned and recorded as held for sale in 2008. This fair value adjustment has been recorded as part of other income.

9 Net investment: 3,002 million (2009: 2,754, 2008: 4,369)

Equity of entities contributed in kind

As per 31 December 2010, the combined equity of the legal entities of Express as contributed in kind to Express Holdco B.V. amounts to €2,994 million (2009: 2,751, 2008: 4,368). This amount represents the equity under TNT accounting policies, which have been prepared in accordance with IFRS for all assigned Express entities. As Express, prior to the demerger, does not have a defined capital structure yet, no details of the composition of the equity are presented, see overview of combined statement of changes in net investment.

In 2010, total comprehensive income amounts to €164 million (2009: 67, 2008: -8) which consist of net profit €66 million (2009: -11, 2008: 140), currency translation €105 million (2009: 65, 2008: -133) and cash flow hedging -€7 million (2009: 13, 2008: -15).

The movement in TNT investments of €79 million (2009: -1,684, 2008: 3,000) mainly represents capital contributions from TNT to Express and dividend paid from Express towards TNT.

As at year-end 2010 the hedge reserve mainly contains the fair value timing difference of \$239 million (2009: \$251, 2008: \$262) on interest rate swaps, net of taxes. The US dollar interest rate swaps have been entered into to mitigate the cash flow interest rate risk relating to the Boeing 747 ERF financial lease contracts that resulted in movements in cash flow hedging reserves of -€7 million (2009: 13, 2008: -15).

The net cash payments relating to the unwinding of this swap will be recycled from equity to the income statement or to investments based on the duration of the underlying hedged items. During 2010, €0 million (2009: 0, 2008: 400) of forward starting swaps were unwound with a €0 million (2009: 0, 2008: 2) effect in the income statement. In 2010 an amount of -€1 million (2009: -1, 2008: -1) has been recycled from the hedge reserve to the income statement. For further information on interest rate swaps, see note 30.

10 Pension assets: 6 million (2009: 4, 2008: 2) and provisions for pension liabilities: 49 million (2009: 53, 2008: 54)

Express operates a number of post-employment benefit plans around the world. Most of Express' non-Dutch post-employment benefit plans are defined contribution plans. The defined contribution costs are further explained in the final part of this note. The most relevant defined benefit plans are in place in the Netherlands, the United Kingdom, Germany, Australia and Italy.

Defined benefit plans in the Netherlands

In the Netherlands, Express employees participate in one of three different pension plans. A first pension plan covers the employees who are subject to the collective labour agreement and staff with a personal labour agreement arranged as from 2007 in the Netherlands. A second pension plan covers staff with a personal labour agreement arranged before 2007 in the Netherlands. The first and second pension plan are externally funded in 'Stichting Pensioenfonds TNT' and 'Stichting Ondernemingspensioenfonds TNT' respectively, for which TNT N.V., the parent company of Express until the demerger, is the sponsoring employer. After the intended demerger, TNT N.V. and Express prefer a continued participation of the

Express employees in both TNT pension funds. A third pension plan covers the Dutch employees of Express' Fashion Group.

Some of the employees covered by the first and second pension plan also participate in transitional plans. These transitional defined benefit plans consist of an early retirement scheme and additional arrangements that have been agreed between the company and the employees following the revised fiscal regulations applying to Dutch pension plans in 2006.

Defined benefit plans in the United Kingdom

In the United Kingdom, Express contributes to a closed pension plan, externally funded in a pension fund governed by a trustee. The pension plan covers only inactive (former) Express employees. The pension entitlements are based on years of service within the plan until 1 July 2006 and final (average) salary.

Defined benefit plans in Germany

In Germany, Express employees participate in one of two pension plans. The first plan is a defined benefit plan closed for new entries as of 1 January 2005. The second plan, applicable to new hirers as from 1 January 2005, is a defined contribution plan with a minimum return guarantee. The defined benefit plan provides lump sum benefits based on years of service and final salary. The defined benefit plan is funded via direct insurance with an external insurance company. The contributions of the defined contribution plan are invested in public investment funds administered by an external party. The risk coverage for death and disability benefits within the defined contribution plan is directly insured with an external insurance company.

Defined benefit plans in Australia

In Australia, Express contributes to several superannuation funds. With the exception of the TNT Group Superannuation Plan ('TNT GSP'), a fund with both defined benefit and defined contribution sections, all other payments are made to defined contribution plans. The TNT GSP was established under a master trust as a sub-plan of the Mercer Superannuation Trust. The defined benefit section of TNT GSP provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from group companies and the group's obligation is limited to these contributions.

Defined benefit plans in Italy

In Italy, in accordance with Italian law, after the completion of employment, employers have to pay to employees a lump sum ('Trattamento di Fine Rapporto', 'TFR') indemnity, equivalent to the total (annually revalued) benefits allocated to the years of service. Starting from 1 January 2007 a special TFR fund has been established. This fund, managed by the National Social Security Institute, is financed by a contribution equal to the TFR allowance accrued by the employee in the private sector. All employers in the private sector having at least 50 employees are required to contribute to this fund. The TFR liability for Express therefore consists of the unfunded benefits accrued by the employees up to 31 December 2006 and of the obligation reflecting the annual revaluation of these accrued benefits.

At 31 December 2010, the defined benefit obligation of the Express plans described above covers approximately 92% of the Express group obligation for post-employment benefits and the relating plan assets cover approximately 94% of the Express group plan assets.

Defined benefit pension costs recognized in the income statement

The valuation of the pension obligation of Express and the determination of its pension cost are based on key assumptions that include employee turnover, mortality rates and retirement ages, discount rates, expected long-term returns on plan assets, pension increases and future wage increases, which are updated on an annual basis at the beginning of each financial year. Actual circumstances may vary from these assumptions giving rise to a different pension liability at year-end. The difference between the projected pension liability based on the assumptions and the actual pension liability at year-end are reflected in the balance sheet as part of the actuarial gains and losses. If the cumulative actuarial gains and losses exceed the corridor, the excess will be amortized over the employee's expected average remaining service lives and reflected as an additional profit or expense in Express' income statement in the next year.

In accordance with IAS 19.34a, TNT N.V., as the sponsoring employer for the two Dutch pension funds, recognizes in its corporate financial statements the contributions received from the relevant group companies as a benefit that offsets the defined benefit pension expense. The relevant group companies, also those within Express, recognize in their financial statements the costs equal to the contribution

payable for the period. The operating income of Express therefore includes the contributions paid as defined contribution costs.

In 2010, Express' expense for post-employment benefit plans was €7 million (2009: 9, 2008: 7). Total cash contributions for post-employment benefit plans in 2010 amounted to €13 million (2009: 12, 2008: 14) and are estimated to amount to approximately €13 million in 2011, all amounts exclude the cash pension contribution relating to the Dutch pension plan sponsored by TNT N.V.

Statement of changes in net pension asset/(liability)

<i>(in € millions)</i>	Balance at 1 January 2010	Employer pension expense	Contri- butions/ 31 Other	Balance at December 2010
Provision for pension liabilities	(18)	(6)	10	(14)
of which pension and transitional plans in the Netherlands	(18)	(3)	6	(15)
of which other pension plans in Europe	0	(1)	3	2
of which pension plans outside Europe	0	(2)	1	(1)
Other post-employment benefit plans	(31)	(1)	3	(29)
Total post-employment benefit plans	(49)	(7)	13	(43)

Statement of changes in net pension asset/(liability)

<i>(in € millions)</i>	Balance at 1 January 2009	Employer pension expense	Contri- butions/ 31 Other	Balance at December 2009
Provision for pension liabilities	(19)	(8)	9	(18)
of which pension and transitional plans in the Netherlands	(19)	(3)	4	(18)
of which other pension plans in Europe	0	(3)	3	0
of which pension plans outside Europe	0	(2)	2	0
Other post-employment benefit plans	(33)	(1)	3	(31)
Total post-employment benefit plans	(52)	(9)	12	(49)

Statement of changes in net pension asset/(liability)

<i>(in € millions)</i>	Balance at 1 January 2008	Employer pension expense	Contri- butions/ 31 Other	Balance at December 2008
Provision for pension liabilities	(22)	(6)	9	(19)
of which pension and transitional plans in the Netherlands	(20)	(4)	5	(19)
of which other pension plans in Europe	(3)	(1)	4	0
of which pension plans outside Europe	1	(1)	0	0
Other post-employment benefit plans	(37)	(1)	5	(33)
Total post-employment benefit plans	(59)	(7)	14	(52)

The total net provision for post-employment benefit plans of €43 million as per 31 December 2010 (2009: 49, 2008: 52) consist of a pension asset of €6 million (2009: 4, 2008: 2) and a pension liability of €49 million (2009: 53, 2008: 54).

The funded status of the Express' post-employment benefit plans at 31 December 2010, 2009 and 2008 and the employer pension expense for 2010, 2009 and 2008 are presented in the table below.

Pension disclosures

(in € millions)

	2010	2009	2008
Change in benefit obligation			
Benefit obligation at beginning of year	(91)	(79)	(88)
Service costs	(5)	(4)	(3)
Interest costs	(5)	(4)	(5)
Amendments/foreign currency effects	(4)	0	0
Actuarial (loss)/gain	(13)	(10)	9
Benefits paid	7	6	8
Benefit obligation at end of year	(111)	(91)	(79)
Change in plan assets			
Fair value of plan assets at beginning of year	53	44	53
Actual return on plan assets	9	6	(10)
Contributions	10	9	9
Amendments/foreign currency effects	3	0	0
Benefits paid	(7)	(6)	(8)
Fair value of plan assets at end of year	68	53	44
Funded status as per 31 December			
Funded status	(43)	(38)	(35)
Unrecognised net actuarial loss	29	20	16
Pension assets/liabilities	(14)	(18)	(19)
Other employee benefit plans	(29)	(31)	(33)
Net pension asset/liability	(43)	(49)	(52)
Components of employer pension expense			
Service costs	(5)	(4)	(3)
Interest costs	(5)	(4)	(5)
Expected return on plan assets	5	3	3
Amortisation of actuarial loss	(1)	(2)	(1)
Other costs	0	(1)	0
Employer pension expense	(6)	(8)	(6)
Other post-employment benefit plan expenses	(1)	(1)	(1)
Total post-employment benefit expenses	(7)	(9)	(7)
Weighted average assumptions as at 31 December			
Discount rate	4.9%	5.2%	5.5%
Expected return on plan assets	5.8%	6.1%	5.8%
Rate of compensation increase	2.4%	2.2%	2.5%
Rate of benefit increase	2.0%	2.1%	2.0%

Express' pension expense is affected by the discount rate used to measure pension obligations and the expected long-term rate of return on plan assets. Management reviews these and other assumptions every year. Measurement date for Express' post-employment benefits is 31 December. Changes in assumptions may occur as a result of economic and market conditions. If actual results differ from those assumed, this will generate actuarial gains or losses. These are amortized over the employee's expected average remaining service lives if they exceed the corridor.

The discount rate is based on the long-term yield on high quality corporate bonds. Management considers various factors to determine the expected return on plan assets. The expected return is based on the current long-term rates of return on bonds and applies to these rates a suitable risk premium for the

different asset components. The premium is based on the plan's asset mix, historical market returns and current market expectation.

Assumptions regarding future mortality are based on advice, published statistics and experience per country. The majority of the defined benefit obligation relates to participants in Europe. In the Netherlands, the average life expectancy of men after retiring at the age of 65 is 19.5 years (2009: 18.2, 2008: 18.1). The equivalent expectancy for women is 21.6 years (2009: 21.1, 2008: 21.3).

Funded status defined benefit plans

The table below reconciles the opening and closing balances of the present value of the defined benefit obligation and the fair value of plan assets with the provision for post-employment benefit plans. Included in the provision for pension liabilities is the unfunded defined benefit TFR plan in Italy of €29 million (2009: 31, 2008: 33).

<i>(in € millions)</i>	At 31 December		
	2010	2009	2008
Present value of funded benefit obligations	(79)	(60)	(51)
Fair value of plan assets	68	53	44
(Un)Funded status	(11)	(7)	(7)
Present value of unfunded benefit obligations	(32)	(31)	(28)
Unrecognised liability	29	20	16
Other employee benefit plans	(29)	(31)	(33)
Net pension asset/liability	(43)	(49)	(52)
of which included in pension assets	6	4	2
of which included in provisions for pension liabilities	(49)	(53)	(54)

Defined Contribution costs

Amounts expensed in the income statement related to defined contribution plans were €62 million (2009: 50, 2008: 49), of which €27 million (2009: 24, 2008: 17) relates to the Dutch defined benefit pension plans externally funded in 'Stichting Pensioenfonds TNT' and 'Stichting Ondernemingspensioenfonds TNT'. The €35 million (2009: 26, 2008: 32) remaining defined contribution costs relates to plans within Europe for €17 million (2009: 13, 2008: 18) and to plans outside Europe for €18 million (2009: 13, 2008: 14).

II Other provisions: 168 million (2009: 153, 2008: 162)

Statement of changes

<i>(in € millions)</i>	Other employee benefit obligations	Restructuring	Claims and indemnities	Other	Total
Balance at 31 December 2007	32	1	24	65	122
of which included in other provisions (non-current)	30	—	3	52	85
of which included in other provisions (current)	2	1	21	13	37
	<u>32</u>	<u>1</u>	<u>24</u>	<u>65</u>	<u>122</u>
Changes in 2008					
Additions	7	28	21	22	78
Withdrawals	(3)		(15)	(7)	(25)
Exchange rate differences	(3)	(1)	(3)	(6)	(13)
(De)consolidation	(1)				(1)
Interest					
Reclassification		(1)	16	(15)	
Other/releases		1			1
	<u>—</u>	<u>27</u>	<u>19</u>	<u>(6)</u>	<u>40</u>
Balance at 31 December 2008	32	28	43	59	162
of which included in other provisions (non-current)	23	2	7	41	73
of which included in other provisions (current)	9	26	36	18	89
	<u>32</u>	<u>28</u>	<u>43</u>	<u>59</u>	<u>162</u>
Changes in 2009					
Additions	1	37	11	10	59
Withdrawals	(1)	(40)	(6)	(26)	(73)
Exchange rate differences	3	1	2	6	12
(De)consolidation				2	2
Interest				1	1
Reclassification	(1)	1	(4)	4	
Other/releases		(4)	(3)	(3)	(10)
	<u>2</u>	<u>(5)</u>	<u>—</u>	<u>(6)</u>	<u>(9)</u>
Balance at 31 December 2009	34	23	43	53	153
of which included in other provisions (non-current)	22	3	12	32	69
of which included in other provisions (current)	12	20	31	21	84
	<u>34</u>	<u>23</u>	<u>43</u>	<u>53</u>	<u>153</u>
Changes in 2010					
Additions	7	16	19	9	51
Withdrawals	(3)	(23)	(11)	(4)	(41)
Exchange rate differences	4	—	3	4	11
(De)consolidation				(2)	(2)
Interest				1	1
Reclassification		(1)		1	
Other/releases	2	—	(4)	(3)	(5)
	<u>10</u>	<u>(8)</u>	<u>7</u>	<u>6</u>	<u>15</u>
Balance at 31 December 2010	44	15	50	59	168
of which included in other provisions (non-current)	29	3	10	35	77
of which included in other provisions (current)	15	12	40	24	91
	<u>44</u>	<u>15</u>	<u>50</u>	<u>59</u>	<u>168</u>

Other employee benefits consist of provisions related to jubilee payments of €14 million (2009: 11, 2008: 14), long-service benefits of €7 million (2009: 4, 2008: 5) and other employee benefits of €23 million (2009: 19, 2008: 13). Short-term employee benefits, such as salaries, profit-sharing and bonuses are discussed in note 18.

As per 31 December 2010, the restructuring provision amounted to €15 million, of which €11 million (2009: 20, 2008: 24) relates to restructuring projects in Europe and for €4 million (2009: 3, 2008: 4) within the rest of Express.

The total restructuring-related charge for 2010 amounted to €16 million (2009: 37, 2008: 28) and has been recorded under restructuring provisions. The 2010 restructuring plans mainly related to redundancy costs and reallocation costs of employees in Europe & MEA €8 million (2009: 30, 2008: 25), ASPAC €0 million (2009: 3, 2008: 3) and Americas €8 million (2009: 3, 2008: 0). A majority of these restructuring provisions will be utilised in 2011. The other restructuring plans announced in 2008 and 2009 were largely finalised during 2009 and 2010 respectively.

The withdrawals from the restructuring provisions of €23 million (2009: 40, 2008: 0) relates to settlement payments following restructuring programmes for an amount of €16 million within Europe and €7 million within Americas.

In 2010 1,325 employees (2009: 1,448, 2008: 684) were made redundant, mainly in Americas and Europe. The relating settlements have been withdrawn from these provisions.

Provisions for claims and indemnities include provisions for claims from third parties, mainly customers, with respect to the ordinary business activities of Express. In 2010, the €19 million addition includes €11 million of provision for claims in Brazil, which are integration-related.

Other provisions consist mainly of provision for risks related to subcontractors' social security liabilities, mainly in Italy. The additions of €9 million relate to Italy for an amount of €4 million, South America €2 million and other countries €3 million.

The estimated utilisation in 2011 is €91 million, in 2012 €8 million, in 2013 €5 million and in 2014 and beyond €64 million.

12 Long-term debt: 301 million (2009: 348, 2008: 348)

Carrying amounts and fair value of long term debt

	At 31 December					
	2010		2009		2008	
	Carrying Amount	Fair value	Carrying Amount	Fair value	Carrying Amount	Fair value
<i>(in € millions)</i>						
Finance leases	184	186	188	179	207	169
Other loans	24	40	36	43	6	9
Interest rate swaps	93	93	124	124	135	135
Total long term debt	301	319	348	346	348	313

The interest rate swaps in the table above include an amount of €65 million that relates to the GBP denominated Eurobond of TNT N.V. TNT Finance B.V. which is part of the Express business, entered into the interest rate swap for this Eurobond and has a contractual relationship with TNT N.V. As a consequence, TNT Finance B.V. has a receivable of €65 million towards TNT N.V. which has been included in the 'net accounts payable to TNT'. This position will be settled before the actual demerger.

In the table above, the fair value of long-term interest-bearing debt, net of its current portion, has been determined by calculating the discounted value of the future cash flows (redemption and interest) using the inter-bank zero coupon curve. The carrying amounts of the current portion of long-term debt approximate their fair value.

The table below sets forth the carrying amounts of interest-bearing long-term liabilities (including the current portion) during each of the following five years and thereafter:

Total borrowings

<i>(in € millions)</i>	Finance leases	Other loans	Interest rate swaps	Short term bank debt	Total
2011	19	10		28	57
2012	15	9			24
2013	14	8	5		27
2014	11	3			14
2015	11	1			12
Thereafter	133	3	88		224
Total borrowings	203	34	93	28	358
of which included in long term debt	184	24	93		301
of which included in other current liabilities	19	10		28	57

For underlying details of the financial instruments, see notes 29 and 30.

13 Other current liabilities: 845 million (2009: 984, 2008: 689)

<i>(in € millions)</i>	At 31 December		
	2010	2009	2008
Short term bank debt	28	56	35
Other short term debt	29	30	358
Total current borrowings	57	86	393
Net payable to TNT	526	549	
Taxes and social security contributions	114	157	159
Expenses to be paid	22	31	24
Other	126	161	113
Total	845	984	689

Total current borrowings

Other short-term debt includes short-term bank facilities of €10 million (2009: 13, 2008: 122) and the current portion of outstanding finance lease liabilities of €19 million (2009: 17, 2008: 14). At 31 December 2008 other short debt also included Commercial Paper of €222 million. There are no balances as of 31 December 2010 that are expected to be settled after 12 months (2009: 0, 2008: 0).

Net payable to TNT

The net payable towards the continuing TNT Group of €526 million (2009: 549) represents the net payable from legal entities of the Express business towards TNT and legal entities of its continued business and is expected to be settled before the actual demerger. The net payable arising mainly from financing activities as the trading activities between Express and TNT are limited, see note 32. In 2008, Express had a net receivable from TNT and legal entities of its continued business, see note 5.

14 Accrued current liabilities: 680 million (2009: 632, 2008: 543)

<i>(in € millions)</i>	At 31 December		
	2010	2009	2008
Amounts received in advance	27	38	36
Expenses to be paid	488	465	400
Vacation days/vacation payments	74	71	66
Other accrued current liabilities	91	58	41
Total	680	632	543

An amount of €6 million is expected to be settled after 12 months (2009: 3, 2008: 4).

NOTES TO THE COMBINED INCOME STATEMENTS

15 Net sales: 6,945 million (2009: 6,109, 2008: 6,791)

The net sales of Express relate to the trading activities of the reporting segments Europe & MEA, ASPAC, Americas and Other Networks, arising from rendering of services. Net sales allocated by geographical area in the country or region in which the entity records sales is detailed in note 33.

16 Other operating revenues: 108 million (2009: 99, 2008: 135)

Other operating revenues relate to the rendering of services not related to Express normal trading activities and mainly include passenger/charter revenues of €75 million (2009: 73, 2008: 111) and customs clearance/administration revenue of €17 million (2009: 15, 2008: 9).

17 Other income: 12 million (2009: 0, 2008: 9)

Other income in 2010 includes net proceeds from the sale of property, plant and equipment for a net amount of €8 million (2009: -3, 2008: 5) and other miscellaneous income of €4 million (2009: 3, 2008: 4). In 2009, other income included a fair value adjustment of -€7 million for the aircraft held for sale, offset by €7 million profit from sale of property, plant and equipment.

18 Salaries, pensions and social security contributions 2,190 million (2009: 2,007, 2008: 2,106)

(in € millions)	Year ended at 31 December		
	2010	2009	2008
Salaries	1,781	1,635	1,726
Share based payments	19	13	12
Pension charges:			
Defined benefit plans	7	9	7
Defined contribution plans	62	50	49
Social security charges	321	300	312
Total	2,190	2,007	2,106
Labour force			
	2010	2009	2008
Employees¹			
Europe & MEA	36,184	36,348	38,814
Asia Pacific	31,924	29,325	27,648
Americas	11,081	11,050	7,663
Other Networks	2,435	1,895	1,936
Non-allocated ²	1,612	1,444	1,258
Total at year end	83,236	80,062	77,319
Employees of joint ventures ³	1,022	822	898
External agency staff at year end	1,650	2,705	1,641
Full-time equivalents (FTEs)¹			
Europe & MEA	34,177	34,542	34,830
Asia Pacific	31,403	27,955	26,920
Americas	12,083	12,637	7,589
Other Networks	2,241	1,654	1,650
Non-allocated ²	1,563	1,365	1,199
Total year average	81,467	78,153	72,188
FTEs of joint ventures ³	894	738	778

¹ Including temporary employees on our payroll.

² Including employees and FTEs in Head office and Global IT Support Centre.

³ These numbers represent all employees and FTEs in the joint ventures.

At the end of 2010 1,022 people (2009: 822, 2008: 898) were employed by joint ventures.

Apart from the headcount of employees, the labour force is also expressed in full-time equivalents (FTEs), based on the hours worked divided by the local standard. In 2010 the average number of FTEs increased compared with 2009. The FTE increased mainly due to Hoau (China) and Fashion UK. In 2009 the average number of FTEs increased compared with 2008. The FTE increased mainly due to acquisition of LIT Cargo S.A., Expresso Araçatuba.

Remuneration of the key management

In 2010, the total remuneration of the key management consisted of:

- base salary
- other periodic paid compensation
- variable compensation:
 - accrued short-term incentive
 - accrued long-term incentive
- pension

In the paragraphs below, the 2010 values of each of these remuneration elements will be reported per member of the key management.

Total remuneration

In 2010, the remuneration, including pension and social security contributions, of the key management amounted to €2,450,915. The remuneration of Bernard Bot covers the period 1 Augustus 2010 up and including 31 December 2010.

The remuneration of the individual members of the key management is set out in the table below:

<i>(in €)</i>	Base salary	Accrued for short term incentive	Accrued for long term incentive	Other periodic paid compensation	Pension costs	Total 2010
Bernard Bot ¹	187,500	281,939	50,204	27,573	61,682	608,898
Marie-Christine Lombard	612,000	343,395	214,842	390,260	281,520	1,842,017
Total	799,500	625,334	265,046	417,833	343,202	2,450,915

¹ The accrued for short term incentive amounts include a discretionary bonus.

<i>(in €)</i>	Base salary	Accrued for short term incentive	Accrued for long term incentive	Other periodic paid compensation	Pension costs	Total
Marie-Christine Lombard – 2009	612,000	365,636	307,078	423,083	281,520	1,989,317
Marie-Christine Lombard – 2008	612,000	501,958	259,906	353,173	281,520	2,008,557

Base salary

The base salary for the members of the key management is €612,000 for Ms Lombard and €450,000 for Mr Bot.

Other periodic paid compensation

The other periodic paid compensation includes company costs related to tax and social security, company car and other costs. It also includes salary allowances made as compensation for the change in pension system as from 2006 onwards. For Ms Lombard other periodic paid compensation includes French social taxes and French social security contributions, calculated on the full salary package i.e. base salary, bonus and performance shares.

Variable compensation

In the table below the total accrued variable compensation in 2010 to the members of the key management is shown:

<i>(in €)</i>	Accrued for short term incentive	Accrued for long term incentive	Total variable compensation
Bernard Bot ¹	281,939	50,204	332,143
Marie-Christine Lombard	343,395	214,842	558,237
Total	625,334	265,046	890,380

¹ The accrued for short term incentive amounts include a discretionary bonus.

Accrued short-term incentive

The accrued short-term incentive consists of the accrued bonuses for the performance of the year reported, paid in cash in the following year and the costs relating to the bonus/matching share plan.

Bonus accrual for 2010 performance

In the table below the amount of €598,482 reflects the accrued bonuses for performance over 2010, which will be paid in 2011.

The 2010 accrued short-term incentive amounts for key management are accrued as set out below:

<i>(in €, except percentages)</i>	Accrued for 2010 bonus	as % of base pay	Accrued for bonus matching shares	Accrued for short term incentive
Bernard Bot ¹	269,532	144%	12,407	281,939
Marie-Christine Lombard	328,950	54%	14,445	343,395
Total	598,482		26,852	625,334

¹ The accrued for short term incentive amounts include a discretionary bonus.

Bonus/matching share plan

As of 2008, members of the key management are no longer eligible to participate in the bonus/matching plan. Mr Bot was eligible to participate in the scheme up to his appointment as key manager (no participation in 2008). The amount of €26,852 reflects the accrued costs in 2010 for the rights on matching shares that were granted in 2007, 2009 and 2010 to Mr Bot (but only insofar these relate to his key management membership period), and 2007 for Ms Lombard.

Under the bonus/matching plan, of the net bonus amount received an amount equal to 25% of the gross bonus was used by the key management to purchase own TNT shares (bonus shares). Upon such purchase, a right on matching shares was granted. The number of bonus shares involved is calculated by dividing the amount invested by the share price on the day of grant. The day of grant is the day following the announcement of the first quarter results. If at least 50% of the bonus shares is retained for a period of three years and provided continued employment, the right will vest and the company will match the number of shares on a one-to-one basis. In compliance with the Dutch Corporate Governance Code, the key management may not sell their matching shares before the earlier of five years from the date of grant or the end of the employment, although any sale of shares for the purpose of using the proceeds to pay for the tax relating to the grant of these shares is exempted.

All key management participated in the scheme for the bonus earned during their membership of the key management, up until 2007 (except Mr Bot).

Their current matching entitlement is set out in the following table:

Number of matching rights on shares						
	Year	Outstanding 1 Jan 2010	Granted during 2010	Vested during 2010	Outstanding 31 Dec 2010	Remaining years in contractual life
Bernard Bot	2007	1,245		1,245		
	2009	3,365			3,365	0.4
	2010		2,763		2,763	0.4
Marie-Christine Lombard	2007	3,476		3,476		
Total		8,086	2,763	4,721	6,128	

In 2010 the average price on vesting for matching shares for the key management was €23.05.

Accrued long-term incentive

Costs of the long-term incentive

The maximum numbers of performance shares that can vest amount to 150% of base allocation. In the table below, the total costs of the rights on performance shares granted to the key management are shown:

<i>(in €)</i>	Costs in 2010 from performance shares granted in 2007	Costs in 2010 from performance shares granted in 2008	Costs in 2010 from performance shares granted in 2009	Costs in 2010 from performance shares granted in 2010	Accrued for long term incentive
Bernard Bot		15,905	17,481	16,818	50,204
Marie-Christine Lombard	46,727	70,197	97,918		214,842
Total	46,727	86,102	115,399	16,818	265,046

The costs are determined by multiplying the number of granted performance shares with the fair value of such shares on the date of grant (calculated by using the Monte Carlo model) and by taking into account statistical evidence of non-market conditions, which costs then subsequently are amortised over the vesting period.

Vesting of the long-term incentive

The vesting of the performance shares depends on the company's performance on total shareholder return. TNT's relative total shareholder return over the period from 4 May 2010 through 3 May 2013 governs the performance share grant for 2010. For the 2009 grant that period is from 5 May 2009 through 4 May 2012, for the 2008 grant that period is from 28 April 2008 through 27 April 2011, and for the 2007 grant it is from 4 May 2007 through 3 May 2010. In compliance with the Dutch Corporate Governance Code, key management may not sell their performance shares before the earlier of five years from the date of grant or the end of the employment, although any sale of shares for the purpose of using the proceeds to pay for the tax relating to the grant of these shares is exempted.

Based on the total shareholder return vesting percentages, the next table shows the *pro forma* vesting of the unvested performance shares, as if the performance period ended at 31 December 2010.

	Year	Performance shares	
		Vesting % of base allocation	Vesting as if per 31 Dec 2010
Bernard Bot	2008	20.2%	1,429
	2009	54.4%	6,759
	2010	9.4%	713
Marie-Christine Lombard	2008	20.2%	2,627
	2009	54.4%	15,775
Total			27,303

Long-term incentive/performance share plan

The table below summarises the status of the rights awarded under the performance share plan to the key management.

	Year	Number of rights on performance shares				Remaining years in contractual life
		Outstanding 1 Jan 2010	Granted during 2010	Vested during 2010	Forfeited during 2010	
Bernard Bot	2007	8,249		754	7,495	
	2008	10,608				10,608
	2009	18,637				18,637
	2010		11,382			11,382
Marie-Christine Lombard	2007	19,508		1,784	17,724	
	2008	19,508				19,508
	2009	43,497				43,497
Total		120,007	11,382	2,538	25,219	103,632

	Year	Number of rights on performance shares				Remaining years in contractual life
		Outstanding 1 Jan 2009	Granted during 2009	Vested during 2009	Forfeited during 2009	
Marie-Christine Lombard	2006	36,032		22,701	13,331	
	2007	19,508				19,508
	2008	19,508				19,508
	2009		43,497			43,497
Total		75,048	43,497	22,701	13,331	82,513

	Year	Number of rights on performance shares				Remaining years in contractual life
		Outstanding	Granted	Vested	Forfeited	
		1 Jan 2008	during 2008	during 2008	during 2008 31 Dec 2008	
Marie-Christine Lombard	2005	14,547		14,547		
	2006	36,032			36,032	0.5
	2007	19,508			19,508	1.3
	2008		19,508		19,508	2.3
Total		70,087	19,508	14,547	75,048	

In 2010 the average price on vesting for performance shares for the key management was €21.26 (2009: 14.23, 2008: 25.41).

Long-term incentive/share option plan

The table below summarises the status of the outstanding options (no related costs in 2010) to acquire a number of TNT ordinary shares granted to key management.

	Year	Number of options			Amounts in €		
		Outstanding	Exercised	Forfeited	Outstanding	Exercise	Share
		1 Jan 2010	during 2010	during 2010 31 Dec 2010	price	price on exercise date	Remaining years in contractual life
Marie-Christine Lombard	2004	30,000	30,000	0	18.44	22.63	
Total		30,000	30,000	0			

Pension

The pension costs consist of the service costs for the reported year. Mr Bot is a participant in a career average defined benefit scheme, whereas Ms Lombard participates in a French defined contribution pension scheme. The pensionable age of all key management is 65 years.

Unwinding of existing equity plans conditional to the demerger

Subject to approval of the demerger proposal by the shareholder, the unvested rights on performance shares and matching shares granted will be unwound immediately before the demerger date. All schemes will be terminated before the planned demerger and no 'legacy plans' will exist thereafter. The unwinding will be executed as described below unless the Supervisory Board decides otherwise in the period before the demerger.

The existing and unvested rights on performance shares and matching shares will vest on a pro-rated basis in accordance with current plan rules and, for the performance shares, applying the then most recent performance criteria.

The unwinding of the unvested performance shares and matching shares will be settled in cash and paid to the respective key manager.

SENIOR MANAGEMENT

Performance share plan senior management

The performance share plan is an equity-settled scheme with annual grants. Participants will be granted a conditional right to a maximum number of TNT shares. The number of shares comprised in the share award reflects the position that the participant holds and management's assessment of his/her future contribution to the company.

Participants will become the economic owner of the share after a period of three years (vesting period). The plan includes market-based vesting conditions such that the number of shares to be delivered (nil up

to the maximum comprising the right) is dependent on the company's performance on total shareholder return. These conditions are included in the calculation of the fair value at the grant date.

Performance shares were granted in May 2010 to 612 Express managers at a fair value of €12.39 each. These grants were part of the policy to annually grant rights on performance shares to eligible members of senior management from 2005 onwards.

The right on performance shares forfeits upon termination of employment prior to vesting. However, the participant retains the right to be compensated when he/she leaves the company for certain reasons (retirement, certain reorganisations, disability or death).

The total number of rights on performance shares for management granted in 2010 is stated below.

	Year	Number of rights on performance shares				Remaining years in contractual life
		Outstanding	Granted	Vested	Forfeited	
		1 Jan 2010	during 2010	during 2010	during 2010 31 Dec 2010	
Management	2007	614,448		52,877	561,571	
	2008	916,901		10,677	38,664	867,560
	2009	1,765,327		18,567	79,611	1,667,149
	2010		1,167,733	339	13,441	1,153,953
Total		3,296,676	1,167,733	82,460	693,287	3,688,662

In 2010 the average price on vesting for performance shares for the management (excluding Mr Bot) was €21.23.

Option plan senior management

In 2005 the option plan was replaced by the performance share plan. Final option awards occurred in 2004.

Statements of changes of outstanding options

The table below includes the outstanding options of senior management. All options granted entitle the holder to the allotment of ordinary shares when they are exercised and are equity settled.

	Year	Number of options			Amounts in €			
		Outstanding	Exercised	Forfeited	Exercise price	Share price on exercise date	Remaining years in contractual life	
		1 Jan 2010	during 2010	during 2010 31 Dec 2010				
Management	2003	36,109	18,684		17,425	13.85	19.63	0.1
	2003	3,000				3,000	14.51	0.4
	2004	185,451	21,000	2,600	161,851	18.44	20.73	0.4
Total		224,560	39,684	2,600	182,276			

Historic overview outstanding options

	2010		2009		2008	
	Number of options	Weighted average exercise price (in €)	Number of options	Weighted average exercise price (in €)	Number of options	Weighted average exercise price (in €)
Balance at beginning of year	254,560	17.68	281,560	17.64	309,938	17.61
Exercised	(69,684)	21.25	(10,250)	20.34	(28,378)	23.35
Forfeited	(2,600)	18.44	(16,750)	18.01		
Balance at end of year	182,276	17.94	254,560	17.68	281,560	17.64
Exercisable at 31 December	182,276	17.94	254,560	17.68	281,560	17.64

Bonus/matching plan for senior management

Members of a selected group of managers may on a voluntary basis participate in the bonus/matching plan. In such case, they are paid 100% of their bonus in cash and can convert 25% as a grant of TNT shares with an associated matching right in 2010 (73,123), 2009 (45,879), 2008 (63,290) and 2007 (50,913) if at least 50% of the shares are kept for three years. The company sees the bonus/matching plan as part of the remuneration package for the members of its top management, and it is particularly aimed at further aligning their interests with the interests of the shareholders. Grants are made in accordance with the bonus/matching plan, which has been approved by the Supervisory Board.

The significant aspects of the plan are:

- bonus shares are purchased from the participant's net income using 25% of the gross bonus amount and bonus shares are delivered upon the grant of the right on matching shares,
- the number of bonus shares is calculated by dividing 25% of an individual's gross annual bonus relating to the preceding financial year by the share price on the Euronext Amsterdam on the date the grant is made (2010: €22.91/share),
- the rights on matching shares are granted for zero costs and the number of shares is equal to the number of bonus shares,
- the matching shares are delivered three years after the delivery of the bonus shares. One matching share is delivered for each bonus share that has been retained for three years,
- for each bonus share that is sold within three years, the associated right to one matching share lapses. If more than 50% of the bonus shares are sold within three years, the entire right to matching shares lapses with immediate effect,
- where a participant leaves the company for certain reasons (retirement, certain reorganisations, disability or death) the right on matching shares will vest immediately and he/she can exercise his/her right *pro rata*, and
- a participant loses the right to exercise his/her right on matching shares when he/she leaves the company for reasons other than those mentioned.

The exercise of the rights on matching shares is subject to the TNT rules concerning inside information. All awards under this plan are equity settled.

The table below summarises the status of the number of outstanding rights on matching shares granted to senior management:

	Number of matching rights on shares				Remaining years in contractual life	
	Year	Outstanding 1 Jan 2010	Granted during 2010	Vested or forfeited during 2010 31 Dec 2010		
Management	2007	41,894		41,894		
	2008	60,415		4,697	55,718	0.3
	2009	52,556		1,469	51,087	0.4
	2010		73,123	727	72,396	0.4
Total		154,865	73,123	48,787	179,201	

In 2010 the average price on vesting for matching shares for the management was €22.94.

Unwinding of existing equity plans conditional to the demerger

Subject to approval of the demerger proposal by the shareholder, the unvested rights on performance shares and matching shares granted, as well as any unexercised options, will be unwound immediately before the demerger date, subject to approval of the demerger proposal by the shareholder. All schemes will be terminated before the planned demerger and no 'legacy plans' will exist thereafter. The unwinding will be executed as described below unless the supervisory board decides otherwise in the period before the demerger.

The existing and unvested rights on performance shares and matching shares will vest on a pro-rated basis in accordance with current plan rules and, for the performance shares, applying the then most recent performance criteria.

The unwinding of the unvested performance shares and matching shares will be settled in cash and paid to the eligible management and employees.

The exercise period of the employee options for TNT shares will be shortened and will end immediately before the planned demerger date. The value upon demerger of any unexercised option will be calculated in accordance with a generally accepted option valuation model and will be paid to the eligible employees.

Fair value assumptions and hedging

TNT's share-based payments have been measured using the Monte Carlo fair value measurement method. Significant assumptions used in TNT's calculations are as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Share price (in €)	22.18	15.18	25.16
Volatility (%)	41.44	39.80	23.40
Vesting period (in years)	3	3	3
Risk free rate (%)	1.72	2.14	4.42
Dividend yield (%)	2.48	2.35	2.64

As of 4 May 2010, the 2010 grant date, the fair value of the matching shares awarded was €20.54 and the fair value of the performance shares awarded was €12.39. As of 5 May 2009, the 2009 grant date, the fair value of the matching shares awarded was €14.11 and the fair value of the performance shares was €8.75. As of 28 April 2008, the 2008 grant date, the fair value of the matching shares awarded was €23.17 and the fair value of the performance shares awarded was €13.00. As of 4 May 2007, the 2007 grant date, the fair value of the matching shares was €29.88 and the fair value of the performance shares awarded was €17.03.

TNT manages its risk in connection with the obligations the company has under the existing share and option plans by purchasing shares on the market. In 2010, TNT did not purchase any additional shares to cover its obligations under the existing share and option schemes.

At 31 December 2010, TNT held a total of 188,757 shares to cover its obligations under the existing share and options schemes (2009: 488,691, 2008: 1,059,931).

19 Depreciation, amortisation and impairments: 209 million (2009: 237, 2008: 270)

	<u>Year ended at 31 December</u>		
<i>(in € millions)</i>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Amortisation of intangible assets	54	59	55
Depreciation property, plant and equipment	157	163	176
Impairment of intangible assets		10	2
Impairment of property, plant and equipment	(2)	5	37
Total	<u>209</u>	<u>237</u>	<u>270</u>

The amortisation of intangible assets of €54 million relates to software for €46 million (2009: 39, 2008: 42) and other intangibles for €8 million (2009: 20, 2008: 13). The reversal of the impairment of property, plant and equipment of €2 million in 2010 relates to two aircraft which have been transferred back from assets held for sale to property, plant and equipment and which will be back into service in 2011.

In 2009, the impairment charges mainly related to impaired customer relationships of €10 million in Asia and vehicles of €5 million in Americas.

In 2008, the impairment charges mainly related to the decommissioning of 9 aircraft of €37 million in Europe and impaired operational software of €2 million in Brazil.

20 Other operating expenses: 435 million (2009: 456, 2008: 425)

The other operating expenses consist of IT communication, marketing, consulting and shared services cost and auditors fees.

21 Net financial income and expenses: -37 million (2009: -13, 2008: -48)

<i>(in € millions)</i>	Year ended at 31 December		
	2010	2009	2008
Interest and similar income	20	64	154
Fair value change fair value hedges	2		8
Total interest and similar income	22	64	162
Interest and similar expenses	(53)	(67)	(199)
Fair value change cashflow hedge recycled to profit and loss	(1)	(1)	(1)
Fair value change fair value hedges		(2)	(8)
Net foreign exchange losses	(5)	(7)	(2)
Total interest and similar expenses	(59)	(77)	(210)
Net financial expenses	(37)	(13)	(48)

Express has financing relationships with both external banks and with TNT. As a result Express records both external interest income and expenses from financial institutions and interest income and expenses from financing relationships with TNT.

Interest and similar income: 22 million (2009: 64, 2008: 162)

The interest and similar income amounts to €20 million (2009: 64, 2008: 154), of which €11 million (2009: 45, 2008: 102) is income from TNT. The external interest and similar income of €9 million (2009: 19, 2008: 60) mainly relates to interest income on banks, loans and deposits of €7 million (2009: 12, 2008: 39), of which €4 million (2009: 8, 2008: 27) relates to a gross up of interest on notional cash pools, interest on taxes of €1 million (2009: 2, 2008: 2) and interest on foreign currency hedges of €1 million (2009: 3, 2008: 9).

The change of the fair value hedges in 2008 of -€8 million related to the short-term €500 million interest rate swap, which was offset by the fair value change of €8 million on the 5.125% Eurobond 2008 of TNT N.V., which matured in 2008. The 5.125% Eurobond 2008 of TNT N.V. is included in the balance sheet of TNT N.V. and has no impact on the balance sheet of Express.

Interest and similar expenses: 59 million (2009: 77, 2008: 210)

The interest and similar expenses amounts to €53 million (2009: 67, 2008: 199), of which €12 million (2009: 13, 2008: 111) are expenses related to TNT. The external interest and similar expenses of €41 million (2009: 54, 2008: 88) mainly relate to interest expense on bank overdrafts and bank loans of €11 million (2009: 21, 2008: 41), of which €4 million (2009: 8, 2008: 27) relates to a gross up of interest on notional cash pools, interest expenses on long-term borrowings of €12 million (2009: 10, 2008: 18), interest on foreign currency hedges of €14 million (2009: 19, 2008: 27), interest on provisions of €1 million (2009: 1, 2008: 0).

In accordance with IFRS interest income and expense on cash pools are reported on a gross basis. From an economic and legal perspective the €4 million (2009: 8, 2008: 27) interest income fully nets off against the same amount of interest expense. The amounts are not netted in the income statement because under IFRS such offset needs in practice to be irreversibly exercised from time to time.

The interest and similar income and expense on various foreign exchange derivatives have been aggregated on a gross basis while economically the €1 million of interest income and €2 million of fair value change fair value hedges (2009: 3, 2008: 9) fully offsets the €14 million (2009: 19 interest expense and 2 fair value change fair value hedges, 2008: 27) of interest expenses on hedges.

22 Income taxes: 57 million (2009: 43, 2008: 66)

Income taxes amount to €57 million (2009: 43, 2008: 66), or 45.2% (2009: 122.9%, 2008: 32.0%) of income before income taxes.

Effective income tax rate

<i>(in percentages)</i>	Year ended at 31 December		
	2010	2009	2008
Dutch statutory income tax rate	25.5	25.5	25.5
Adjustment regarding effective income tax rates other countries	(3.9)	(9.1)	6.5
Permanent differences:			
Non and partly deductible costs	8.6	21.1	4.2
Non and partly deductible impairments		9.1	
Exempt income			
Other	15.0	76.3	(4.2)
Effective income tax rate	45.2	122.9	32.0

In 2010, the effective income tax rate is 45.2% (2009: 122.9%, 2008: 32.0%), which is significantly higher than the statutory income tax rate of 25.5% in the Netherlands (2009: 25.5%, 2008: 25.5%). The adverse impact of several non-deductible costs of 8.6% (2009: 21.1%, 2008: 4.2%) is partly offset by an overall positive effect of different income tax rates in other countries of -3.9% (2009: -9.1%, 2008: 6.5%). Compared to 2009, the effective tax rate improved significantly, partly due to the absence of non-deductible impairments in 2010 (in 2009, a significant part of the recorded impairments was non-deductible, which impacted the effective tax rate by 9.1%).

The line 'other' of 15.0% (2009: 76.3%, 2008: -4.2%) includes several effects:

- Current year losses for which no deferred tax assets could be recognised due to uncertainty regarding the recoverability of such assets caused the effective tax rate to increase by 24.4% (2009: 39.9%, 2008: 17.3%);
- Positive effects from several optimization projects decreased the effective tax rate by 14.1% (2009: 36.4%, 2008: 6.8%);
- The effective tax rate of 2009 was adversely impacted by 55.2% due to the impact of non deductible elements included in certain profit pooling arrangements between the Mail and Express businesses;
- The effective tax rate of 2008 was positively impacted by 6.3% relating to the recognition of deferred tax assets for loss carry forward positions that were previously unrecognised;
- The remaining 'other' increase of 4.7% (2009: 17.6%, 2008: -8.4%) reflects changes in accounting estimates relating to deferred tax balances and the net impact of several other positive and negative effects.

Income tax expense consists of the following:

<i>(in € millions)</i>	Year ended at 31 December		
	2010	2009	2008
Current tax expense	88	62	68
Changes in deferred taxes (excluding acquisitions/foreign exchange effects)	(31)	(19)	(2)
Total income taxes	57	43	66

In 2010, the current tax expense amounted to €88 million (2009: 62, 2008: 68). The difference between the total income taxes in the income statement and the current tax expense is due to timing differences. These differences are recognised as deferred tax assets or deferred tax liabilities.

At 31 December 2010, the income tax receivable amounts to €26 million (2009: 33, 2008: 64) and the income tax payable amounts to €31 million (2009: 26, 2008: 27). In 2010, Express paid taxes for an amount of €76 million (2009: 34, 2008: 152).

The following table shows the movements in deferred tax assets in 2010:

<i>(in € millions)</i>	Provisions	Property, plant and equipment	Losses carried forward	Other	Total
Deferred tax assets at 31 December 2007	24	8	102	48	182
Changes charged directly to equity				8	8
Changes via income statement (De)consolidation/foreign exchange effects	5	(2)	(1)	1	3
	(2)	(1)	(2)	(1)	(6)
Deferred tax assets at 31 December 2008	27	5	99	56	187
Changes charged directly to equity				(5)	(5)
Changes via income statement (De)consolidation/foreign exchange effects	3		13	(3)	13
	3		6		9
Deferred tax assets at 31 December 2009	33	5	118	48	204
Changes charged directly to equity				1	1
Changes via income statement (De)consolidation/foreign exchange effects	3	(1)	6	1	9
	4	1	12	(1)	16
Deferred tax assets at 31 December 2010	40	5	136	49	230

Of the deferred tax assets an amount of €11 million (2009: 9, 2008: 21) is to be recovered within 12 months and an amount of €219 million (2009: 195, 2008: 166) is to be recovered after 12 months.

Deferred tax assets and liabilities are presented net in the balance sheet if Express has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority. Out of the total 'other' deferred tax assets of €49 million (2009: 48, 2008: 56) an amount of €28 million (2009: 32, 2008: 36) relates to temporary differences for assets that are both capitalised and depreciable for tax purposes only.

The total accumulated losses available for carry forward at 31 December 2010 amounted to €896 million (2009: 774, 2008: 687). With these losses carried forward, future tax benefits of €278 million could be recognised (2009: 228, 2008: 190). Tax deductible losses give rise to deferred tax assets at the substantively enacted statutory tax rate in the relevant country. Deferred tax assets are recognised if it is probable that they will be realised. The probability of the realisation is impacted by uncertainties regarding the realisation of such benefits, for example as a result of the expiration of tax losses carried forward and projected future taxable income. As a result Express has not recognised €140 million (2009: 108, 2008: 91) of the potential future tax benefits and has recorded deferred tax assets of €138 million at the end of 2010 (2009: 120, 2008: 99). Of the total recognised deferred tax assets for loss carry forward an amount of €2 million (2009: 1, 2008: 0) was offset against deferred tax liabilities.

The expiration of total accumulated losses is presented in the table below:

<i>(in € millions)</i>	
2011	9
2012	20
2013	27
2014	45
2015 and thereafter	318
Indefinite	477
Total	896

The following table shows the movements in deferred tax liabilities in 2010:

<i>(in € millions)</i>	Provisions	Property, plant and equipment	Other	Total
Deferred tax liabilities at 31 December 2007		37	19	56
Changes via income statement	1	3	(3)	1
(De)consolidation/foreign exchange effects		(8)	2	(6)
Deferred tax liabilities at 31 December 2008	1	32	18	51
Changes via income statement		(14)	8	(6)
(De)consolidation/foreign exchange effects		2	5	7
Deferred tax liabilities at 31 December 2009	1	20	31	52
Changes via income statement	3	(3)	(22)	(22)
(De)consolidation/foreign exchange effects		1	4	5
Deferred tax liabilities at 31 December 2010	4	18	13	35

Of the deferred tax liabilities an amount of €3 million (2009: 1, 2008: 6) is to be settled within 12 months and an amount of €32 million (2009: 51, 2008: 45) is to be settled after 12 months.

NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

The non-cash transactions in the statement of cash flows relate to depreciation, amortisation and impairment charges, share-based payment expenses, result from investments in associates, foreign exchange gains and losses, investments in property, plant and equipment financed via financial leases, book result on sale of property, plant and equipment and changes in provisions.

23 Net cash from operating activities 241 million (2009: 316, 2008: 525)

In 2010, the net cash from operating activities decreased by €75 million from €316 million in 2009 to €241 million.

Cash generated from operations

Comparing 2010 and 2009, cash generated from operations decreased from €416 million in 2009 to €356 million in 2010. In 2010 the profit before income taxes contributed €126 million and €349 million if adjusted for the non-cash impact of depreciation, amortization, impairments and share based payments. This is €64 million higher compared to 2009 (2009: 285).

Comparing 2009 and 2008 the cash generated from operations decreased from €525 million in 2008 to €316 million in 2009. In 2009 the profit before income taxes contributed €35 million and €285 million if adjusted for the non-cash impact of depreciation, amortization, impairments and share based payments. This is €203 million lower compared to 2008 (2008: 488), largely due to decrease in volumes as a result of the global economic crisis, which had a significant impact on Express from the second half of 2008.

The change in net pension liabilities of -€6 million in 2010 (2009: -3, 2008: -7) reflects the total Express non-cash employer pension expense for the post-employment defined benefit plans of €7 million (2009: 9, 2008: 6) and comparable total Express cash contributions to various post-employment defined benefit plans for a total amount of €13 million (2009: 12, 2008: 13).

The increase of €22 million in change in other provisions from 2009 to 2010 relates mainly to higher cash payments in 2009 following several restructuring plans. The decrease of €66 million in change in other provisions from 2008 to 2009 mainly relates to higher provisions in 2008 related mainly to restructuring, customer claims and guarantees.

Comparing 2010 and 2009, total working capital of -€31 million worsened by €159 million compared to 2009 (2009: 128), mainly as a result of increase in revenue that lead to higher trade accounts receivable and accrued income balances. Trade working capital worsened by €94 million compared to 2009, non-trade working capital worsened by €65 million.

Comparing 2009 and 2008, total working capital worsened by €44 million from €172 million in 2008 to €128 million in 2009. The higher cash flow in 2008 was mainly due to decrease in revenue towards the end of 2008 as a result of the economic crisis, leading to lower trade accounts receivable and accrued income balances. Trade working capital worsened by €51 million compared to 2008, non-trade working capital improved by €8 million.

Interest paid

The total cash out flow for interest paid in 2010 is €39 million (2009: 66, 2008: 94). In 2010 interest paid mainly includes interest on Express' financial leases of €13 million (2009: 11, 2008: 15). In addition, interest payments of €12 million (2009: 29, 2008: 41) are included for short-term debt (of which €4 million (2009: 11, 2008: 28) is a gross up due to cash pools which is offset in the interest received) and for interest on foreign currency hedges of €14 million (2009: 26, 2008: 19). In 2008, the interest cash outflow also included payments of €9 million relating to long-term interest derivatives.

The interest paid and received on notional cash pools are reported on a gross basis according to IFRS. From an economic and legal perspective the €4 million (2009: 11, 2008: 28) interest paid fully nets off against the same amount of interest received. The amounts are not netted in the income statement because under IFRS such offset in practice needs to be irreversibly exercised from time to time.

Similarly, the interest paid and received on various foreign currency derivatives have been aggregated on a gross basis while economically the €3 million of interest received (2009: 6, 2008: 7) is fully set off against the €14 million (2009: 26, 2008: 19) of interest paid on hedges.

Income taxes paid

In 2010, Express paid taxes for an amount of €76 million (2009: 34, 2008: 152).

24 Net cash used in investing activities: -150 million (2009: -185, 2008: -199)

Interest received

In 2010, interest received amounted to €13 million (2009: 22, 2008: 52). In 2010, interest received mainly includes interest relating to short-term bank balances and deposits of €9 million (2009: 14, 2008: 40) (of which €4 million (2009: 11, 2008: 28) is a gross up due to nominal cash pools which is offset in the interest paid), realised interest on foreign currency hedges of €3 million (2009: 6, 2008: 7) and interest received on taxes of €1 million (2009: 2, 2008: 2).

Acquisition of subsidiaries and joint ventures (net of cash)

In 2010, the total payments net of cash for acquisitions amounted to €23 million (2009: 62, 2008: 0) and is related to the final payment for the acquisition of Expresso Araçatuba. In 2009, the total payment net of cash for acquisitions of €62 million was related to the acquisitions of LIT Cargo for €39 million and Expresso Araçatuba for €23 million. In 2008, Express had no acquisitions.

Capital expenditure on intangible assets and property, plant and equipment

In 2010, capital expenditures on property, plant and equipment amounted to €121 million (2009: 120, 2008: 202), mostly related to vehicles, IT equipment and depot equipments. The capital expenditures on intangible assets of €50 million (2009: 36, 2008: 52) mostly related to software license and common systems development costs. In 2010, 2009 and 2008 capital expenditures were funded primarily by cash generated from operations and were part of strict cost control and review.

Proceeds from sale of intangible assets and property, plant and equipment

Proceeds from the sale of property, plant and equipment in 2010 totalled €26 million (2009: 26, 2008: 11), related to the sale of buildings, aircraft, vehicles and other depot equipment.

25 Net cash used in financing activities: -121 million (2009: 261, 2008: -105)

As a result of the announced demerger of Express, the 2008, 2009 and 2010 cash flow statements include a reclassification from intercompany to external cash flows for all relationships between Express and TNT.

Proceeds from and Repayments of long-term borrowings

In 2010 the total net repayments on long-term borrowings relates to net repayments of local bank debt for a total amount of €14 million (2009: proceeds 15, 2008: repayment 2).

Proceeds from and Repayments of short-term borrowings

The total net repayments on short-term borrowings mainly related to the net of increases and decreases on outstanding local short-term bank debt of €42 million (2009: repayment 345, 2008: proceeds 301). In 2009, the repayment related mainly to the repayment of the commercial paper under TNT's commercial paper programme of €222 million. In 2008, total proceeds on short term borrowings mainly related to newly acquired short-term bank debt of €112 million and to receipts on TNT's commercial paper programme of €222 million.

Repayments to finance leases

The repayments related to redemptions on the two Boeing 747 freighters of €9 million (2009: 8, 2008: 8) and to redemptions on other finance lease contracts of €15 million (2009: 13, 2008: 14).

26 Reconciliation to cash and cash equivalents

The following table presents reconciliation between the cash flow statements and the cash and cash equivalents as presented in the statement of financial position.

	Year ended at 31 December		
<i>(in € millions, except percentages)</i>	2010	2009	2008
Cash at the beginning of the year	830	437	221
Exchange rate differences	7	1	(5)
Total change in cash (as in consolidated cash flow statements)	(30)	392	221
Cash at the end of the year	807	830	437

ADDITIONAL NOTES

27 Business combinations

(No corresponding financial statement number)

In 2010, Express had no acquisitions.

In 2009, Express entered into two acquisitions, being LIT Cargo S.A. and Expresso Araçatuba, with a total acquisition cost of €88 million. Following the purchase price allocation of the 2009 acquisition in LIT Cargo S.A. and, Expresso Araçatuba goodwill has increased by €13 million, in 2010.

In 2008, Express had no acquisitions. Goodwill increased by €6 million following the finalisation of the purchase price allocation of Hoau (China) and Mercurio, both acquired in 2007.

Specification

Company name <i>(in € millions)</i>	Segment	Month acquired in 2009	% owner	Acquisition costs	Goodwill on acquisition
LIT Cargo	Americas	February	100.0%	39	17
Expresso Araçatuba	Americas	April	100.0%	49	37
Total				88	54

The main factors that contributed to a cost that resulted in the recognition of goodwill are summarised below:

- LIT Cargo S.A. is a leading express delivery company in Chile. The acquisition gives Express a strong nationwide road network in Chile and strengthens its position in the country's domestic express delivery market. Furthermore, it adds a key building block to the development of its South American Road Network (SARN), linking Chile to Brazil and Argentina. The acquisition fully fits with the Express strategy to become the intra-regional express leader in South America,
- Expresso Araçatuba Transportes e Logística S.A. provides a foundation for further development of transport flows between Brazil, Chile and Argentina and offers express transportation – mainly by road – from the south and south-east of Brazil to the highly attractive north and central-west regions, home to the continent's largest concentration of pharmaceutical companies and large manufacturing plants.

The pre-acquisition balance sheets and the opening balance sheets of the acquired businesses are summarised in the tables below:

<i>(in € millions)</i>	Pre- acquisition	Post- Acquisition
Goodwill		54
Other non-current Assets	28	65
Total non-current Assets	28	119
Total current Assets	28	27
Total assets	56	146
Equity	14	90
Non-current liabilities	17	19
Current liabilities	25	37
Total Liabilities and Equity	56	146

(in € millions)	LIT Cargo		Expresso Araçatuba	
	Pre-acquisition	Post-Acquisition	Pre-acquisition	Post-Acquisition
Goodwill	17	37		
Other non-current Assets	21	38	7	27
Total non-current Assets	21	55	7	64
Total current Assets	11	10	17	17
Total assets	32	65	24	81
Equity	8	39	6	51
Non-current liabilities	13	15	4	4
Current liabilities	11	11	14	26
Total Liabilities and Equity	32	65	24	81

Pro forma results

The following represents the *pro forma* results of Express for 2009 as if these acquisitions had taken place on 1 January 2009.

These *pro forma* results do not necessarily reflect the results that would have arisen had these acquisitions actually taken place on 1 January 2009. The *pro forma* results are not necessarily indicative of the future performance of Express.

(in € millions)	Year ended at 31 December	
	Pro forma results (unaudited) 2009	As reported 2009
Total revenues	6,238	6,208
Profit for the period from continuing operations	(10)	(8)
Profit attributable to the equity holders of the parents	(13)	(11)

28 Commitments and contingencies

(No corresponding financial statement number)

Off-balance sheet commitments

(in € millions)	At 31 December		
	2010	2009	2008
Guarantees			22
Rent and operating lease	1,219	701	643
Capital expenditure	4	30	15
Purchase commitments	89	54	40

Of the total commitments indicated above €301 million are of a short-term nature (2009: 260, 2008: 204).

Guarantees

At the end of 2010, Express, on behalf of TNT subsidiaries, has various parental and bank guarantees outstanding. However, none (2009: 0, 2008: 22) result in an off-balance sheet commitment for Express as the relating obligations to external parties have already been recognised by these subsidiaries following its ordinary course of business. In 2008, for an amount of €22 million of guarantees were issued for the

benefit of unconsolidated companies and third parties, that when due, would result in an additional obligation.

Rent and operating lease contracts

In 2010, operational lease expenses (including rental) in the combined income statement amounted to €354 million (2009: 320, 2008: 299).

TNT Airways and Guggenheim Aviation Partners LLC have signed an agreement for the delivery and lease of three new Boeing 777 freighters. The first aircraft is expected to be delivered and to enter service in July 2011. The two other will enter service by the end of 2011. These aircraft will be on a 12-year operating lease with a total lease commitment of €464 million.

The Boeing 777 freighters will operate on longhaul routes between Europe and Asia. On these routes, Express currently operates a fleet of two owned Boeing 747 freighters and two Boeing 747 freighters on short-term lease. The new Boeing 777 freighters will be replacing the two Boeing 747 freighters on short-term leases due to expire in 2011. The new Boeing 777 freighters will reduce Express' reliance on commercial line haul and external short-term contract capacity, while providing the capacity required to support the company's growth in Asia.

Future payments on non-cancellable existing lease contracts mainly relating to aircraft, depots, hubs, vehicles and other equipments were as follows:

Repayment schedule of rent and operating leases

<i>(in € millions)</i>	At 31 December		
	2010	2009	2008
Less than 1 year	217	190	162
Between 1 and 2 years	190	134	137
Between 2 and 3 years	151	99	98
Between 3 and 4 years	119	75	68
Between 4 and 5 years	94	59	51
Thereafter	448	144	127
Total	1,219	701	643
of which guaranteed by a third party/customers	22	12	30

Capital expenditure

Commitments in connection with capital expenditure, which primarily relate to sorting machinery and other depot upgrading projects, are €4 million (2009: 30, 2008: 15).

Purchase commitments

At 31 December 2010 Express had unconditional purchase commitments of €89 million (2009: 54, 2008: 40), which are primarily related to short-term aircraft charter contracts and various service, maintenance contracts. These contracts for service and maintenance relate primarily to facilities management, security, cleaning, salary administration and IT support contracts.

Contingent tax liabilities

Multinational groups of the size of Express are exposed to varying degrees of uncertainty related to tax planning and regulatory reviews and audits. Express accounts for its income taxes on the basis of its own internal analyses, supported by external advice. Express continually monitors its global tax position, and whenever uncertainties arise, Express assesses the potential consequences and either accrues the liability or discloses a contingent liability in its financial statements, depending on the strength of the company's position and the resulting risk of loss.

Contingent legal liabilities

Ordinary course litigation

The company is involved in several legal proceedings relating to the normal conduct of its business, such as claims for loss of goods, delays in delivery, trademark infringements, subcontracting and employment issues, and general liability. The majority of these claims are for amounts below €1 million and are insured and/or

provided for. Express does not expect any liability arising from any of these legal proceedings to have a material effect on its results of operations, liquidity, capital resources or financial position. The company believes it has provided for all probable liabilities deriving from the normal course of business.

Liège court case

In Belgium, judicial proceedings were launched by residents around Liège airport to stop night flights and seek indemnification from the Walloon Region, Liège airport and its operators (including Express). On 29 June 2004, the Liège Court of Appeal rejected the plaintiffs' claims on the basis of a substantiated legal reasoning. The plaintiffs lodged an appeal with the Belgian Supreme Court, which overturned the 2004 judgement of the Liège Court of Appeal on 4 December 2009. The matter has been sent to the Brussels Court of Appeal for new submissions and pleadings. Following a Court of Appeal session on 7 October 2010, a calendar of proceedings will be fixed shortly. However, a new decision is not expected for at least two years.

A similar claim was lodged on 5 May 2009 before the Civil Court of Liège by the town of Riemst, which is seeking the closure of Liège airport. The Court rejected the claim on 14 April 2010. An appeal by Riemst was introduced on 14 September 2010 in which the town of Riemst requested the Court to pronounce a temporary measure that will forbid the use of the extended runway (417 m of extension). The Court rejected the request on 12 October 2010 and has fixed a calendar of proceedings. Express has to submit its conclusions before 1 March 2011. The hearing will take place on 14 February 2012. It is unlikely that the outcome of this proceeding will be different from the night flights case above.

Foreign investigations

The Company has received and responded to subpoenas from the United States Office of Foreign Asset Control inquiring about its involvement in exports to countries sanctioned by the United States. In addition the Company has received and responded to information requests from competition authorities in various jurisdictions and cooperated with investigations in this context. Express does not expect any liability arising from any of those investigations to have a material effect on its results of operation, liquidity, capital resources or financial position.

29 Financial risk management

(No corresponding financial statement number)

Express activities expose the company to a variety of financial risks, such as market risks (including foreign currency exchange risk and interest rate risk), credit risk and liquidity risk. All of these risks arise in the normal course of business. In order to manage the market risks Express utilises a variety of financial derivatives.

The following analyses provide quantitative information regarding Express exposure to the financial risks described above. There are certain limitations and simplifications inherent in the analyses presented, primarily due to the assumption that rates change in a parallel fashion and instantaneously, while at the same time, for example, the impact of changes in interest on foreign exchange exposures and visa versa is ignored. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts assumed.

Express uses derivative financial instruments solely for the purpose of hedging exposures. The company enters into contracts related to derivative financial instruments for periods commensurate with its underlying exposures and does not take positions independent of these exposures. None of these financial instruments are leveraged or used for trading purposes or to take speculative positions.

Financial risk management is carried out by Group Treasury under policies approved by the Board of Management. Group Treasury identifies, evaluates and hedges financial risk in close cooperating with operating units. The Board of Management provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. Periodic reporting on financial risks has been embedded in the overall risk framework and has been provided to the Board of Management in a structural way.

Interest rate risk

Part of Express borrowings and leases are against floating interest rates. These floating interest rates may fluctuate substantially and could have a material adverse effect on Express financial results in any given reporting period. Borrowings that are issued at variable rates, expose the company to cash flow interest

risks. Borrowings that are issued at fixed rates expose the company to fair value interest rate risk. Express' financial assets are on average of such short-term nature that they bear no significant fair value, but do cause cash flow interest rate risks. Group policy is to significantly limit the impact of interest fluctuations over a term of seven years as a percentage of earnings before interest, taxes, depreciation and amortisation. At 31 December 2010, Express gross interest bearing borrowings, including finance lease obligations, totalled €358 million (2009: 434, 2008: 741), of which €307 million (2009: 359, 2008: 478) was at fixed interest rate.

Although, Express generally enters into interest rate swaps and other interest rate derivatives in order to attempt to reduce its exposure to interest rate fluctuations, these measures may be inadequate or may subject the company to increased operating or financing costs.

At 31 December 2010, if interest rates on borrowings and financial assets had been 1% higher with other variables held constant the profit before income tax would have been €7 million higher (2009: 7, 2008: 2). Equity would be impacted by €15 million (2009: 14, 2008: 13), due to the outstanding interest rate swap(s) with a nominal value of US\$239 million, as well as the €7 million (2009: 7, 2008: 2) impact on profit, both before income taxes, see also note 30.

Foreign currency exchange risk

Express operates on an international basis generating foreign currency exchange risks arising from future commercial transactions, recognised assets and liabilities, investments and divestments in foreign currencies other than the euro, Express' functional and reporting currency. Express treasury department matches and manages the intragroup and external financial exposures. Although the company generally enters into hedging arrangements and other contracts in order to reduce its exposure to currency fluctuations, these measures may be inadequate or may subject the company to increased operating or financing costs.

The two main currencies of Express external hedges are the British pound and US dollar, of which the 2010 exchange rates to the euro are shown below:

	Year end closing¹	Annual Average²
British pound	0.86080	0.85740
US dollar	1.33620	1.32100

¹ Source: European Central Bank, reference rate on the last day of the year.

² The annual average is calculated as the 12-months' average of the month-end-closing rates of the European Central bank.

Management has set up a policy to require group companies to manage their foreign exchange risk against the functional currency. Group companies are required to hedge material balance sheet exposures via the use of foreign exchange derivatives with Group Treasury, whereby a financing company operated by Group Treasury trades these foreign exchange derivatives with external banks. Express currently has no net investment hedges outstanding. Significant acquisitions and local debt is usually funded in the currency of the underlying assets.

At 31 December 2010, if the euro had weakened 10% against the US dollar with all other variables held constant, the profit before income tax on the foreign exchange exposure on financial instruments would have been €0 million higher (2009: 0, 2008: 0). The net income sensitivity to movements in EUR/USD exchange rates compared to 2009/2008 has not changed. Equity would have been impacted by €0 million (2009: 0, 2008: -3).

At 31 December 2010, if the euro had weakened 10% against the British pound with all other variables held constant the profit before income tax on the foreign exchange exposure on financial instruments would have been €0 million lower (2009: 0, 2008: 0). The net income sensitivity to movements in EUR/GBP exchange rates compared to 2009/2008 has not changed. Equity would have been positively impacted by €0 million (2009: 26, 2008: 0).

Credit risk

Credit risk represents the loss that the company would incur if counterparties with whom Express enters into financial transactions are unable to fulfil the terms of the agreements. Credit risk arises from cash and cash equivalents, derivatives and deposits with banks and financial institutions as well as credit exposures relating to customers. The company attempts to minimise its credit risk exposure by only transacting to

financial institutions that meet established credit guidelines and by managing its customer's portfolio. Express continually monitors the credit standing of financial counterparties and its customers. Individual risk limits are set on internal and external ratings in accordance with limits set by the Board of Management. The utilisation of credit limits is regularly monitored. At reporting date there were no significant concentrations of credit risk. The top ten customers of Express account for 3% of the outstanding trade receivables as per 31 December 2010.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Express attempts to maintain flexibility in funding by keeping committed credit lines available.

Express has the following undrawn committed facilities:

<i>(in € millions)</i>	At 31 December		
	2010	2009	2008
Multicurrency Revolving Credit Facilities	1,100	1,000	1,000

These facilities are available for Express and have been guaranteed by TNT N.V. They will need refinancing upon demerger.

The table below analyses Express financial liabilities into relevant maturity groupings based on the remaining period on the balance sheet to the contractual maturity date. The outgoing flows disclosed in the table are the contractual undiscounted cash flows which contains the redemptions and interest payments.

	At 31 December				Bookvalue
	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Thereafter	
<i>(in € millions)</i>					
Outgoing flows based on the financial liabilities 2010					
Other loans	16	31	10	2	34
Financial leases	21	35	37	135	203
Interest rate and cross currency swaps – outgoing	69	442	118	823	93
Foreign exchange contracts – outgoing	1,126				17
Short term bank debt	28				28
Trade accounts payable	414				414
Other current liabilities	109				109
Mitigation incoming flows based on the financial liabilities 2010					
Interest rate and cross currency swaps – incoming	57	421	112	773	
Foreign exchange contracts – incoming	1,126				
Total liquidity risk	600	87	53	187	898
Outgoing flows based on the financial liabilities 2009					
Euro Bonds					
Other loans	8	8	51	4	49
Financial leases	21	38	38	146	205
Interest rate and cross currency swaps – outgoing	67	450	116	871	124
Foreign exchange contracts – outgoing	640				7
Short term bank debt	56				56
Trade accounts payable	316				316
Other current liabilities	156				156
Mitigation incoming flows based on the financial liabilities 2009					
Interest rate and cross currency swaps – incoming	55	415	109	800	
Foreign exchange contracts – incoming	640				
Total liquidity risk	569	81	96	221	913
Outgoing flows based on the financial liabilities 2008					
Euro Bonds					
Other loans	347	2	2	3	350
Financial leases	21	36	32	157	221
Interest rate and cross currency swaps – outgoing	65	122	360	792	135
Foreign exchange contracts – outgoing	766				43
Short term bank debt	35				35
Trade accounts payable	254				254
Other current liabilities	70				70
Mitigation incoming flows based on the financial liabilities 2008					
Interest rate and cross currency swaps – incoming	48	95	330	663	
Foreign exchange contracts – incoming	766				
Total liquidity risk	744	65	64	289	1,108

Capital structure management

It is the objective of Express when managing the capital structure to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure. Express' capital structure will be based on and managed along the following components: (1) maintain an investment grade credit rating at BBB+/Baa1; (2) an availability of at least €400 million to €500 million of undrawn committed facilities; (3) cash pooling systems facilitating optimized cash requirements for the group and (4) a tax optimal internal and external funding focused at optimizing the cost of capital for the group, within long-term sustainable boundaries.

The debts of Express include finance leases for two Boeing 747 freighters for a total of €179 million (2009: 174, 2008: 189). Certain clauses in these finance leases can be triggered by the lender upon the demerger of Express as is the case for many smaller, mostly uncommitted overdraft and guarantee facilities around the world. Express will seek agreement with the providers of these facilities to continue them on a stand-alone basis. In addition Express will require committed bank facilities that it seeks to arrange in anticipation of the demerger, among other things to assure the availability of at least €400 million to €500 million of undrawn committed facilities upon demerger.

A lower-than-targeted initial credit rating or a subsequent downgrade in the credit rating of Express may negatively affect its ability to obtain funds from financial institutions, retain investors and banks and increase its financing costs by increasing the interest rates of its outstanding debt or the interest rates at which the company is able to refinance existing debt or incur new debt. This could affect its returns for shareholders and benefits for other stakeholders.

The terms and conditions of Express' material long and short-term debts, as well as its material (drawn or undrawn) committed credit facilities, do not include any financial covenants. There are also no possibilities to accelerate these material debts and committed facilities in case of a credit rating downgrade. The debt and credit facility instruments vary on a case by case basis and mostly contain customary clauses as are generally observed in the market such as negative pledge conditions, restrictions on (the use of the proceeds of) the sale of assets or businesses and in most cases change of control clauses.

30 Financial instruments

(No corresponding financial statement number)

Summary financial instruments

In line with IAS 39 the following categories of financial assets and financial liabilities can be distinguished.

Assets

	At 31 December			
	Notes	Loans and receivables	Financial assets at fair value through profit and loss	Total
<i>(in € millions)</i>				
Assets as per balance sheet 2010				
Other loans receivable	3	3		3
Other financial fixed assets	3	16	3	19
Accounts receivable	5	1,241		1,241
Prepayments and accrued income	6	155	2	157
Cash and cash equivalents	7	807		807
Total		2,222	5	2,227
Assets as per balance sheet 2009				
Other loans receivable	3	3		3
Other financial fixed assets	3	18	2	20
Accounts receivable	5	1,136		1,136
Prepayments and accrued income	6	121	9	130
Cash and cash equivalents	7	830		830
Total		2,108	11	2,119
Assets as per balance sheet 2008				
Other loans receivable	3	3		3
Other financial fixed assets	3	15	1	16
Accounts receivable	5	2,728		2,728
Prepayments and accrued income	6	121	41	162
Cash and cash equivalents	7	437		437
Total		3,304	42	3,346

Liabilities

		At 31 December		
(in € millions)	Note	Financial liabilities measured at amortised costs	Derivatives used for hedging	Total
Liabilities as per balance sheet 2010				
Long term debt	12	208	93	301
Trade accounts payable		414		414
Other current liabilities	13	166	17	183
Total		788	110	898
Liabilities as per balance sheet 2009				
Long term debt	12	224	124	348
Trade accounts payable		316		316
Other current liabilities	13	242	7	249
Total		782	131	913
Liabilities as per balance sheet 2008				
Long term debt	12	213	135	348
Trade accounts payable		254		254
Other current liabilities	13	463	43	506
Total		930	178	1,108

The fair value of financial instruments is based on foreign exchange and interest rate market prices. Express uses commonly practised fair value valuation methods for its derivatives. The valuations represent a best approximation of the trading value of these derivatives at their valuation moment. The derivatives within the financial instruments are thereby grouped within level 2 of the fair value measurement hierarchy.

Finance leases

Total debt on finance leases consist of financial lease contracts on buildings (depots), vehicles and airplanes.

For the outstanding finance leases, see the table below:

		At 31 December			
(in € millions)	Nominal value	Fixed/ floating interest	Hedge accounting	Carrying value	Fair value
Boeing 747 ERF	179	floating	Yes	179	179
Other leases	24	floating/fixed	No	24	26
Total outstanding finance leases 2010	203			203	205
Boeing 747 ERF	174	floating	Yes	174	165
Other leases	31	floating/fixed	No	31	31
Total outstanding finance leases 2009	205			205	196
Boeing 747 ERF	189	floating	Yes	189	158
Other leases	32	floating/fixed	No	32	25
Total outstanding finance leases 2008	221			221	183

Interest rate swaps

Express has US\$ 239 million (2009: 251, 2008: 262) and €30 million (2009: 30, 2008: 0) of interest rate swaps outstanding for which it pays fixed and receives floating interest. These interest rate swaps act as a hedge on the cash flow interest rate risk on outstanding long-term debt. The €30 million loan which is hedged by the €30 million swap is a loan of TNT N.V., the value of the swap is therefore included in 'Net payable to TNT'.

As all previously outstanding forward starting swaps have been designated as cash flow hedges, the market value movements of the effective portion of the hedges have been included in equity. The market value will stay in equity (the hedge reserve) and will be straight-line amortised to the income statement. Net financial expense includes an amortisation of €1 million from the hedge reserve.

The total ineffective portion recognised in the income statement that arises from the usage of fair value hedges amount to a result of €0 million (2009: 0, 2008: 0). The total ineffective portion recognised in the income statement that arises from the usage of cash flow hedges amount to result of €0 million (2009: 0, 2008: 0).

Furthermore Express unwound €400 million of forward starting interest rate swaps in 2008. The fair value of €2 million is booked into the income statement.

An overview of interest rate and cross currency swaps is presented below:

At 31 December

Nominal (in € millions)	Forward Starting	Currency	Outstanding	Pay	Receive	Hedge	Fair value	Settlement amount
Interest rate swaps 2010								
117	No	USD	Yes	fixed	floating	cash flow	(11)	
122	No	USD	Yes	fixed	floating	cash flow	(12)	
30	No	Euro	Yes	fixed	floating	cash flow	—	
Cross currency swaps 2010								
250	No	USD/EUR	Yes	floating	floating	fair value	1	
568 ¹	No	GBP/EUR	Yes	fixed	fixed	cash flow	(65)	
27	No	SEK/EUR	Yes	floating	floating	fair value	(5)	
Interest rate swaps 2009								
123	No	USD	Yes	fixed	floating	cash flow	(7)	
128	No	USD	Yes	fixed	floating	cash flow	(8)	
30	No	Euro	Yes	fixed	floating	cash flow	—	
Cross currency swaps 2009								
250	No	USD/EUR	Yes	floating	floating	fair value	(19)	
568 ¹	No	GBP/EUR	Yes	fixed	fixed	cash flow	(88)	
26	No	SEK/EUR	Yes	floating	floating	fair value	(2)	
Interest rate swaps 2008								
128	No	USD	Yes	fixed	floating	cash flow	(14)	
134	No	USD	Yes	fixed	floating	cash flow	(17)	
400	Yes	Euro	No	fixed	floating	cash flow	—	2
Cross currency swaps 2008								
250	No	USD/EUR	Yes	floating	floating	fair value	(9)	
568 ¹	No	GBP/EUR	Yes	fixed	fixed	cash flow	(95)	

¹ Please also see under explanatory text relating foreign exchange contracts.

Foreign exchange contracts

Express entered into short-term foreign exchange derivatives to hedge foreign exchange fair value and cash flow risks. The fair value of these outstanding foreign exchange hedges is recorded as a current asset in 'prepayments and accrued income' or as a current liability in 'total current borrowings'. The foreign exchange result on the outstanding fair value hedges is recorded in the income statement and mitigates the foreign exchange exposure and results on the underlying balance sheet items.

The fair value of the outstanding long-term cross-currency swaps is recorded as a long-term asset in 'financial fixed assets' or as liability in 'long-term debt'. The value of the GBP/EUR cross currency swap mainly relates to movements in the GBP/EUR exchange rates and off sets the movement in the carrying value of the £450 million 7.5% Eurobond 2018 of TNT N.V. As the GBP/EUR cross-currency swap relates to a financial instrument of TNT N.V. the value of the swap is included in 'Net payable to TNT', see also notes 5 and 12. The other outstanding cross-currency swaps are fair value hedges on intercompany positions.

The details relating to outstanding foreign exchange contracts are presented below:

		At 31 December				
<i>(in € millions)</i>	Note	Carrying value	Fair value	Nominal value	Hedge	Amount in equity
Foreign exchange contracts 2010						
Asset	6	2	2	177	Fair value/ Cash flow	
Liability	12	17	17	1,126	Fair value	
Foreign exchange contracts 2009						
Asset	6	9	9	363	Fair value/ Cash flow	3
Liability	12	(7)	(7)	640	Fair value	
Foreign exchange contracts 2008						
Asset	6	41	41	837	Fair value/ Cash flow	
Liability	12	(43)	(43)	766	Fair value	

The cash flow hedges on highly probable forecasted transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on the effective portion of the forward exchange contracts as of 31 December 2010 amount to €0 (2009: 0, 2008: 0). These reserves are recognised in the income statement in the period or periods during which the hedged forecasted transaction affects the income statement. The total ineffective portion recognised in the income statement that arises from the usage of fair value hedges amount to a result of €0 million (2009: 0, 2008: 0). The total ineffective portion recognised in the income statement that arises from the usage of cash flow hedges amount to a result of €0 million (2009: 0, 2008: 0).

31 Joint ventures

(No corresponding financial statement number)

Express participates in joint ventures that are proportionately consolidated. The company's most significant joint venture as at 31 December 2010 is the 50% interest in TNT Swiss Post AG, which offers express services in Switzerland. The Express share in equity in these joint ventures is limited as per 31 December 2010.

Key *pro rata* information regarding all of Express joint ventures in which Express has joint decisive influence over operations is set out below and includes balances at 50%:

<i>(in € millions)</i>	Year ended at 31 December		
	2010	2009	2008
Non-current assets	6	5	4
Current assets	36	24	20
Equity	17	15	12
Non-current liabilities	4	1	—
Current liabilities	21	13	12
Net sales	78	58	63
Operating income	10	7	6
Profit attributable to the shareholders	7	6	5
Net cash provided by operating activities	11	8	8
Net cash used in investing activities	(1)	(2)	(1)
Net cash used in financing activities	(8)	(7)	(7)
Changes in cash and cash equivalents	2	(1)	0

32 Related party transactions and balances

(No corresponding financial statement number)

Express is currently owned and controlled by TNT N.V. It also has trading relationships with a number of other TNT companies, joint ventures and uncombined companies in which it holds minority shares. In some cases there are contractual arrangements in place under which the Express entities source supplies from such undertakings, or such undertakings source supplies from Express.

During 2010, sales made by Express companies to its joint ventures amounted to €1 million (2009: 0, 2008: 0). Purchases of Express from joint ventures amounted to €21 million (2009: 2, 2008: 0). The net amounts due from the joint venture entities amounted to €29 million (2009: 18, 2008: 11). As at 31 December 2010, no material amounts were payable by Express to associated companies.

The following transactions were carried out with other TNT companies.

<i>(in € millions)</i>	At 31 December		
	2010	2009	2008
Direct operational services to other TNT companies	7	7	5
Direct operational services from other TNT companies ¹	(11)	(12)	(11)
Management fees	9	13	17
Reimbursement of marketing costs		1	1
License fees	7	8	1
Share-based payments	14	13	12
Pension costs in respect of group plans ¹	(27)	(24)	(18)
Interest income	11	45	100
Interest expenses ¹	(12)	(13)	(108)

¹ Amounts between brackets represent costs.

Financial position related to other TNT companies

(in € millions)	At 31 December		
	2010	2009	2008
Non-current receivables		29	
Current receivables	1,669	523	3,502
Non-current payables		76	
Current payables	2,195	1,072	1,821
Net payables/receivable TNT	(526)	(596)	1,681

The net liabilities towards the continuing TNT Group of €526 million (2009: 596, 2008: receivable 1,681) represent the net payable from legal entities of Express to TNT N.V. and legal entities of its continued business and is expected to be settled before the actual demerger. The net payable arises mainly from financing activities, as the trading activities between Express and TNT are limited.

For the disclosure relating to key personnel, see note 18. In 2009, the net payable of €596 million is recorded within the other current liabilities for an amount of € 549 million and for €47 million in the long-term liabilities.

In 2008, the net receivable of €1,681 million is recorded within the accounts receivable, see note 5.

33 Segment information

(No corresponding financial statement number)

The Board of Management of TNT N.V. receives operational and financial information on a monthly basis for Express and Other Networks that were two of the segments of TNT Group. Due to the demerger of the Express business, the segment information in the 2010 combined financial statements focuses on the operating segments of the Express business that will be the reportable segments going forward. This segment information is primarily based on the geographical areas where Express offers its services. As a result, the segment information is presented mainly from a geographical perspective to give an overview of the main markets. Express has the following reportable segments:

- Europe & MEA
- ASPAC
- Americas
- Other Networks, which includes Innight and Fashion

The measure of profit and loss and assets and liabilities is compliant with IFRS. The pricing of intercompany sales is done at arm's length.

Segmentation – results

In the table below a reconciliation is presented of the segment information relating to the income statement of the reportable segments:

<i>(in € millions)</i>	Year ended at 31 December 2010					Total
	Europe & MEA	Asia Pacific	Americas	Other Networks	Non-allocated	
Net sales	4,355	1,643	497	443	7	6,945
Intercompany sales	9	—	1	3	(13)	—
Other operating revenues	89	13	4	2		108
Total operating revenues	4,453	1,656	502	448	(6)	7,053
Other income	3	5	3	1		12
Depreciation/impairment property, plant and equipment	(106)	(25)	(12)	(4)	(8)	(155)
Amortisation/impairment intangibles	(11)	(5)	(7)	(1)	(30)	(54)
Total operating income	371	14	(67)	18	(156)	180
Net financial income/(expense)						(37)
Results from investments in associates						(17)
Income tax						(57)
Profit/(loss) for the period						69
Attributable to:						
Non-controlling interests						3
Equity holders of the parent						66
Number of employees (headcount)	36,184	31,924	11,081	2,435	1,612	83,236

Taxes and net financial income are dealt with at Express group level and not within the reportable segments. As a result, this information is not presented as part of the reportable segments. The key financial performance indicator for management of the reportable segments is operating income, which is reported on a monthly basis to the chief operating decision makers.

Other than the depreciation and amortisation, the material exceptional non-cash items in the 2010 operating income are the restructuring-related charges of €16 million, of which €8 million is within reportable segment Europe & MEA and €8 million in Americas. Other material non-cash items include provision for post-employment benefits of €7 million, claims of €19 million and legal and other obligation of €9 million. Book profits on sale of property plant and equipment amounted to €8 million of which €3 million is within reportable segment Europe & MEA, €4 million in ASPAC and €1 million in Americas.

Year ended at 31 December 2009

<i>(in € millions)</i>	Europe & MEA	Asia Pacific	Americas	Other Networks	Non-allocated	Total
Net sales	4,050	1,230	397	425	7	6,109
Intercompany sales	12	—	(1)	2	(13)	—
Other operating revenues	80	13	3	3		99
Total operating revenues	4,142	1,243	399	430	(6)	6,208
Other income	(6)	6	2	(2)		—
Depreciation/impairment property, plant and equipment	(127)	(23)	(13)	(3)	(2)	(168)
Amortisation/impairment intangibles	(13)	(23)	(7)	(1)	(25)	(69)
Total operating income	281	(32)	(32)	18	(174)	61
Net financial income/(expense)						(13)
Results from investments in associates						(13)
Income tax						(43)
Profit/(loss) for the period						(8)
Attributable to:						
Non-controlling interests						3
Equity holders of the parent						(11)
Number of employees (headcount)	36,348	29,325	11,050	1,895	1,444	80,062

Year ended at 31 December 2008

6.N34.B1

<i>(in € millions)</i>	Europe & MEA	Asia Pacific	Americas	Other Networks	Non-allocated	Total
Net sales	4,716	1,258	334	479	4	6,791
Intercompany sales	6	—	(1)	3	(8)	—
Other operating revenues	122	7	3	3		135
Total operating revenues	4,844	1,265	336	485	(4)	6,926
Other income	5	1	1	2	9	
Depreciation/impairment property, plant and equipment	(160)	(23)	(5)	(4)	(22)	(214)
Amortisation/impairment intangibles	(12)	(11)	(5)	(1)	(27)	(56)
Total operating income	406	(21)	(18)	32	(113)	286
Net financial income/(expense)						(48)
Results from investments in associates						(32)
Income tax						(66)
Profit/(loss) for the period						140
Attributable to:						
Non-controlling interests						—
Equity holders of the parent						140
Number of employees (headcount)	38,814	27,648	7,663	1,936	1,258	77,319

Non-allocated operating income

<i>(in € millions)</i>	Year ended at 31 December		
	2010	2009	2008
Demerger costs	(45)		
Projects	(7)	(5)	(10)
Profit pooling	(41)	(92)	(35)
Pensions	(15)	(12)	(8)
Other costs	(48)	(65)	(60)
Total	(156)	(174)	(113)

In 2010, non-allocated operating costs amounted to €156 million (2009: 174, 2008: 113), of which €45 million were demerger costs and €41 million (2009: 92, 2008: 35) were costs relating to the profit and loss pooling arrangement. Both of these are one-off costs. The unallocated pension costs of €15 million are part of the difference of €25 million between the recorded IFRS employer pension expense for the defined benefit pension plans and the actual cash payments paid from Express to TNT which are not charged to the segments (2009: 12, 2008: 8). The other costs relate to costs not charged out to the segments and represent the difference between management fees and actual invoices, including Shareholders' costs which relate to specific assigned tasks and events linked to corporate activities that are not charged out to the segments and staff costs of central functions and branding.

Balance sheet information

A reconciliation of the segment information relating to the balance sheet of the reportable segments is presented below:

At 31 December 2010						
<i>(in € millions)</i>	Europe & MEA	Asia Pacific	Americas	Other Networks	Non-allocated	Total
Intangible assets	1,258	173	280	59	122	1,892
Property, plant and equipment	787	142	107	36	17	1,089
Trade accounts receivable	714	219	93	48	1	1,075
Other current assets	239	95	51	19	771	1,175
Total assets	3,113	712	577	165	964	5,531
Cash out for capital expenditures	70	45	12	3	41	171
Trade accounts payable	282	55	29	17	31	414
Other current liabilities ¹	646	205	84	39	673	1,647
Total liabilities¹	1,207	287	169	62	804	2,529

1. Non-allocated includes the net payable/receivable to TNT and jointventure adjustment.

At 31 December 2009						
<i>(in € millions)</i>	Europe & MEA	Asia Pacific	Americas	Other Networks	Non-allocated	Total
Intangible assets	1,258	158	261	59	117	1,853
Property, plant and equipment	836	107	91	24	19	1,077
Trade accounts receivable	671	176	71	39	(4)	953
Other current assets	236	83	42	12	826	1,199
Total assets	3,116	584	506	139	1,026	5,371
Cash out for capital expenditures	66	22	33	10	25	156
Trade accounts payable	224	35	25	9	23	316
Other current liabilities ¹	673	174	119	35	725	1,726
Total liabilities¹	1,174	228	231	52	932	2,617

At 31 December 2008

<i>(in € millions)</i>	Europe & MEA	Asia Pacific	Americas	Other Networks	Non-allocated	Total
Intangible assets	1,267	182	131	59	113	1,752
Property, plant and equipment	883	99	41	18	24	1,065
Trade accounts receivable	688	158	35	42		923
Other current assets ¹	267	99	23	11	2,097	2,497
Total assets¹	3,206	583	269	136	2,308	6,502
Cash out for capital expenditures	161	36	9	7	41	254
Trade accounts payable	179	29	14	6	26	254
Other current liabilities	643	234	52	37	382	1,348
Total liabilities	1,139	278	109	49	558	2,133

Geographical segment information

The segment information from a geographical perspective is derived as follows:

- the basis of allocation of net sales by geographical areas is the country or region in which the entity recording the sales is located; and
- segment assets and investments are allocated to the location of the assets, except for goodwill arising from the acquisition of the TNT business, which is not allocated to other countries or regions but to Europe & MEA.

Net sales

<i>(in € millions)</i>	Year ended at 31 December		
	2010	2009	2008
Europe			
The Netherlands	463	445	505
United Kingdom	885	834	1,034
Italy	605	580	666
Germany	776	720	826
France	698	669	720
Belgium	190	181	207
Rest of Europe	1,050	937	1,129
Americas			
USA and Canada	51	37	40
Brazil	368	297	259
South & Middle America	79	63	36
Africa & the Middle East	133	111	111
Australia & Pacific	581	437	481
Asia			
China and Taiwan	689	532	500
India	95	71	12
Rest of Asia	282	195	265
Total net sales	6,945	6,109	6,791

Assets

At 31 December

	2010			2009			2008		
	Intangible assets	Property, plant and equipment	Financial fixed assets	Intangible assets	Property, plant and equipment	Financial fixed assets	Intangible assets	Property, plant and equipment	Financial fixed assets
<i>(in € millions)</i>									
Europe									
The Netherlands	902	84	43	901	91	62	900	101	76
United Kingdom	156	246		151	253	1	149	271	2
Italy	3	26	27	4	31	28	9	36	25
Germany	43	59	37	43	61	51	43	66	50
France	287	64	4	287	68	7	287	75	8
Belgium	3	265	14	1	279	6	1	292	11
Rest of Europe	47	85	40	48	88	29	51	80	8
Americas									
USA and Canada		3	41		3	37		3	35
Brazil	243	78	3	227	67	3	130	37	2
South & Middle America	37	27	2	33	22	1		2	1
Africa & the Middle East		11		1	7		1	3	
Australia & Pacific	22	87	69	22	70	52	21	64	38
Asia									
China and Taiwan	122	39	6	111	23	1	131	22	
India	25	2	2	23	2	2	28	3	2
Rest of Asia	2	13	6	1	12	5	1	10	5
Total	1,892	1,089	294	1,853	1,077	285	1,752	1,065	263

Employees

	At 31 December							
	Europe & MEA	Asia Pacific	Americas	Other Networks	Non- allocated	2010	2009	2008
Europe								
The Netherlands	1,739			725	851	3,315	3,309	3,366
United Kingdom	9,472			604	761	10,837	11,339	12,119
Italy	3,025					3,025	3,078	3,159
Germany	4,287			946		5,233	5,217	5,349
France	4,727					4,727	4,646	4,741
Belgium	2,437			43		2,479	2,384	2,507
Rest of Europe	8,825			117		8,942	8,241	9,101
Americas								
USA and Canada			875			875	776	805
Brazil			8,059			8,059	9,116	6,312
South & Middle America			2,147			2,147	1,158	546
Africa & the Middle East	1,672					1,672	1,473	1,664
Australia & Pacific		4,842				4,842	4,823	5,112
Asia								
China and Taiwan		21,143				21,143	19,090	16,776
India		2,059				2,059	2,014	2,192
Rest of Asia		3,880				3,880	3,399	3,570
Total	36,184	31,924	11,081	2,435	1,612	83,236	80,062	77,319

34 Subsequent events

(No corresponding financial statement number)

In the Americas, Brazil has suffered from unexpected and recent domestic volume losses related to integration issues. A new management team has been put in place and has been given specific turnaround targets aimed at restoring the value of this strategic asset. Express will incur costs for the restructuring and possible impairments in its Brazil operations.

35 Fiscal unity in the Netherlands

(No corresponding financial statement number)

TNT N.V. forms a fiscal unity with several Dutch entities for Corporate Income Tax and VAT purposes. This also applies for the Dutch entities of Express. The full list of Dutch entities that are part of the fiscal unity is included in the list containing the information referred to in article 379 and article 414, Book 2 of the Dutch Civil Code, which is filed at the office of the Chamber of Commerce in Amsterdam. A company and its subsidiaries that form part of the respective fiscal unities are jointly and severally liable for taxation payable by these fiscal unities.

36 List of combined entities at 31 December 2010

(No corresponding financial statement number)

All entities are 100% unless otherwise stated, except entities marked with *, these entities are joint ventures

ARC India Private Limited
Archive and Data Storage Limited
Bleckmann (Holding) U.K. Limited
Bleckmann (Portugal) Transitarios Internacionais, Limitada
Brilliant Jade Investment Company Limited
Cambronne Gestion Sas
Cendris I Limited
Cendris Limited
Cendris UK Limited
Colton Carriers (Vic.) Pty. Limited
Colton Carriers (Vic.) Unit Trust
Concord Global Trade & Transport Limited
Easymall B.V.
Equity Credit Services Limited
Factora Factoring und Inkasso GmbH
GD Insurance Company Limited
J. McPhee & Son (Australia) Holdings Pty. Limited
Jet Services Deutschland GmbH
Leiraveien 13 Eiendom AS
Logispring Investment Fund Holding B.V.
LogiSpring Investment Fund N.V./S.A.
Mach++ Express Worldwide Limited
McPhee Transport Pty. Limited
Mercury Re Limited
MR/Lason LLC
Pan Air Lineas Aereas SA
PNG Air Freight Limited *
Programme Office B.V.
Project Hurricane Limited
PT TNT Skypak International Express
Riteway Transport Pty. Limited
Salah Al Balawi Trading Establishment
Sayer & Company (Transport – I.O.M.) Limited
Stichting Programme Office
Supply Chain Solutions (Hong Kong) Limited
T.E.I. Limited
TNT (China) Holdings Company Limited
TNT (H.K.) Limited
TNT (PNG) Limited
TNT (UAE) LLC
TNT Airways NV/SA
TNT Akademie Gesellschaft für Training und Personalentwicklung GmbH
TNT Araçatuba Transportes e Logística S.A. (acquired in 2009#)
TNT Argentina S.A.
TNT Australia Pty. Limited
TNT Brasil Participações One Limitada
TNT Bulgaria Eood
TNT Business Solutions Limited
TNT China Holdings B.V.
TNT Customs Clearance Service (Japan) Inc.
TNT Danmark A/S
TNT Direct Marketing Services (Shanghai) Company Limited
TNT Egypt Limited
TNT Employment Services Limited

TNT Europe Finance B.V.
 TNT Europe Limited
 TNT European Airlines Limited
 TNT Express (Austria) GmbH
 TNT Express (Belgium) N.V./S.A.
 TNT Express (Canada) Ltd.
 TNT Express (Cyprus) Limited
 TNT Express (Ireland) Limited
 TNT Express and Logistics Co., Ltd., Beijing
 TNT Express Beteiligungsgesellschaft GmbH
 TNT Express Brasil Holdings Limitada
 TNT Express Brasil Ltda
 TNT Express Chile Limitada
 TNT Express Corporation
 TNT Express Deliveries (Phils.), Inc.
 TNT Express Enfield Pty. Limited
 TNT Express France Sas
 TNT Express GmbH
 TNT Express Holdco B.V.
 TNT Express Holdings B.V.
 TNT Express Holdings Germany GmbH
 TNT Express Hungary Kft.
 TNT Express ICS Limited
 TNT Express Insurance B.V.
 TNT Express International SAS
 TNT Express N.V.
 TNT Express Luxembourg SA *
 TNT Express National SAS
 TNT Express Nederland B.V.
 TNT Express Properties (Berlin) B.V.
 TNT Express Properties (Frankfurt) B.V.
 TNT Express Properties (München) B.V.
 TNT Express Road Network B.V.
 TNT Express Worldwide (Cambodia) Limited
 TNT Express Worldwide (China) Limited
 TNT Express Worldwide (CIS) Limited Liability Company
 TNT Express Worldwide (Cyprus) Limited
 TNT Express Worldwide (Euro Hub) N.V./S.A.
 TNT Express Worldwide (HK) Limited
 TNT Express Worldwide (Israel) Limited
 TNT Express Worldwide (Japan) Inc
 TNT Express Worldwide (Kenya) Limited
 TNT Express Worldwide (M) Sdn Bhd
 TNT Express Worldwide (Namibia) (Proprietary) Limited
 TNT Express Worldwide (NZ) Limited
 TNT Express Worldwide (Phils.), Inc.
 TNT Express Worldwide (Poland) Sp zoo
 TNT Express Worldwide (Singapore) Private Limited
 TNT Express Worldwide (South Africa) (Proprietary) Limited
 TNT Express Worldwide (Spain), S.L.
 TNT Express Worldwide (Thailand) Co. Limited
 TNT Express Worldwide (UK) Limited
 TNT Express Worldwide (Zimbabwe) (Private) Limited
 TNT Express Worldwide Eesti AS
 TNT Express Worldwide Holdings Inc.
 TNT Express Worldwide Investments Limited
 TNT Express Worldwide Jordan Private Shareholding Company
 TNT Express Worldwide Limited
 TNT Express Worldwide Mexico SA de CV

TNT Express Worldwide N.V.
TNT Express Worldwide spol. s r.o. – Slovakia
TNT Express Worldwide, distribucija, d.o.o.
TNT Express Worldwide, spol. s.r.o. – Czech Republic
TNT Express WW (Portugal) Transit., Transp. e Servicos Complem. SA
TNT Express WW Kuwait Company WLL, Diya Abdul Latif Al-Kazemi & Partner
TNT FAA Sas
TNT Fashion Group B.V.
TNT Fashion Group France Sas
TNT Finance B.V.
TNT Finance Cyprus Limited
TNT France Holding SAS
TNT Global Express SpA
TNT GRS 2008 Ltd
TNT Headoffice B.V.
TNT Holdings (Deutschland) GmbH
TNT Holdings (Poland) Sp. z o.o.
TNT Holdings (UK) Limited
TNT Holdings B.V.
TNT Holdings Luxembourg Sàrl
TNT India Private Limited
TNT Informations Systeme GmbH
TNT Ingotlanhasznosito Kft.
TNT Innight Austria GmbH
TNT Innight B.V.
TNT Innight Czech Republic s.r.o.
TNT Innight GmbH & Co. KG
TNT Innight Hungary Express Szolgáltató Korlátolt Felelősségű Társaság
TNT Innight Management (Europe) GmbH
TNT Innight NV/SA
TNT Innight Slovak Republic s.r.o.
TNT International Express Tasimacilik Ticaret Limited Sirketi
TNT Latvia Sia
TNT Logisztikai Kereskedelmi es Szolgáltato Kft
TNT Management (Bahrain) EC
TNT Mehrwertlogistik GmbH
TNT Mercúrio Cargas e Encomendas Expressas S.A.
TNT New Zealand Limited
TNT Newco Limited
TNT Norden A/S
TNT Norge AS
TNT Offshore Islands Express Limited
TNT Overnite (M) Sdn Bhd
TNT Parcel Services (Shanghai) Company Limited
TNT Pty. Limited
TNT Real Estate Jersey Ltd
TNT Romania Srl
TNT Shared Services Centre Pty. Limited
TNT Shipping & Development Pty. Limited
TNT Shipping (Aust.) Pty. Limited
TNT Side Snc
TNT Skypak (Hellas) Limited
TNT Skypak Finance B.V.
TNT Skypak International (Bahrain) WLL
TNT Skypak International (Ireland) Limited
TNT Skypak International (Netherlands) B.V.
TNT Skypak International (NZ) Limited
TNT SPC Limited
TNT Suomi Oy

TNT Superannuation Pty. Limited
 TNT Sverige Aktiebolag
 TNT Swiss Post AG *
 TNT Transport (N.I.) Limited
 TNT Transport International B.V.
 TNT Transport Limited
 TNT UK Limited
 TNT USA Inc.
 TNT Vietnam Limited
 TNT-Vietrans Express Worldwide (Vietnam) Company Limited
 Trans Melanesian Airways Limited
 UAB TNT
 X-Air Services NVISA *
 XP International B.V.
 Baotou Wuzhou Huayu Logistics Co., Ltd
 Beijing Sanjiang Huayu Logistics Co., Ltd.
 Changchun Wanlong Huayu Logistics Co., Ltd.
 Changsha Sanjiang Huachen Logistics Company Ltd.
 Changzhou Sanjiang Huayu Logistics Company Limited
 Chengdu Wanlong Huayu Logistics Company Ltd.
 Chongqing Bailong Huajia Logistics Company Ltd.
 Dalian Sanjiang Huayu Goods Transportation Co., Ltd.
 Dongguan Wanlong Huayu Transportation Company Ltd.
 Foshan Wanlong Huayu Logistics Company Ltd.
 Fuzhou Wanlong Huayu Logistics Company Ltd.
 Guangzhou Wanlong Huajiang Logistics Company Ltd.
 Guiyang Sanjiang Huayu Logistics Company Ltd
 Haerbin Wanlong Huayu Logistcs Co., Ltd.
 Hangzhou Pengxiang Huayu Transportation Co., Ltd.
 Hefei Huamao Logistics Company Ltd.
 Heilongjiang Wuzhou Huayu Hengye Logistics Company Limited
 Huizhou Wanlong Huayu Logistics Company Ltd.
 Jiamusi Sanjiang Huayu Logistics Co., Ltd.
 Jiamusi Wanlong Huayu Hengji Logistics Company Limited
 Jiaying Wuzhou Huayu Logistics Company Ltd.
 Jinan Wanlong Huayu Logistics Company Ltd.
 Jinhua Sanjiang Huayu Logistics Company Ltd.
 Jinzhou Wanlong Huayu Logistics Co., Ltd.
 Kunming Wanlong Huayu Logistics Company Ltd
 Kunshan Wanlong Huayu Logistics Company Ltd.
 Lanzhou Sanjiang Huayu Logistics Company Ltd.
 Liuzhou Sanjiang Huayu Goods Transportation Company Ltd
 Nanchang Wanlong Huayu Logistics Company Ltd.
 Nanjing Bailong Huayu Logistics Company Ltd.
 Nanning Sanjiang Huayu Goods Transportation Company Ltd.
 Nantong Wanlong Huayu Logistics Company Ltd.
 Ningbo Jiangbei Sanjiang Huayu Logistics Company Ltd.
 Qingdao Wanlong Huayu Logistics Company Ltd.
 Shanghai Huazhen Logistics Company Ltd.
 Shantou Huazhen Transportation Company Ltd.
 Shenyang Wanlong Huayu Logistics Company Ltd.
 Shenzhen Sanjiang Huamao Transportation Company Ltd.
 Shijiazhuang Wanlong Huayu Logistics Co., Ltd.
 Suzhou Wanlong Huayu Logistics Company Ltd.
 Taiyuan Wanlong Huayu Hengji Logistics Co., Ltd.
 Tangshan Wanlong Huazhen Goods Transportation Co., Ltd.
 Tianjin Bailong Huayu Logistics Co., Ltd.
 Urumqi Wanlong Huayu Logistics Company Ltd.
 Weifang Wanlong Huayu Logistics Co., Ltd

Wenzhou Sanjiang Huayu Goods Transportation Company Ltd.
Wuhan Sanjiang Huayu Logistics Company Ltd.
Wuxi Wanlong Huaxia Transportation Company Ltd.
Xiamen Sanjiang Huayu Logistics Company Ltd.
Xi'an Huachen Logistics Company Ltd.
Xining Wuzhou Huayu Logistics Company Limited
Xuzhou Wanlong Huayu Logistics Company Ltd.
Yangjiang Wanlong Huayu Logistics Company Ltd.
Yangzhou Sanjiang Huayu Logistics Company Ltd.
Yantai Wanlong Huayu Logistics Company Ltd.
Yinchuan Wanlong Huayu Logistics Company Ltd.
Zhengzhou Sanjiang Huayu Logistics Co., Ltd.
Zhongshan Sanjiang Huayu Transportation Company Ltd.

OTHER INFORMATION

INDEPENDENT AUDITOR'S REPORT ON COMBINED FINANCIAL STATEMENTS EXPRESS BUSINESS

To the Board of Management of TNT N.V. and the Executive Board of TNT Express N.V.

We have audited the accompanying combined financial statements for the years 2010, 2009 and 2008 of the Express business of TNT N.V., Amsterdam as set out on pages 154 to 234 as described in the 'basis of preparation' as set out on pages 160 to 162 which comprise the combined statements of financial position as at 31 December 2010, 2009 and 2008, the combined statements of comprehensive income, changes in net investments and cash flows for the years then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Furthermore, Management is responsible for such internal control as it determines is necessary to enable the preparation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying combined financial statements as set out on pages 154 to 234 present fairly, in all material respects, the financial position of the Express business of TNT N.V. as at 31 December 2010, 2009 and 2008 and of its results and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter

We draw attention to the basis of preparation of the combined financial statements on pages 160 to 162. As the Express business has not operated as a separate entity, these combined financial statements are therefore, not necessarily indicative of results that would have occurred if the Express business had been a separate stand-alone entity during the years presented or of future results of the Express business. Our opinion is not qualified in respect of this matter.

Amsterdam, 11 April 2011
PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs. R. Dekkers RA

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PricewaterhouseCoopers Accountants N.V.