TNT ANNUAL REPORT 2009

WEATHERING THE STORM

TNT at a glance

Group performance

Financial

Revenues
€10,402m
2008: €11,152m

EBIT
€648m
2008: €982m

Net operating cash
€1,016m
2008: €923m

Profit for the period
Attributable to the shareholders
€281m
2008: €556m

Underlying Operating income
€896m
2008: €1,141m
See chapter 3

Corporate responsibility

Fatal accidents
own employees and subcontractors
31 (34 fatalities)
2008: 49 (58 fatalities)

CO_2 emissions
983 ktonnes
2008: 1,108 ktonnes

Dow Jones Sustainability Index
95% super sector leader
2008: 92% super sector leader

Business performance

- Overall cost savings 2009 €527 million
- Trade working capital as a % of revenue 8.7%, down from 9.9% in 2008
- Credit rating as of 31 December 2009: BBB+
- Express core volumes 6.2% down compared to 2008
- Mail Netherlands volumes 4.7% down compared to 2008

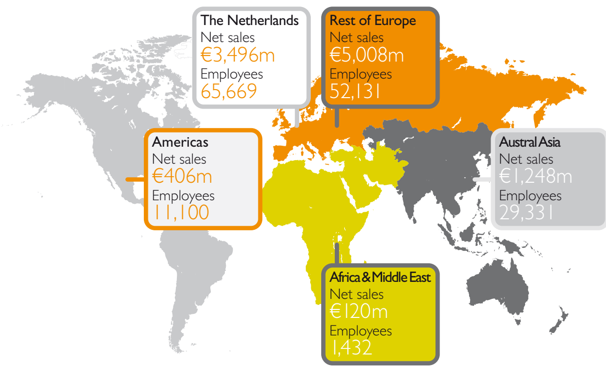
MISSION

TNT's mission is to exceed its customers' expectations in the transfer of their goods and documents around the world.

TNT delivers value to its clients by providing the most reliable and efficient solutions through delivery networks.

TNT aims to lead the industry by:
- instilling pride in its people,
- creating value for its shareholders, and
- sharing responsibility for the world in which it operates.

WHERE WE OPERATE



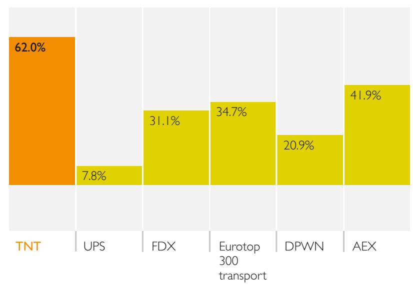
Net sales
Total
€10,278m

Employees
Total
159,663

SHARE PERFORMANCE

Annual relative performance to Euronext Amsterdam (AEX)
2009

Total shareholder return
2009



Source: Bloomberg Professional (own currency based)

5 YEAR DATA

Total revenues
€ million

2009	10,402
2008	11,152
2007	11,017
2006	10,060
2005	9,329

Total shareholder return
€ million

2009	62.0%
2008	-49.4%
2007	-11.2%
2006	26.3%
2005	2.1%

Operating income (EBIT)
€ million

2009	648
2008	982
2007	1,192
2006	1,276
2005	1,148

Fatal accidents
own employees and subcontractors

2009	31
2008	49
2007	39
2006	15
2005	22

Dividend per share
€ cents

2009	53
2008	71
2007	85
2006	73
2005	63

CO_2 emissions
ktonnes

2009	983
2008	1,108
2007	1,074
2006	782
2005	674

INTRODUCTION

The data and charts on these introductory pages have been derived from the audited consolidated financial statements of TNT N.V. including the related notes in chapter 6 and the corporate responsibility chapters 14–19 of this annual report. For the historical data see previously published annual and/or corporate responsibility reports.

TNT has acquired a number of companies and businesses during the years, which limit the comparability of its year-on-year data.

The information in this annual report, and in particular in chapters 2, 3, 4, 5, 7, 8, 11 and 20 should be read in conjunction with the consolidated financial statements that can be found in chapter 6.

The report of the Board of Management is included in chapters 2, 3, 4, 5, 7, 8, 11 and 20. This annual report can also be viewed on TNT's corporate website, group.tnt.com. The corporate governance statement pursuant to the Decree implementing further accounting standards for the content of annual reports dated 23 December 2004 (amended on 20 March 2009) can also be found on this website and forms part of this annual report.

Any information on the website other than the contents of this annual report and above referred corporate governance statement does not form part of TNT's annual report.

Investing in TNT's securities involves risk. Carefully consider the risks set out in chapter 20 of this annual report.

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Cautionary note with regard to "forward-looking statements"

Some statements in this annual report 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 TNT'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 TNT operates and TNT management's beliefs and assumptions about future events.

You are cautioned not to put undue reliance on these forward-looking statements, which only speak as of the date of this annual report and are neither predictions nor guarantees of future events or circumstances. TNT does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Online information

This information can be found on the annual report website at group.tnt.com/annualreport2009

TNT at a glance continued

INTRODUCTION AND FINANCIAL AND CORPORATE RESPONSIBILITY HIGHLIGHTS

This is TNT's annual report for the financial year ended 31 December 2009, prepared in accordance with Dutch regulations. TNT intends to provide its stakeholders with a clear overview of its financial year 2009, and where TNT thinks it is helpful certain additional information of previous years is retained for comparative purposes. For the first time, the annual report also includes TNT's corporate responsibility (CR) reporting. TNT will not present a separate corporate responsibility report.

Unless otherwise specified or the context so requires, "TNT", the "company", the "group", "it" and "its" refer to TNT N.V. and all its group companies as defined in article 24b, book 2 of the Dutch Civil Code.

TNT is domiciled in the Netherlands, which is one of the Member States of the European Union (EU) that has adopted the euro as its currency. Accordingly, TNT has adopted the euro as its reporting currency. In this annual report the euro is also referred to as "€".

As required by EU regulation, as of 2005 the consolidated financial statements of TNT N.V. have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

PricewaterhouseCoopers Accountants N.V. has been appointed as the external independent auditor of TNT's financial statements.

TNT has engaged PricewaterhouseCoopers Accountants N.V. also to provide reasonable assurance on certain metrics and limited assurance on other metrics of CR. This assurance work is performed in accordance with the Assurance Standard 3410N "Assurance Engagements Relating to Sustainability Reports" as drawn up by the professional body of Dutch Accountants (Royal NIVRA).

Where it states 'TNT Total selected' or 'Express selected' in this report it means TNT or Express excluding TNT India, TNT Brazil, Huayu Hengye Logistics Company Limited (Hoau), LIT Cargo and Araçatuba. These entities are currently excluded from PricewaterhouseCoopers Accountants N.V.'s assurance scope. However, TNT India, TNT Brazil and Hoau are included in the CR reporting scope. Acquisitions in 2009 (LIT Cargo and Araçatuba) are not included in the CR reporting scope.

CR data marked with a triangle (▲) have been audited. Audit work focuses on obtaining reasonable assurance, substantiated by sufficient supporting evidence. Limited assurance (obtained through review work) does not require exhaustive gathering of evidence and therefore provides a lower level of assurance than audit work.

For a full description of the scope of the reported CR data and the assurance obtained please refer to chapter 19.

Corporate responsibility data

Excluding TNT India, TNT Brazil, Hoau, LIT Cargo and Araçatuba (TNT Total selected)

Year ended at 31 December	**2009**	2008	2007	2006	2005
Employees					
OHSAS 18001	**92%**	89%	86%	82%	23%
Fatal accidents (own employees and subcontractors)[1]	**31**	49	39	15	22
Lost time accidents per 100 FTEs	**2.81**	2.91	3.21	3.05	
SA 8000 (in non-OECD countries)	**96%**	96%	95%	48%	5%
Females	**38%**	37%	37%	36%	35%
Females in management positions	**26%**	27%	27%	26%	24%
Investors in people (based on headcount)	**92%**	85%	82%	79%	82%
Absenteeism	**4.2%**	4.2%	4.6%		
Employee engagement		71%		68%	
Environment					
ISO 14001	**92%**	89%	86%	65%	52%
CO_2 emissions absolute (ktonnes)[2]	**982.8**	1,108.4	1,074.0	781.8	673.6
CO_2 efficiency index	**94**	99	100		
CO_2 efficiency small trucks (g CO_2/km)	**295**	281	287		
CO_2 efficiency large trucks (g CO_2/km)	**668**	670	676		
CO_2 efficiency European Air Network (g CO_2/tonnes km)	**1,690**	1,790	1,700		
CO_2 efficiency long haul air (g CO_2/tonnes km)	**529**	560	527		
CO_2 efficiency buildings (kg CO_2/m^2)	**33.9**	37.9	48.3		
Sustainable electricity (% of total electricity)	**49.5%**	43.8%	11.0%	9.8%	3.5%
Other stakeholders					
ISO 9001	**93%**	90%	90%	80%	77%
Customer satisfaction Mail	**90%**	89%	89%	90%	89%
Customer satisfaction Express	**94%**	92%	90%	89%	89%

1 – TNT, including TNT India, TNT Brazil, Hoau, LIT Cargo and Araçatuba.
2 – TNT, including TNT India, TNT Brazil and Hoau, and excluding LIT Cargo and Araçatuba.
Figures in orange means that they fall within the reasonable assurance scope. This is indicated with a triangle (▲) in the rest of the annual report.

Financial data

Year ended and position at 31 December	2009	2008	2007	2006	2005
Statements of income					
Total revenues	**10,402**	11,152	11,017	10,060	9,329
Other income	**37**	35	75	65	38
Salaries and social security contributions	**(3,480)**	(3,617)	(3,608)	(3,384)	(3,318)
Depreciation, amortisation and impairments	**(489)**	(399)	(349)	(318)	(303)
Other expenses	**(5,822)**	(6,189)	(5,943)	(5,147)	(4,598)
Total operating expenses	**(9,791)**	(10,205)	(9,900)	(8,849)	(8,219)
Total operating income	**648**	982	1,192	1,276	1,148
Profit before income taxes	**468**	802	1,099	1,223	1,146
Profit for the period from continuing operations	**289**	560	783	828	770
Profit/(loss) from discontinued operations			206	(157)	(109)
Profit attributable to the shareholders	**281**	556	985	670	659
Ratios					
Operating margin (%)[1]	**6.2**	8.8	10.8	12.7	12.3
Average number of outstanding shares (in millions)	**366.3**	363.6	383.0	420.7	454.4
Earnings per ordinary share (in cents)[2]	**76.7**	152.9	257.2	159.3	145.0
Earnings from continuing operations per ordinary share (in cents)	**76.7**	152.9	203.4	196.6	169.0
Earnings from discontinued operations per ordinary share (in cents)			53.8	(37.3)	(24.0)
Average number of outstanding shares on diluted basis (in millions)	**369.0**	364.7	385.1	423.9	456.4
Earnings per diluted share (in cents)[2]	**76.2**	152.5	255.8	158.1	144.4
Earnings from continuing operations per diluted share (in cents)	**76.2**	152.5	202.3	195.1	168.3
Earnings from discontinued operations per diluted share (in cents)	**0.3**		53.5	(37.0)	(23.9)
Dividend per share (in cents)[3]	**53.0**	71.0	85.0	73.0	63.0
Dividend pay-out ratio (%)[4]	**69.1**	46.4	33.0	45.8	43.4
Balance sheets					
Non-current assets	**4,879**	4,730	4,823	4,277	3,663
Current assets	**2,719**	2,430	2,252	2,122	2,355
Assets held for sale	**27**	25	10	409	2,378
Total assets	**7,695**	7,185	7,085	6,808	8,396
Equity	**2,080**	1,757	1,951	2,008	3,279
as % of total liabilities and equity	**27**	25	28	30	39
Non-current liabilities	**2,778**	2,756	2,232	2,112	1,608
Current liabilities	**2,837**	2,672	2,902	2,542	2,279
Liabilities related to assets classified as held for sale				146	1,230
Total liabilities and equity	**7,695**	7,185	7,085	6,808	8,396
Cash flow statements					
Net cash from operating activities	**1,016**	923	643	857	969
Net cash used in investing activities	**(256)**	(257)	(8)	1,068	(262)
Net cash used in financing activities	**(348)**	(458)	(635)	(2,152)	(768)
Changes in cash and cash equivalents from continuing operations	**412**	208	0	(227)	(61)
Net cash from operating activities			(19)	(63)	43
Net cash used in investing activities			4	(30)	(22)
Net cash used in financing activities			16	36	8
Changes in cash and cash equivalents from discontinued operations	**0**	0	1	(57)	29

(in millions, unless otherwise stated)

1 – Operating income as percentage of total revenues.

2 – Profit attributable to shareholders divided by the average number of (diluted) ordinary shares.

3 – Dividend per share for 2009 is calculated on the basis of the interim cash/stock dividend of a pro forma value of €18 cents per share and the pro forma value of €35 cents for the proposed final cash/stock dividend. The final stock dividend is to be paid out of distributable reserves and based on the volume weighted average share price for the three trading day period from 22 April 2010 to 26 April 2010 inclusive.

4 – Dividend as percentage of earnings per share (EPS).

Chapter I Weathering the storm

"A relentless focus on cost control."

Peter Bakker
Chief Executive Officer

Dear reader,

While 2008 was a year of two halves, with the second half clearly marked by the impact of the global economic crisis, 2009 has seen the impact of the economic crisis for its full duration.

TNT's express business, with its cyclical nature, was most severely affected. Many customers in Europe have chosen slower and cheaper forms of transport, leading to a move away from air towards road express. The result was an unprecedented drop in volumes of air express of 25% in the beginning of the year, with road volume declines also building up during the year to double digit levels.

The fact that our mail business is less cyclical does not mean that 2009 did not pose challenges for this division. Substitution of mail volumes by electronic alternatives is now an irreversible trend in almost all European countries. The resulting volume declines have been amplified by the fact that the Dutch Government decided to fully liberalise the Dutch market on 1 April 2009, well ahead of most other countries in Europe. Overall volume declines in 2009 in the Netherlands were 4.7%.

The response of TNT's management to the challenges posed by the difficult operating environment has been effective. We exercised an even greater focus on cash, and cut costs quickly and deeply. Despite this both service quality and customer retention have remained good. In addition, our relative performance has been strong. Our share price increased by 56% during 2009, outperforming the Amsterdam Euronext and all our peers.

In last year's annual report we told you that TNT would focus its efforts in 2009 around six C's: customers, cost, cash, care, climate and confidence. This letter will share the highlights of 2009 with you along these same lines.

CUSTOMERS

The economic crisis has hurt our customers, and we have been in close contact with them to assist in devising new and smarter delivery solutions to save money. Our success in doing this is reflected in our customer satisfaction scores, which increased in both Express and in Mail. Express managed to grow its customer base by 1.2% during 2009.

COST

Our relentless focus on cost control in both the Express and the Mail divisions led to strong cost savings of €527 million over the year. This process was by no means easy and it called for painful choices. For the first time in its history, Express had to let go a significant number of employees due to reorganisations – 2,545 people. Even more individuals – 4,377– left Mail Netherlands, which continuously deals with these difficult reductions.

CASH

A rigorous focus on cash, both in terms of restricted Capex and improved working capital has yielded €1,016 million of net cash from operating activities, the highest level ever recorded in TNT. The result is a company under tight financial rein that maintained its BBB+ credit rating.

CARE

Complicated and prolonged negotiations with the Dutch unions ended in late January 2010 with an in-principle collective labour agreement for our activities in the Netherlands. This agreement, once ratified by union members, will help offset the pressure from volume declines in Mail. Part of the agreement is a solid social plan, which will help ensure that we can mitigate the effects of the far-reaching reorganisations that will be needed to adapt our mail operations to ever-diminishing volumes in the Netherlands.

> “Recent developments have, in effect, created a new reality.”

Consistent health and safety management helped us reduce the number of fatalities related to our activities and the activities of our subcontractors from 58 to 34 in 2009 (and fatal accidents from 49 to 31). Even though this is an improvement our view remains unchanged: Any fatality is one too many.

Care also covered our partnership with the United Nations World Food Programme (WFP). In 2009 we assisted WFP with food emergencies in Pakistan, Indonesia and the Philippines, providing specialists on the ground and transporting relief rations. In early 2010 the massive earthquake in Haiti elicited help from our emergency response team together with UPS and Agility.

CLIMATE

After having spent the past two years building a robust CO_2 measurement and reporting system we now feel at ease to formulate a long term CO_2 objective: to improve our carbon efficiency index by 45 percent by 2020, compared to the base year of 2007.

CONFIDENCE

This was the last C discussed in the 2008 annual report. Back then, we predicted that TNT people would rise to the occasion to meet the significant challenges that lay ahead in 2009. Now, with the benefit of hindsight, we are pleased to report that our confidence was well placed. The Board of Management is impressed and inspired by the many ways TNT people showed their commitment to the company and to their customers – from the mail carriers in the Netherlands who made their deliveries by sled when snow storms brought daily activity to a standstill, to the Express drivers who exercise great skill and discipline to deliver time-sensitive and life-saving medical equipment to hospitals on a regular basis. We are grateful to all TNT employees for their individual contributions that keep our company running every day.

STRATEGY REVIEW FOR CHANGING BUSINESS CONTEXT

In the course of 2009 we undertook a thorough review of our strategy. Our first conclusion was that our Focus

> “The Board of Management is impressed and inspired by the many ways TNT people showed their commitment to the company and to their customers.”

on Networks strategy, which we introduced in 2005, has been successfully implemented and that it has delivered its objectives. It is clear from the patterns we see in our customers’ demands that they prefer the asset-backed services of a network operator like TNT.

When we analysed the strategic context in which we do business, it became clear that recent developments have, in effect, created a new reality. Customers are expected to continue to opt for slower express services, which leads to blurred boundaries between express operators and parcels and freight companies. Price pressure in Europe is expected to remain high.

Express has established strong starting positions in China and South America, and we continue to build on them. For the long term, TNT’s positioning does provide us with excellent opportunities for market leadership. In the short term the challenges Express faces outside Europe lie in maintaining a good balance between the levels of investment and profitability.

In the Netherlands, mail volumes decline structurally. Now that the market has been liberalised, establishing a fair labour conditions for all players in the mail sector remains a key attention point. These and other uncertainties around regulation in the Dutch market make for a continued challenging business environment. Outside the Netherlands, the mail market has lost part of its promise. National postal operators in other countries are increasing their competitive responses against our European Mail Networks (EMN) and Spring activities. On top of this, the economic crisis gives governments extra incentive to protect incumbents, which often are among the largest employers in their countries.

It is clear express and mail are businesses with different characteristics. Express is a cyclical business that operates in a lightly regulated growth market. Mail, however, is confronted with structurally declining volumes in a highly regulated environment. The perspectives for both businesses differ accordingly.

Our remuneration committee has developed a new transparent system for Board of Management remuneration in 2009. It will be discussed at the upcoming annual general meeting of shareholders.

VISION 2015: CLEAR FOCUS ON FIVE AREAS

Based on this analysis, we formulated our new Vision 2015 strategy, which will guide our business for the coming five years. Going forward, we will focus our activities on five focus areas: four in Day-Definite Delivery Services, and Mail Netherlands. EMN will be managed for value realisation through partnerships or smart exit.

The first focus area is **Parcels**. Here, the aim is to grow our current position in next-day domestic and economy cross-border parcels. A key factor for success in this low-cost market is cost leadership. Network optimisation, scale enhancement and standardisation of our operations are vital to success in this area.

The second focus area is **Freight**. Capitalising on our strong European Road Network as well as high-growth inbound intercontinental volumes, we aim to extend TNT's lead in day-definite freight transport within Europe. In other parts of the world, we will build Freight through our own networks or through partnerships like the one we have with Con-way in the United States. We expect that over time cost leadership and customer requirements could lead to Freight creating partially separate networks in Europe.

Third is **Emerging Platforms**. We will expand our first-mover advantage in China and South America towards a leadership position in next-day delivery in these markets. We will also continue strengthening our road networks in Southeast Asia, India, Australia and the Middle East.

The fourth focus area is **Special Delivery Solutions (SDS)**, which aims to develop focused multi-customer delivery solutions that improve the economics of the TNT delivery networks by adding volume. We will develop solutions for sectors like pharma, health, electronics, automotive, defence, energy, and high-end non-food retail. TNT will aim to meet the needs of e-commerce, the fastest-growing sector for delivery solutions.

Mail Netherlands is the fifth focus area. We will continue to focus on sustaining good cash flows. We will explore business renewal opportunities and other sources of value creation, and we plan to set up an investment budget for this purpose. Given the diminishing opportunities that liberalisation offers in Europe we expect consolidation of mail operators to become possible, and our mail activities will be prepared to enter possible partnerships with other European mail operators.

Mail market conditions outside the Netherlands are tough and getting worse. Therefore we have decided to manage **EMN** to maximise value through partnerships and sale. Some first steps have been taken with termination of the addressed mail business and part of the unaddressed mail business in Austria, agreement with leading German publishers to start a "mail alliance," and sale of our unaddressed business in Germany and our telemarketing activities in the Czech Republic. We will conduct a further review of activities, also in relation to partnership options for Mail Netherlands.

CORPORATE RESPONSIBILITY: NEW APPROACH FOR MEASURING OUR PROGRESS

Our corporate responsibility (CR) strategy is focused on four pillars where we need to have the biggest impact: our employees, the environment, other stakeholders such as customers and subcontractors, and voluntary contributions to society. In 2009 we defined 10 key CR focus areas in these four pillars, each reflected in a number of KPIs that will enable us to measure our progress. This annual report is a milestone in this regard: Not only have we integrated our CR reporting, we also present our CR performance according to this new approach. And for the first time we publish our ambitious CO_2 reduction objectives.

LOOKING AHEAD TO 2010

The fourth quarter of 2009 has for the first time showed a positive growth in Express volumes compared to the dramatic lows in the final quarter of 2008. Whether this is the beginning of a sustained recovery in the European and global economy is at this stage still uncertain. In our business we will continue to focus our management on the same six Cs that made us weather the storm successfully in 2009: Customers, cost, cash, care, climate and confidence in our people and management.

For TNT the full development and implementation of Vision 2015 is of essential importance in 2010. Within the realities in which we operate, TNT is ready to respond to all challenges we face. More importantly, we will ensure that we will grasp all growth opportunities our analysis has identified. Whatever the choices this strategy will put before us, the Board of Management of TNT is determined to face these choices from a perspective of strength, serving to the best of our ability our customers, our shareholders, all other stakeholders, and most of all the great people of TNT.

Best regards,

Peter Bakker, CEO
Hoofddorp, the Netherlands
22 February 2010

Report of the Board of Management

Financial performance

Express

Revenues
€5,956m
2008: €6,653m

Operating income
€193m
2008: €376m

Employees
78,030
2008: 75,537

Mail

Revenues
€4,216m
2008: €4,245m

Operating income
€472m
2008: €633m

Employees
79,912
2008: 76,892

Operational performance

Express

Consignments
230.6m
2008: 230.4m

Kilos
7,696ktonnes
2008: 7,452ktonnes

Mail

Single mail items
1,008m
2008: 1,083m

Bulk mail
3,465m
2008: 3,610m

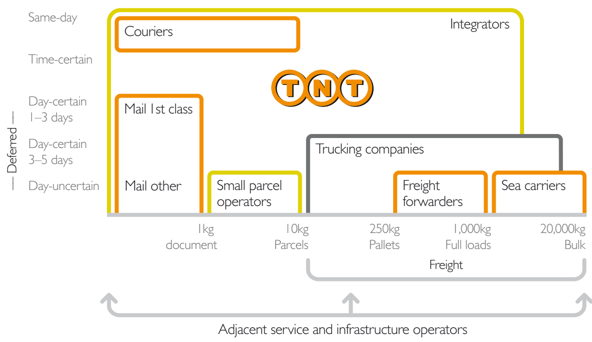
Business highlights Express

- Network optimisation and cost control
- Launch of dedicated Boeing 747 service from Hong Kong to Liège
- Acquisitions in Chile and Brazil strengthen South American network

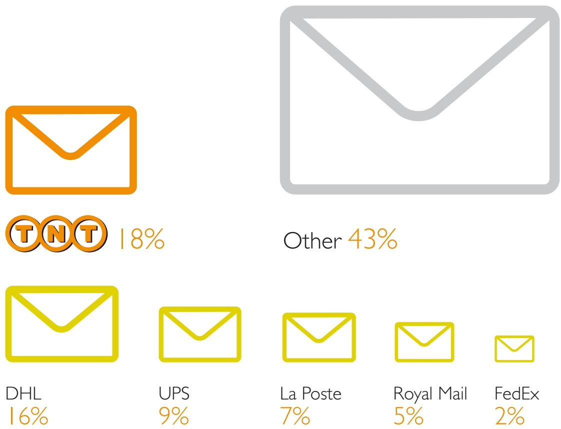
Business highlights Mail

- Dutch mail market opened since 1 April
- Master Plans continue to deliver cost savings
- Strong growth in Parcels and e-commerce

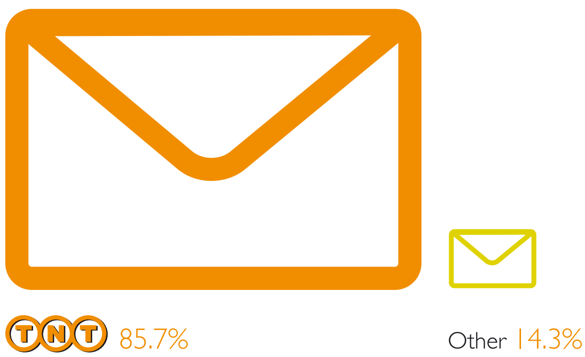
Global transportation industry – segmentation



Core market
(B2B Express market, Domestic and Intra-Europe)
2008: 100% = €21 billion



TNT market share addressed mail in the Netherlands



VISION 2015 STRATEGY

Changing business context translated into new strategy

Five focus areas

1. **European Parcels** Target additional growth in the €20 billion Standard Parcels market	– Extend leadership position in next-day domestic and economy cross-border parcels – Different solutions by market segment in each European market – Achieve cost leadership
2. **Freight** Extend lead in day-definite freight within Europe	– Build on strong European Road Network and high-growth inbound intercontinental volumes – Add global extensions through partnerships and TNT networks in emerging markets
3. **Emerging Platforms** Capture growth in these areas	– Capitalise on first-mover advantage in China and South America – Continue to expand and connect road networks in Asia/Pacific, India, Australia, Middle East/Africa and South America
4. **Special Delivery Solutions** Grow in bespoke solutions for customers	– Develop multi-customer network solutions for sectors like pharma, health, electronics and automotive – Capture growth in delivery solutions for e-commerce
5. **Mail Netherlands** Maintain sustainable cash performance	– Focus on Mail Netherlands, Cendris, Netwerk VSP and EMN Belgium – Explore business renewal opportunities – Over time be prepared for partnerships with other postal operators

> more in chapter 2

CORPORATE RESPONSIBILITY STRATEGY

TNT's corporate responsibility (CR) strategy is founded on five internationally recognised management standards: OHSAS 18001 for workplace safety, SA 8000 for social responsibility, Investors in People for personal growth of employees, ISO 9001 for operational excellence and ISO 14001 for environment.

From this basis, TNT focuses its corporate responsibility efforts on the four areas where it has the biggest impact:

– Employees,
– Environment,
– Other stakeholders, such as customers and subcontractors, and
– Voluntary contributions to society

> more in section E

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2009 in brief

16 February	TNT acquires LIT Cargo of Chile – TNT gains strong position in Chilean domestic express market, a key platform for expansion in South America
9 March	TNT and unions reach in-principle agreement on new CLAs at TNT Post
2 April	TNT and Con-way Freight start partnership to provide cost-efficient express freight services to/from the USA
23 April	TNT respects, but regrets the trade union members' rejection of the in-principle agreement on a new three-year collective agreement for TNT Post operations staff in the Netherlands
24 April	TNT signed an agreement with Singapore Post and Royal Mail on the exit of Singapore Post from the joint venture Spring Global Mail
28 April	TNT to acquire Brazilian delivery partner Expresso Araçatuba
5 May	TNT extends Asia Road Network into Cambodia
14 May	TNT Express Italy opens "Milano Mega", the new generation branch/hub
3 June	TNT launches first-to-market South American integrated road network
3 September	TNT on top of the Dow Jones Sustainability Indexes for third consecutive year
8 September	Urgenda, TNT, Eneco and Tendris launch a tender for 3,000 electric vehicles in three years
18 September	TNT increases express capacity between Asia and Europe
27 November	TNT winner of Henri Sijthoff Prize for best financial reporting
3 December	TNT announces strategy "Vision 2015" and sees continued further stabilisation in its trading environment

Chapter 2 Company strategy and general business context

GENERAL

TNT is part of the global transportation and distribution industry, and dedicated to providing delivery solutions to its customers.

TNT serves more than 200 countries and employs 159,663 people. Over 2009, TNT reported €10,402 million in revenues, an operating income of €648 million and net cash from operating activities of €1,016 million. TNT N.V. is incorporated in the Netherlands and listed and traded on Euronext Amsterdam by NYSE Euronext (ticker "TNT"). The Board of Management, with the approval of the Supervisory Board, sets the agenda for the group.

Next to a strong financial performance TNT is strongly committed to responsible corporate citizenship and implements various international standards in order to retain its "licence to operate" in the broadest sense. TNT measures, benchmarks and reports its performance. Information on corporate responsibility (CR) is for the first time integrated in this annual report.

MISSION

MISSION STATEMENT

TNT's mission is to exceed its customers' expectations in the transfer of their goods and documents around the world. TNT delivers value to its clients by providing the most reliable and efficient solutions through delivery networks.

TNT aims to lead the industry by:
- instilling pride in its people,
- creating value for its shareholders, and
- sharing responsibility for the world in which it operates.

BUSINESS DESCRIPTION

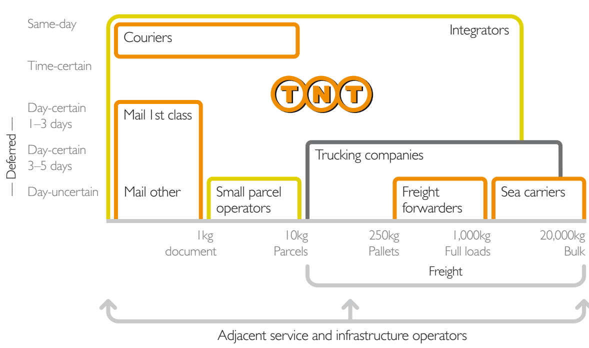
TNT is in the business of transferring goods and documents around the world tailored to its customers' requirements with a focus on time-certain and/or day-certain pick-up and delivery. It is TNT's business to deliver the "business" of its customers at the right time and at the right place. The sectors TNT serves include Automotive, Computing & Semiconductors, Electronics, Financials, Government, Healthcare, Industrial, Lifestyle and Telecom.

TNT picks up, transports, sorts, handles and delivers documents, packets, parcels, and freight by combining physical infrastructures such as depots and trucks, electronic infrastructures such as billing and track-and-trace systems, and commercial infrastructures to attract, serve and retain customers.

Goods and documents have different weights, shapes and sizes. They can be as light and small as a postcard or they can be as heavy and big as the engine of a jumbo jet. They can also change shape, such as when several parcels are combined into a single pallet, and they can have different requirements in terms of speed of delivery, security and point of delivery. Goods and documents can have very different distance characteristics, ranging from domestic to cross-border/regional to intra-continental to intercontinental.

In general, weight and speed are most commonly used to characterise different kinds of customer requirements. This is illustrated in two-dimensional charts such as the one shown below, where the weight categories are below one kilogramme (documents), between one and 30 kilogrammes (parcels) and above 30 kilogrammes (pallets, full loads and bulk) and the speed categories are same-day, time (and day) certain (e.g. 10:00 next day), day-certain/1–3 days, day-certain/3–5 days and day-uncertain.

Global transportation industry – segmentation



Total market size: approx. €2,500 billion
Source: R.W. Baird, report "Global Integrators", January 2007

All these different types of requirements need different delivery networks and are served by different operators (see chart above). These range from very efficient and time-sensitive (air and road) express networks operated by *integrators* to less expedited *sea carriers*. *Freight forwarders* operate partially "virtual networks", using block space on other operators' planes, ships and (to a lesser extent) trucks, and their own depots and sites in harbours and at airports. *Couriers* focus on same and (intercontinental) next-day delivery with a focus on light weights. Finally, in the widest sense, peripheral operators such as infrastructure providers (*port authorities*, *airport operators*, *motorway owners*), *consultants* and *software companies* can also be considered as participants in this sector.

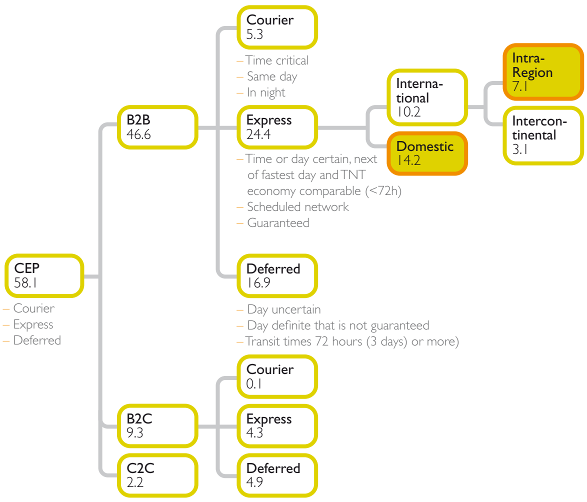
BUSINESS CONTEXT

CEP markets

TNT operates globally in the courier-express-parcels (CEP) and the mail markets. In Europe, TNT's main market, the CEP market is estimated at approximately €58 billion in revenues in 2008. The chart below details the market definitions that TNT uses, as well as the estimated market sizes in revenues. Express, i.e. time-certain or day-certain delivery, is the largest segment, with revenues of almost €29 billion (€24.4 billion of revenues in business-to-business deliveries and €4.3 billion in revenues in business-to-consumer deliveries). Deferred, i.e. non day-certain delivery, is estimated at slightly over €21 billion in revenues (€16.9 billion of revenues in business-to-business deliveries and €4.9 billion in revenues in business-to-consumer deliveries). Courier is the smallest segment, with revenues of approximately €5 billion.

Market structure and segments 2008

Europe, market size and growth, EUR billion



Competition in the CEP market focuses on network coverage, speed, reliability, quality of customer service and, increasingly, price. There are several types of CEP players: the global integrators (predominantly active in express), the local/regional parcel players and Less-Than-Truckload (LTL)/freight players (both predominantly active in deferred) and the local courier players.

The four global integrators are UPS, FedEx, DP/DHL, and TNT. Local/regional parcel players are often related to postal incumbents; examples include TNT Post Parcelservice, GLS (Royal Mail) and Geopost/DPD (La Poste). Local/regional LTL/freight players include Schenker (Deutsche Bahn), Danzas (Deutsche Post), DSV, Dachser and Geodis (SNCF). Courier is a highly fragmented market with many small local players.

In recent years GLS and Geopost/DPD have developed European networks and are starting to offer cross-border parcel services across Europe. At the same time, they are also improving their offerings to day-definite products. These two players are therefore increasingly penetrating the express market. Alternatively one might say the borders between express and deferred in parcels are increasingly blurring. To a lesser extent, deferred freight players are also upgrading their services and building up their European networks.

TNT's position in Europe differs depending on the market definition used. TNT's express market definition encompasses time-certain, next-day and fastest by air or road day-certain delivery for business-to-business consignments transported through a scheduled network, with door-to-door track-and-trace of individual items/ consignments. For 2008, TNT estimated the size of this market in Europe to be approximately €21 billion in revenues (the two orange segments in the chart above). TNT consolidated its market leadership in Europe with a market share of 18%, followed by DHL (16%), UPS (9%) and La Poste (7%). In the total European CEP market, TNT ranked second, with 9% market share, behind DP/ DHL (17%), but ahead of La Poste (8%), UPS (7%) and Royal Mail (5%).

Outside Europe, TNT's market position varies. In Australia, TNT's business is predominantly domestic with limited international flows. In the United States, Japan and South Korea, TNT has limited positions that serve mainly as connecting points to its other networks. In key emerging markets (South America, China, India, Southeast Asia, Middle East and Africa), TNT has built up significant international and domestic positions over the last few years.

Key value drivers for the express market can be broken down into three categories: growth, pricing and cost. The main drivers for growth in the express market are in principle GDP development and increasing globalisation of supply chains. Important pricing drivers are consolidation, intensifying competition and cost of fuel. Key cost drivers are rounds and stops in pick-up and delivery, kilometres travelled in linehaul and man hours in hubs and warehouses. Most of these costs are adjustable over time as they are in the majority subcontracted, but cost developments will depend on volumes, autonomous increases, network optimisation possibilities and required step-ups in investment.

Mail markets

The mail market in Europe is estimated at 102 billion items and at €56 billion in revenues. In most countries the sector is highly regulated, with an incumbent in a protected, monopolist position. In Europe the sector is being liberalised slowly but unevenly: the majority of the European markets is supposed to be liberalised by 2011, with a fully liberalised market throughout the EU in 2013 at the latest. At this moment, the Netherlands, the United Kingdom, Germany, Estonia, Sweden and Finland have formally liberalised their domestic mail markets. Different tax and regulatory regimes, however, make de facto liberalisation more elusive.

Competition in the mail markets is developing in countries where real de facto liberalisation is taking place. In the Netherlands in particular, two nationwide postal competitors are active next to TNT. However, in most countries governments have moved to protecting their national operator one way or an other and create regulatory barriers to entry. As a result, many European markets still continue to be dominated by the incumbent, with challengers holding a small, but slowly growing, market share.

As a result of new communication technologies that replace physical by electronic communication the mail market as a whole is in decline. The dependence on mail for communication, and as a result the demand from customers for a next-day mail delivery service, is changing. This makes way for new market players, offering a less frequent but more economical service than the historical daily delivery the incumbents are legally required to provide. The mail market environment is in a phase of fundamental transformation.

TNT takes different positions in different European countries. In the Netherlands, TNT is the incumbent that has to manage the decline of its market share, which market share was estimated at 85.7% in 2009. In other European countries, TNT takes the challenger position. TNT estimates its market share by volume in the addressed mail market at 3% in Germany, 15% in the United Kingdom and 4% in Italy.

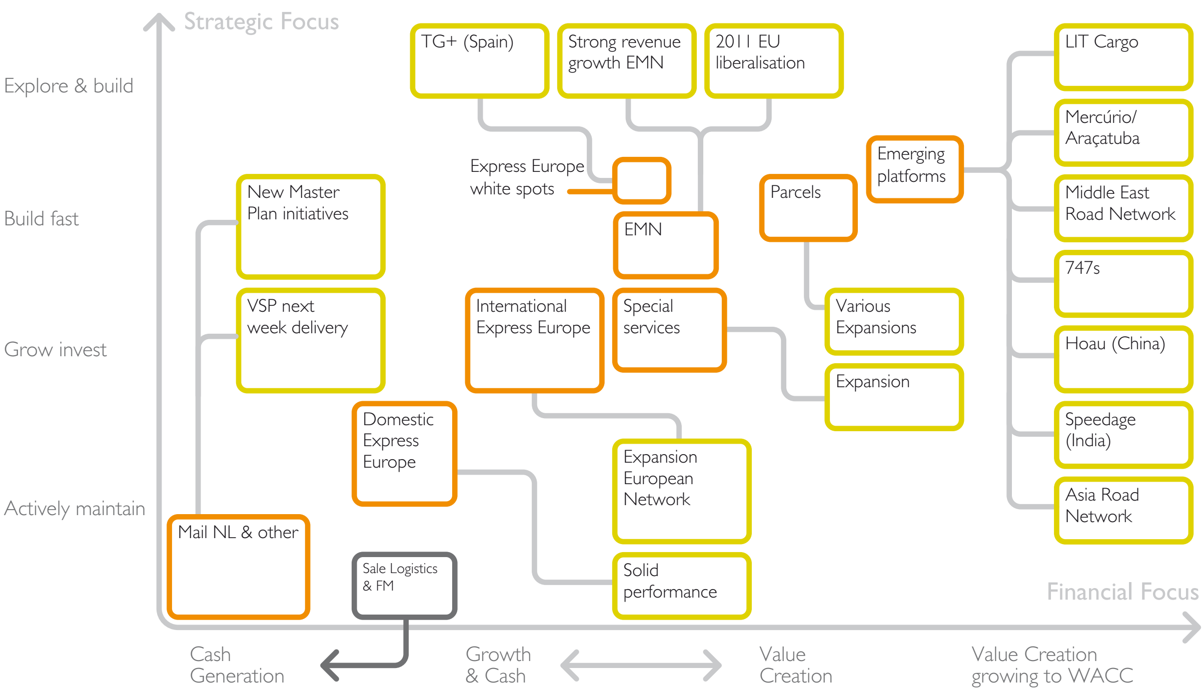
NEW GROUP STRATEGY: VISION 2015

On 3 December 2009, TNT announced the completion of its Focus on Networks strategy and presented its Vision 2015 strategy.

FOCUS ON NETWORKS SUCCESSFULLY COMPLETED IN 2009

The Focus on Networks strategy, as established in 2005, has been successfully implemented and delivered its objectives (see the chart below).

"Focus on Networks strategy" 2005 – 2009 completed



- TNT developed a strong and agile express platform in Europe for "time-definite and day-definite delivery services" for Parcels and Freight, which rapidly reacted in a flexible way to significant changes in economic patterns. At the same time in the emerging economies of Asia and South America, networks were established that offer TNT the potential to lead its sector in these very large economies.
  The mail business has been successfully managed in the context of a substantially declining business environment, due to liberalisation and substitution in the core market in the Netherlands. Although revenue outside the Netherlands developed well, this business could not yet bring a sustainable contribution. Overall Mail profits and cash flow decreased largely in line with the volume decline in the core market in the Netherlands.

- TNT delivered a strong track record in satisfying its stakeholders' requirements. In the period of 2005 – 2009 €4.4 billion (71% of net cash generated), in the form of dividend and share buy-backs, has been returned to its shareholders. TNT's employees and former employees were paid €17.5 billion in the form of wages, contributions and pensions. Employee engagement scores are at high levels and in the case of restructurings TNT has been able to assist many departing colleagues in finding alternative jobs. In the same period, TNT contributed approximately €40 million to its partnership with the World Food Programme (knowledge transfer, hands on support, funds) including €7 million on its efforts to reduce carbon emissions (Planet Me initiative).
  Customer ratings are strong, service quality levels have continued to improve even during the downturn and a successful model of subcontracting binds many suppliers to TNT. Finally TNT was awarded several top recognitions from leading indicators on sustainability, corporate governance, financial reporting, leadership development and investor relations.

See chapters 3, 4 and 5 for more details regarding TNT's performance in 2009, the completion year of the Focus on Networks strategy.

VISION 2015

On 3 December 2009 TNT launched its Vision 2015 strategy. The Vision 2015 strategy encompasses the period 2010 – 2015 and aims for well balanced and ambitious business and financial objectives tailored to the different building blocks of TNT's portfolio. The strategy sets out to capture all TNT's business opportunities in a way that requirements for healthy shareholder returns and other stakeholder benefits are met optimally.

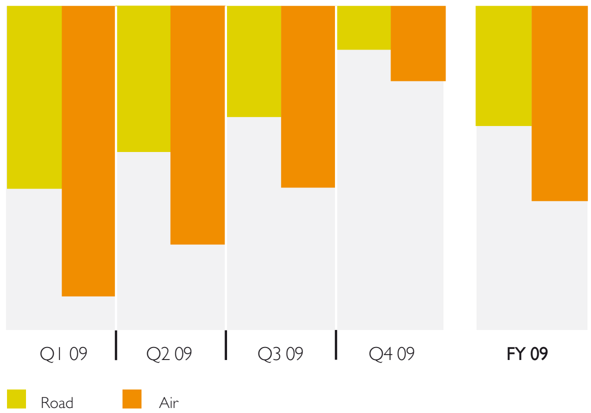
STRATEGIC REVIEW

In reviewing the business context and competitive position of its express and mail businesses, TNT has drawn the following conclusions:

- The economic outlook for the years 2010 and 2011 remains uncertain and TNT takes a cautious view on the short term recovery. Since the start of the economic crisis TNT has seen international core volumes revert back to 2006 levels with European air volumes dropping back to 2002 levels. The following chart shows a comparison of TNT's air and road volumes in 2009 compared to the pre-crisis year 2007.

European Network volume decline versus 2007

Core kilos, year-on-year change, in %



- TNT's current business portfolio consists for part of its revenue of high growth areas in time and day definite delivery services. As a result of continued cost pressure on TNT's customers, the fastest growing sectors in these markets are the lower-cost economy and standard services, followed by the premium international segments. The chart below shows these different growth rates for express versus standard parcels (the relevant countries being referred to are Belgium, France, Germany, Italy, the Netherlands, Spain and the United Kingdom).

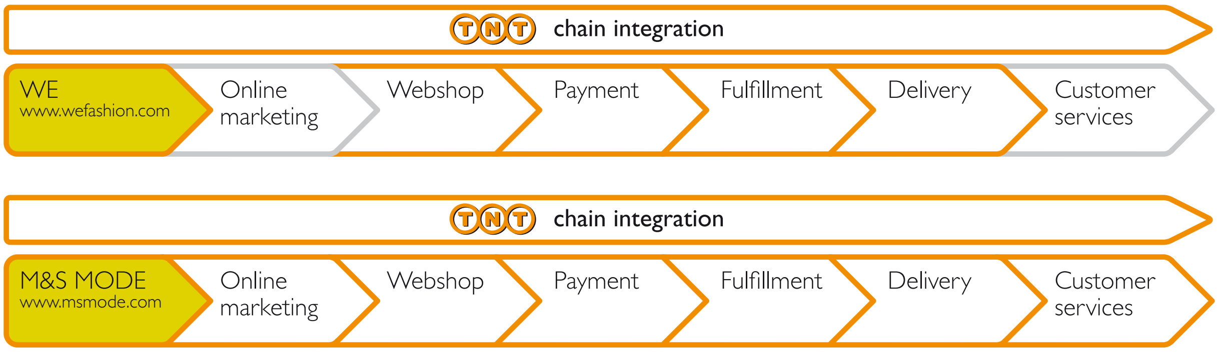
Vision 2015 total market revenue development

€ billion	Time definite Express		Standard parcels Total	Standard parcels 7 relevant countries
2008	21		20	*15.5*
growth	***9.5%***		***35.0%***	***35.5%***
2015	23	+	27	*21*
total market		=	50	44

- Customers, faced with the need for greater visibility, reliability and flexibility in their supply chains, will increasingly request solutions tailored to their sectors, creating opportunities for differentiated or new value-added services. Furthermore, solutions across different customers in the same sectors are gaining acceptability.
- A significant growth opportunity is the e-commerce sector. TNT is well placed to add value in all parts of the delivery chain, both in deliveries and in other services such as on-line payments and fulfilment, see the chart below for two customer examples.

Chapter 2
COMPANY STRATEGY AND GENERAL BUSINESS CONTEXT CONTINUED

E-commerce: organising total on-line retail chains



The Emerging Platforms in South America and China provide an unrivalled "first mover" competitive advantage and going forward have the potential to become significant in size and results with profitable return on investment levels. The chart below illustrates TNT's first mover advantage by comparing TNT's current number of depots in China to those of its international competitors.

	International	Domestic
TNT	34	1,453
DHL	103	382
FedEx	37	71
UPS	51	N/A

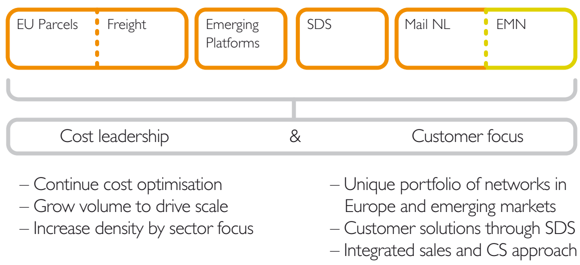
Source: TNT and external publications

- The mail business in the Netherlands will be subject to accelerated further volume declines due to substitution and competition, burdened by relatively high labour costs and an uncertain regulatory environment, putting pressure on profits and cash flows going forward. The negotiations with trade unions have not delivered a path forward towards structurally closing the wage gap with competition. Consequently a deep restructuring is unavoidable given the sharp decline in volumes and revenues.
- The European Mail Networks business (EMN) is operating in an environment characterised by an uncertain implementation of European mail liberalisation, regulatory restraints, price competition, volume declines and high start-up costs. A position to be the number one attacker in mail in the key European countries is no longer obtainable within a reasonable time frame if at all.

On the basis of these opportunities and challenges, the Vision 2015 strategy sees TNT aim for a further business transformation towards a more coherent high growth portfolio, with a strong focus on specific parts of the day definite deliveries markets, combined with actively maintaining a sustainable Dutch mail business. Whilst TNT recognises the different profiles and challenges of its constituting businesses, it believes a mere split of the company at this time does not solve any of the strategic challenges the businesses are faced with, would create significant amount of disruption and result in new entities with a weaker financial profile than TNT currently has.

Five focus areas

Cost leadership and customer focus key to success



To realise its Vision 2015 strategy, TNT has decided to focus on five areas, four in Day Definite Delivery Services and one in Mail. In Day Definite Delivery Services, TNT will accelerate growth by concentrating its business on European Parcels, Freight, Emerging Platforms and Special Delivery Solutions. The businesses will continue to operate a set of strong networks and common sales platforms, focused on achieving customer satisfaction and cost leadership. In Mail focus will be on the business in the Netherlands, which will also include Cendris data and document management and Netwerk VSP.

- **European Parcels** will target additional growth in the €20 billion Standard Parcels market, by extending its existing leadership position in next-day domestic and in economy cross-border parcels. Differentiated solutions will be offered by market segment (business-to-business, business-to-consumer) in each major European geography. In this cost competitive market the achievement of cost leadership through attracting volume to expand scale, optimising TNT's networks and standardising its operations is essential.
- **Freight** activities will aim to extend TNT's lead in the day definite freight transport within Europe. Starting from TNT's strong European road network as well as high growth inbound intercontinental volumes, global extensions through partnerships like the one with Con-

way in the United States and TNT's owned networks in all emerging markets will further fuel growth. In Europe, TNT expects that over time Freight will grow into partial separate networks to achieve cost leadership and customer requirements.

- **Emerging Platforms** will aim to capitalise on its first mover advantage towards leadership positions in the day definite markets of South America and China. Next to that TNT will continue to expand and connect its road networks in "greater ASPAC" (Asia Pacific incl. India and Australia), Middle East / Africa and South America, where TNT has established an excellent competitive basis.
- **Special Delivery Solutions (SDS)** aims to develop focused multi-customer network solutions that provide dedicated service quality while improving the economics of the TNT delivery networks. Vertical delivery solutions for sectors like pharma, health, electronics, automotive, defense, energy and high-end non-food retail will be developed. TNT is excellently positioned to service the fastest growing market for delivery solutions from e-commerce for which a dedicated solutions team has been put in place to target the chosen supply chains.
- **Mail NL** operates in an environment of sharp further volume decline, driven by substitution and competition. The continued implementation of Master Plans will include further organisational centralisation and delivery model adjustments leading to significant savings at the originally communicated levels. The recently announced agreement in principle on the collective labour agreement for Mail Netherlands provides a well balanced basis for an efficient Mail operation going forward in a socially responsible way. Furthermore, the agreement, once approved by the trade union members, provides a strong basis for realising the financial objectives for Mail NL in Vision 2015. The combination of the collective labour agreement and implementation of Master Plans will clearly contribute to offsetting the pressure caused by declining volumes, expected to be around 6% per year.
  TNT will explore business renewal opportunities and other sources of value creation in Mail NL for which TNT plans to set up an investment budget. As part of this renewal effort, the Mail activities will be prepared to enable participation in partnership options including possible future European mail incumbent consolidation.
- In this context the remaining European Mail Network business (**EMN**) will be managed for value realisation through partnerships and sale. For EMN Germany, a final review will be undertaken in 2010, in the context of the expected market development including the recent positive outcome of the minimum wage court case, the developments regarding the VAT exempt position of the incumbent and the agreement to start a "mail alliance" with leading German publishers.

Financials Vision 2015

TNT aims to realise its business objectives as outlined primarily through organic growth complemented by selected acquisitions and strategic partnerships, whilst maintaining a solid BBB+ investment grade credit rating.

For further details on Vision 2015 financial objectives, see chapter 8.

Organisation

A further study on the organisational model to reflect the five strategic focus areas European Parcels, Freight, Emerging Platforms, Special Delivery Solutions and Mail Netherlands will be executed. This study will also aim to significantly optimise overhead cost whilst maintaining high governance quality. Simultaneously, preparations have started to enable Mail NL to enter into partnerships.

FINANCIAL STRATEGY

TNT's financial strategy is based on three pillars:

- driving business performance by using value-based performance measures,
- maintaining the right financial flexibility to support growth platforms via capital expenditure and mergers and acquisitions, and
- keeping the capital structure efficient and strong, at a BBB+ investment grade long term credit rating.

These three key components of the financial strategy directly relate to:

- effective risk management, internal control, and compliance,
- financial risk management and risk insurance structures,
- aligned legal and funding structures, and
- a balance in short and medium term shareholder returns through profitable growth, dividends and incidental share repurchases or other shareholder returns from medium term excess cash.

TNT's current capital structure is based on and managed along the following components:

- maintaining an investment grade credit rating at BBB+,
- availability of at least €500 million of undrawn committed facilities,
- structural funding via a combination of public and bank debt, with a risk-weighted mix of fixed and floating interest,
- cash pooling systems facilitating optimised cash requirements for the group by facilitating centralised funding and surplus cash concentration at group level, and
- a tax optimal internal and external funding focused at optimising the cost of capital for the group, within long term sustainable boundaries.

TNT's current long term credit ratings are BBB+ (stable outlook) for Standard & Poor's Ratings Services (S&P) and A3 (negative outlook) for Moody's Investors Services (Moody's). These credit ratings result from an evaluation and analysis of many different factors. As mentioned, TNT focuses on maintaining an investment grade credit rating at BBB+. For this purpose it monitors the development of the key credit ratios that are used by rating agents and which may vary from time to time:

- Funds From Operations (FFO) / Debt, whereby the FFO is based on operating profits from continuing operations, after tax, corrected for, among other things, depreciation and amortisation and other major non-cash items, and Debt is defined as total interest-bearing borrowings of the company, adjusted for on and off-balance sheet debt-like components and surplus cash (as used by S&P),
- Debt / EBITDA, whereby EBITDA is defined as operating profits before interest and taxes, corrected for, among other things, depreciation and amortisation as well as operating leases (as used by both S&P and Moody's),
- FFO plus Interest / Interest, whereby Interest is corrected for, among other things, pensions and leases (as used by Moody's),
- Retained Cash Flow (RCF) / Debt, whereby the RCF is defined as FFO less dividend (as used by Moody's), and
- Free Cash Flow (FCF) / Debt, whereby the FCF is defined as the RCF corrected for capital expenditures and changes in working capital (as used by Moody's).

The weighted mix of the ratios above forms an important building block in TNT's financial parameter framework, whereby the current credit ratings are roughly based on the following ranges:

- for S&P: an FFO / Debt between 30%–35% and a Debt / EBITDA of 2.0x–2.5x.
- for Moody's: Debt/EBITDA, FFO plus Interest/Interest, RCF/Debt and FCF/Debt are weighted similarly, while additional guidance is given on maintaining a RCF/Debt of around 20% and a Debt/EBITDA of 2.5x on a sustainable basis.

These ranges per ratio as indicated by the rating agents may change over time, depending on market conditions and analytical considerations.

TNT aims to grow its Free Cash Flow in the medium term. TNT defines its Free Cash Flow as the net Cash From Operating Activities plus interest received, minus capital expenditure on property, plant, equipment and intangible assets, plus proceeds from sale of smaller assets. Part of the cash flow is used for dividend payments.

TNT tries to meet shareholders' return requirements long term through growth in the value of the company, and short term through dividends and, incidentally, tax exempt share repurchases or other returns from excess cash. Following its dividend guidelines, TNT intends to pay interim and final dividends annually in cash and/or shares. The TNT Reserves and Dividend Guidelines can be viewed on TNT's corporate website, group.tnt.com. In 2007, TNT announced its intention to increase the dividend pay-out from around 35% over 2006 of normalised net income to around 40% by 2010, barring any unforeseen circumstances. Normalised net income is defined as profit attributable to the equity holders of the parent adjusted for significant one-time and special items.

For any acquisitions that exceed the company's immediate cash resources, the company would seek to raise capital in the financial markets by means of bank borrowings and private or publicly traded debt. For very substantial transactions, if required TNT would also consider issuing hybrid debt or equity in order to maintain an investment grade credit rating at BBB+. TNT, under normal market circumstances, does not foresee an inability to access a wide range of capital markets including equity, public debt, private debt and bank borrowing. TNT monitors and manages key financial ratios that are consistent with a strong credit rating. There are no aspects of TNT's current capital structure that TNT believes would trigger a material increase in the cost of its debt or the inability to access capital markets.

For details on the interest rates charged on TNT's more significant long term loans as well as the maturity of TNT's long term loans and commitments, see notes 12 and 29 to the consolidated financial statements of TNT N.V.

TNT does not hold or issue financial instruments for trading purposes, nor does TNT allow its subsidiaries to do so. For details on TNT's use of financial instruments, see notes 3, 6, 7, 12, 13, 28 and 29 to the consolidated financial statements of TNT N.V.

TNT operates a comprehensive insurance policy covering its operational risk profile as appropriate, using a mix of self insurance, reinsurance, and direct external insurance. As frequency losses (such as cargo and vehicle claims) are of an operational and customer service nature, TNT believes that for part of these losses self insurance is the best method to motivate operational units to address the underlying causes of these losses. TNT's total self insured frequency claims are structured via an in-house captive insurance company and capped on an annual basis via reinsurance. During 2009, TNT's total annual retention cap on these losses was €5.5 million.

TNT's "catastrophe exposures" are insured in the traditional insurance markets. These include aviation, property and business interruption, general liability, fraud, and director and officers' liability insurance. TNT 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. Attention is being given to adjust TNT's insurance protection to the ever-changing legal and regulatory environment in which it operates, and all insurance policies are therefore tailor-made to TNT's unique requirements. In addition, current insurance arrangements also need to support strategic developments and the changing risk profile of the company.

CORPORATE RESPONSIBILITY STRATEGY

TNT's CR strategy was reviewed in 2008 to embed it in TNT's core business and to focus on delivering improved and sustained performance for employees, the environment and other stakeholders. The foundation of the CR strategy remains the five internationally recognised management standards, namely OHSAS 18001 (workplace safety), SA

8000 (social responsibility), Investors in People (personal growth of employees), ISO 14001 (environmental management), ISO 9001 (operational excellence), which complement the overall business strategy of TNT.

TNT's CR strategy focuses on four pillars that represent TNT's greatest material impacts namely employees, the environment and selected other stakeholders like customers and subcontractors. These three pillars of focus are complemented by the fourth pillar of voluntary contributions to society through TNT's partnership with the United Nations World Food Programme and other global, regional and local activities.

The CR strategy is being executed in two phases. Phase I execution is focusing on CR performance on owned operations and Phase II will focus on CR performance in TNT's subcontracted operations. The decision to have a phased approach is based on the lack of reliable data and the limitations to set standards for subcontractors. In 2009, TNT invested in the efficient gathering of reliable data for its owned operations. During 2010 TNT will focus on securing accurate and reliable data for its subcontracted operations and will set priorities for these operations in 2011.

In 2009, the execution of Phase I of the CR strategy was further refined to focus attention on key areas of need across all four pillars which are under the direct control of TNT. These have been investigated by TNT's CR Council. The Board of Management approved a number of key areas which will have objectives set, and regular performance management reviews will ensure these areas are delivering the desired outcomes.

In 2009, TNT developed a specific CO_2 efficiency index as the basis for measuring and monitoring future CO_2 efficiency performance. This index is based on TNT's own CO_2 efficiency of the aviation fleet, operational vehicles and buildings. An objective has been set on the CO_2 efficiency index being an improvement of 45% of the index by 2020 compared to 2007. In certain areas further medium term objectives will be set in 2010.

Given TNT's view that the interests of all stakeholders need to be managed in a balanced way, TNT's annual report should report on both financial and non-financial performance. That is why this is the first time that TNT has integrated CR in the annual report and as such CR performance and strategic direction is disclosed through this report. TNT firmly believes that improved CR performance must be the outcome of improved actions taken in the day to day management of TNT's core business. Therefore a group perspective of TNT's CR performance in 2009 is summarised in chapter 3. The highlights of CR performance for Express and Mail is disclosed in chapters 4 and 5 respectively. The CR view on 2010 as well as the longer term objectives are included in chapter 8. Readers who whish to gain a detailed insight into TNT's CR performance are directed to section E of this report: corporate responsibility.

RISK MANAGEMENT, INTERNAL CONTROL, INTEGRITY AND COMPLIANCE

The risk management, internal control, integrity and compliance framework supports the Board of Management in developing and achieving its strategic, operational and financial objectives. These supporting functions are responsible for ensuring that the legal and regulatory compliance objectives are achieved and that decision making is facilitated and supported by transparent and accurate information. Independent and internal monitoring and oversight functions provide a second and third line of control and assurance in addition to that provided by the line functions. TNT's risk management, internal control, integrity and compliance systems are fundamental to the successful day to day management of the company but are vital in ensuring that the execution of the Vision 2015 strategy is done in a controlled and compliant manner with transparency and objectivity.

As a fundamental component of this framework, TNT's Board of Management launched the TNT Integrity Programme in January 2006 and senior management took on the responsibility for the roll-out of and compliance with the Programme.

Guidance is set out in the TNT Business Principles, which are applicable to all TNT employees worldwide and all TNT controlled companies and joint ventures worldwide. To the fullest extent possible, TNT requires its business associates to observe the TNT Business Principles. The TNT Business Principles, together with other integrity-related group policies and procedures, are published on TNT's corporate website. These group policies deal with topics such as compliance with laws and regulations, accurate and timely disclosure of information, transparency, equal opportunities, fair treatment, conflict of interest, corruption, fair competition and corporate responsibility. The TNT Business Principles are aligned with the UN Global Compact (since 2002) and the Partnering Against Corruption Initiative principles (since 2008).

The TNT Business Principles and related group policies are being embedded in TNT's strategic and operational decision processes. The TNT Integrity Programme is monitored in several ways. See for more details chapter 7.

Chapter 3 Operating environment and business performance in 2009

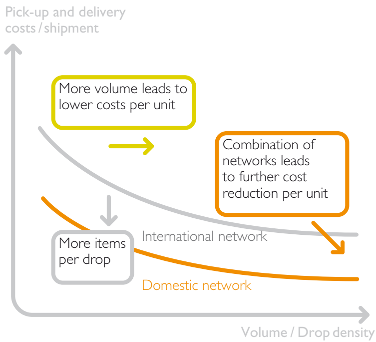
STRATEGIC PROGRESS IN 2009

In 2009, TNT completed its Focus on Networks strategy. This strategy was first presented in the fourth quarter of 2005 and was based on TNT's core strengths, which centre on managing networks. The following charts depict the essential elements of a network-based strategy.

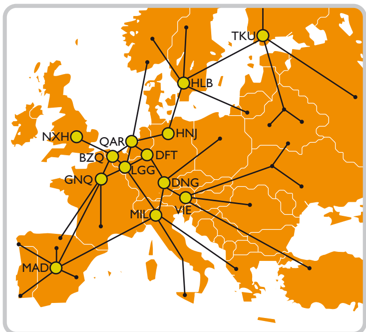
What is a network?

- Infrustructure for collection, transport, sortation and handling, warehousing and delivery
- Ability to process large numbers of transactions to achieve operational leverage
- Dataflow management is essential – people and IT systems & processes

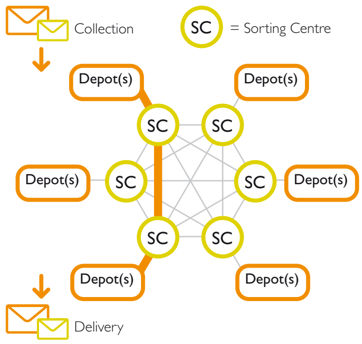
Network intrinsic economics



Express road network



Mail collection and delivery network



Since the start of the second phase of this strategy (Grow and Build Value) in December 2007, TNT emphasised further strengthening and active maintenance of the core of the portfolio (Express Europe and Mail Netherlands) and accelerating the build-up of the emerging platforms in European Mail and Parcels and in Express. In addition, other delivery solution opportunities, such as deferred services and niche solutions for specific client sectors, were developed.

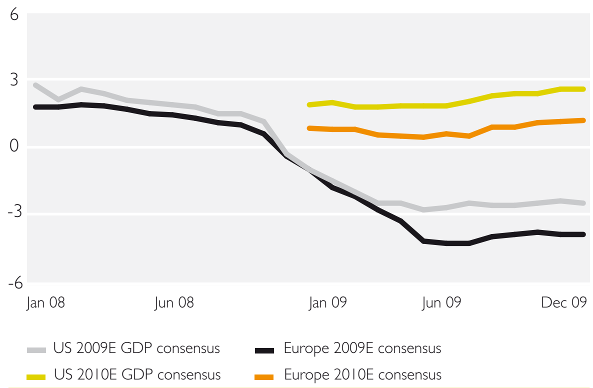
Looking more closely at 2009, TNT advanced its penetration in key markets while controlling costs and optimising cash to provide long term growth platforms and to counter the unprecedented downturn in economic activity. Express was able to remove €428 million from its cost base while integrating acquisitions in Brazil and Chile (Araçatuba Transportes e Logística S.A. (Araçatuba) and LIT Cargo, respectively), enabling the roll-out of the first-ever day-definite express product in South America. Similarly, TNT Hoau introduced a day-definite product to the Chinese domestic market. In Mail, the year featured ongoing labour negotiations in the Netherlands as management and the trade unions sought a socially responsible and financially viable way of accommodating structural volume declines.
In short, 2009 was a tough year through which TNT managed to achieve record-level cost savings and strong free cash flow while strengthening the foundations for mid term and long term profitable growth in day-definite delivery services.

GENERAL ECONOMIC AND BUSINESS ENVIRONMENT

From mid 2008 onwards the economy globally slowed down in an unprecedented way. The year 2009 saw the global economy continue to go through a severe economic recession, with year-on-year comparables only becoming 'less negative' in the third and fourth quarters.

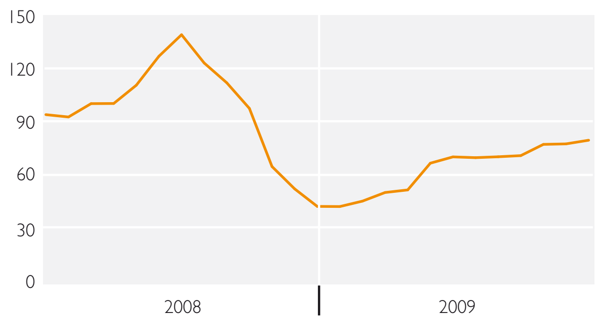
Going into 2009, the trajectory of the consensus GDP forecast was becoming increasingly negative. By the end of the second quarter of 2009, however, the consensus GDP forecast for 2009 and 2010 began to stabilise. By the end of 2009, the consensus GDP forecast for 2010 showed some positive growth forecast again.

GDP forecasts 2010 – no longer a hostile outlook



Compared to the previous year the oil price was more stable on a year-on-year basis. Though third and fourth quarter year-on-year comparisons may have been distorted by last year's rapid price move, the sequential quarter-on-quarter impact was small and the price was, for most of 2009, sufficiently low so as not to worsen the already poor economic backdrop.

Crude oil spot prices



At the start of 2009, at the publication of its 2008 annual report, TNT informed the market of the following 'outlook':

The development of the different economies in which TNT operates remains as unpredictable in 2009 as it has proven to be in 2008. For this reason TNT will not provide a 2009 outlook.

TNT expects the severe pressure on the global economy to persist in 2009. The first weeks in 2009 have shown a volume decline in International and Economy express products of 23% and 14%, respectively, and Domestic volumes have been down as well.

Express revenues in 2009 are expected to go down compared to 2008, as a result of lower fuel surcharges and lower volumes.

For Mail in the Netherlands, as previously guided, addressed volumes are expected to show an increasing rate of decline, along with a somewhat weaker price mix. The impact of a new collective labour agreement, currently being negotiated, is not yet clear.

Cost savings in total of around €400 million are targeted in 2009.

The coverage ratio of TNT's largest Dutch pension fund went from around 141% at 31 December 2007 to around 93% at 31 December 2008, being below the 105% minimum funding requirements as prescribed by the Dutch Central Bank (DNB).

As a result, at 31 December 2008 TNT's main pension fund is around €500 million below the minimum funding requirements and will have to submit a recovery plan to DNB before 1 April 2009.

Such plan is the responsibility of the pension fund, which still has to decide upon such plan. However, it is estimated that the required additional employer cash contribution can have a material cash impact on TNT with an estimated amount of around €140 million in 2009 on top of the usual annual employer contribution of around €100 million to the Dutch pension plans.

A prudent approach towards all cash expenditures is therefore essential to underpin the basis of TNT's current strong financial position.

Consequently, the Board of Management of TNT has decided, with the approval of the Supervisory Board, not to distribute a further cash dividend over 2008, but to propose a stock dividend to be paid out of the distributable reserves of one share for every 40 shares, which, based on the volume weighted average stock price of 11-13 February 2009 (€14.66) equals €37 cents per share.

BUSINESS PERFORMANCE IN 2009

On the basis of these severe circumstances, TNT formulated a strict and transparent agenda for 2009. As the charts below detail, that agenda focused on cash and costs, while still maintaining the foundations for sustainable mid term and long term profitable growth of the business due to strong focus on customers and corporate responsibility as well.

2009 Operational agenda

Express
- Implement structural cost savings (network)
- Manage country incurred costs down in line with volume
- Continue growth Emerging Platforms

Mail
- Master Plan initiatives in the Netherlands
- CLA negotiations to market conform levels
- Continue growth Emerging Mail & Parcels

Group
- Focus on cash
- Potential Royal Mail stategic partnership
- Delivery solutions

Focus 2009 on

Customers
- Customer satisfaction sores up in Express and Mail
- Express customer base up 1.2%

Cost
- Cost savings of €500 million
- Around 7,000 employees left the company

Cash
- Restricted Capex and improved working capital has yielded €1,016 million of net cash from operating activities.
- BBB+ rating retained

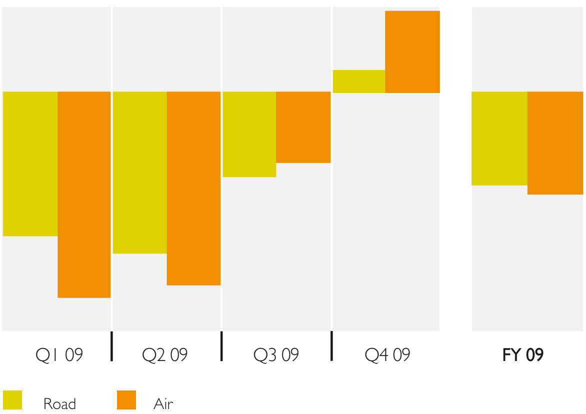
Care
- In principle agreement CLA in the Netherlands
- Fatalities in own operations and subcontractors down from 58 to 34

Climate
- Improvement of carbon efficiency index by 45% in 2020 compared to 2007

Indeed the financial crisis and its impact on the real economy led to an unprecedented drop in global trading volumes. Since the start of the crisis, TNT saw its Express international core volumes revert back to 2006 levels with European air volumes dropping back to 2002 levels. However, core volumes exited 2009 at a 3.5% year-on-year growth for the fourth quarter, albeit against a weak fourth quarter 2008 comparative. For the year, core volumes (in kilos) were still down 7.2% compared to 2008. In comparison to the last economically stable year, 2007, volumes (in kilos) were even down further by 7.4%.

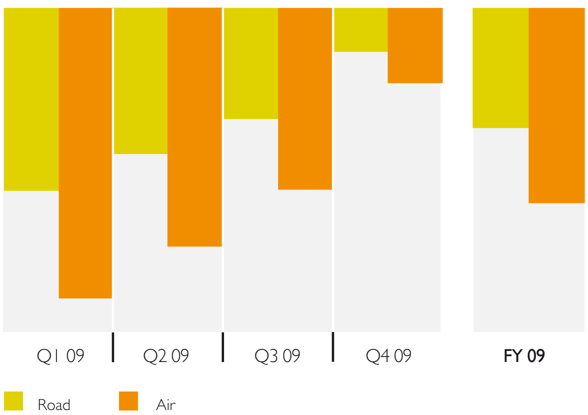
European Network volume decline versus 2008

Core kilos, year-on-year change, in %



European Network volume decline versus 2007

Core kilos, year-on-year change, in %

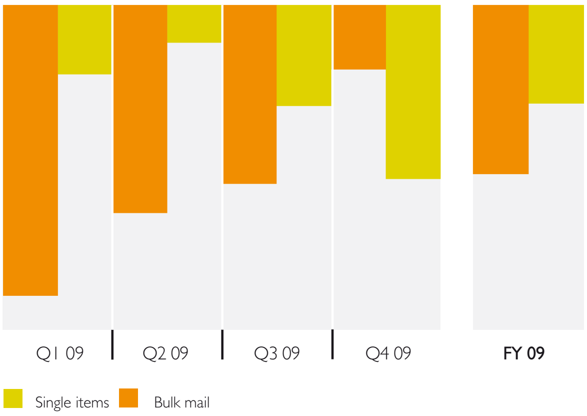


The severe economic downturn required the express business to protect revenue and margin levels. Express implemented a range of cost-focused responses to the slowdown, combined with continued strong customer focus. In 2009, Express achieved cost savings of €428 million, of which about one third is structural.

Mail saw decreasing volumes in 2009, resulting largely from the expected increased substitution in the Dutch mail market. On 1 April 2009, the Dutch government fully liberalised the Dutch mail market. In the third and fourth quarters of the year, TNT's competitors announced a number of contract wins, including part of a large contract with the Dutch central tax authority.

Mail Netherlands volume decline versus 2008

Items, year-on-year change, in %



During the year, TNT Post attempted to achieve an agreement with four trade unions, to reduce labour-related costs in the face of structural decline. However, the in-principle agreement reached in April was rejected by the union members in a voting procedure. By the end of 2009, these efforts had not yet materialised in a new collective labour agreement, but an in-principle agreement was reached in January 2010. This agreement still needs to be approved by the members of the trade unions.

Throughout 2009, TNT strictly adhered to its key financial parameters, whilst delivering better service quality for its customers and continuing focus on corporate responsibility.

The next paragraphs in this chapter summarise some important accomplishments in these areas. Further details on business performance of Express and Mail are presented in chapters 4 and 5 respectively.

FINANCIAL STRUCTURE AND CREDIT RATING

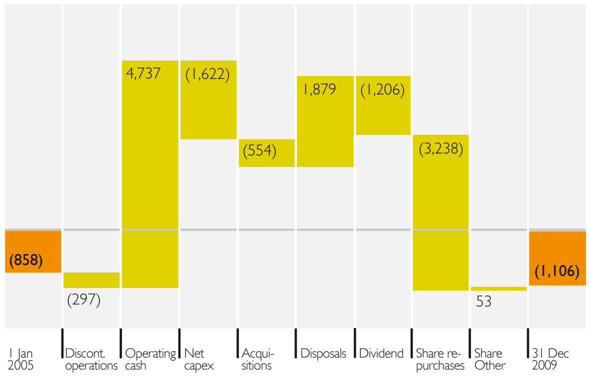
TNT's financial standing as at the end of 2009 was solid and based on a balanced and long term secured funding position. During 2009, TNT maintained its BBB+ S&P credit rating and maintained a one notch stronger rating at Moody's of A3, which was placed on negative outlook on 26 November 2008.

TNT has a €1.1 billion syndicated committed revolving credit facility, which also functions as 'back-stop' for redemptions under its €1 billion commercial paper programme fully undrawn. The first bond redemption is not until 2015.

At the end of 2009, net debt of the group stood at €1,106 million and free cash flow (see definition in chapter 2 – Financial strategy) was €840 million, both particularly strong compared to 2008's €1,744 million and €683 million respectively.

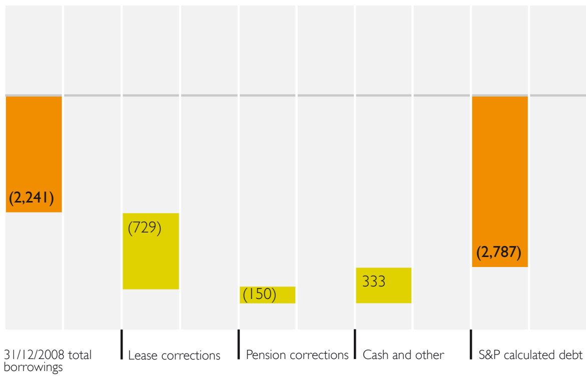
The following chart shows the net debt development for the period 2005 – 2009, which includes the 2009 cash interim dividend of €34 million.

Net debt development (€ million)



Credit rating agents apply various corrections on the reported debt to determine their own 'adjusted' debt figures used for ratio analyses. The main debt corrections typically include corrections for operating leases, pensions and restricted cash. The below chart illustrates the difference between the 2008/2009 reported debt and the adjusted debt as applied by S&P.

Debt adjustments per S&P (€ million)



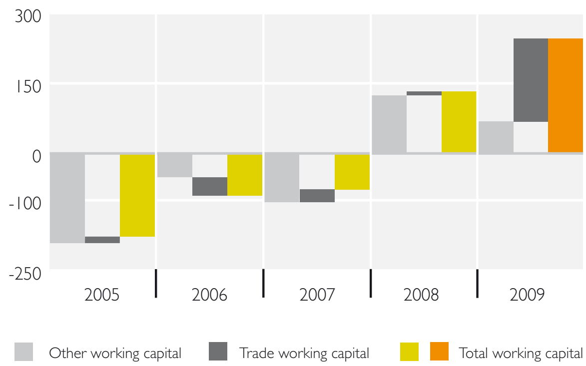
During 2009, TNT has been able to strengthen its financial basis by, among other things, careful management of working capital, pensions, capital expenditures and taxes paid.

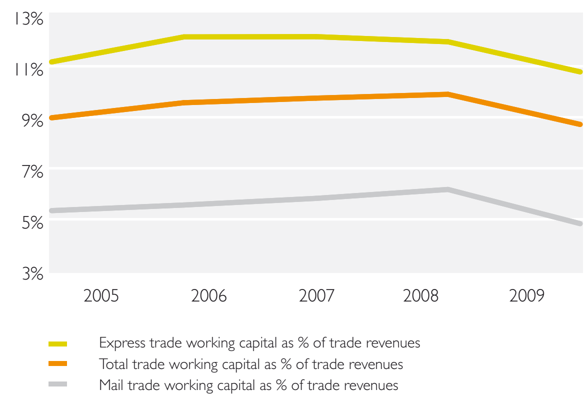
S&P and Moody's publish their full credit report over 2009 only after publication of TNT's annual report.

WORKING CAPITAL

TNT substantially improved working capital as a percentage of revenue in 2009. The prime areas of focus have been trade payables and trade receivables. As a percentage of revenue, the trade working capital improved to 8.7%, down from 9.9% in the prior year.

Improved working capital
Year-on-year changes in working capital
Trade working capital as % of revenues;





PENSIONS

As a result of the drop in the coverage ratio of TNT's largest Dutch pension fund to around 93% at 31 December 2008, well below the 105% minimum funding requirement as prescribed by De Nederlandsche Bank (DNB), TNT's largest Dutch pension fund had to submit a short term and long term recovery plan before 1 April 2009 to the DNB. The recovery plan, which was approved by the DNB in July 2009, resulted in an increased contribution by TNT, compared to the 2008 contribution level, of around €50 million in 2009. This is a significant improvement over the expected €140 million at the beginning of 2009. Based on the IFRS convention, the charge to the income statement for the defined benefit obligations in 2009 amounted to €60 million (2008: €24 million) in total. The total cash contributions for defined benefit obligations was €286 million, compared to €233 million in 2008.
By the end of 2009, the coverage ratio of the main Dutch pension fund increased to around 113%, well ahead of the recovery plan and in particular due to the recovery of the worldwide stock markets. It is expected, however, that increasing longevity, based on recent statistical studies performed by the Central Bureau of Statistics in the Netherlands, might result in a drop of around 4% in the coverage ratio as at the end of December 2009 if the main Dutch pension fund decides to apply the new mortality outlook.

Corporate responsibility is a demonstrably significant feature of TNT pension fund's investment criteria. According to analysis conducted by the VBDO (*Vereniging van Beleggers voor Duurzame Ontwikkeling*) published 8 December 2009, TNT's pension fund scores 3.2 out of a maximum of 5. This score puts TNT's fund in tenth-best position among 34 Dutch funds, and reflects the fund's relatively high score on key ESG criteria.

TAXES PAID

In 2009, TNT's cash taxes received were €83 million, which compares with €225 million taxes paid in 2008. The net tax cash inflow is mainly the result of TNT's reached agreement with the Dutch tax authorities in the second quarter of 2009. The received substantial tax refunds are on a preliminary basis without having reached an agreement on the final tax positions of the underlying years. As a consequence, the current income tax payable increased by €218 million from €47 million as per 31 December 2008 to €265 million as per 31 December 2009.

DIVIDEND

The proposed 2009 dividend has been set at €53 cents per ordinary share of €48 cents nominal value. After adjusting for the 2009 interim dividend of €18 cents per ordinary share as paid out partly in cash and shares in August 2009 and based on the outstanding number of 370,988,519 ordinary shares as per 31 December 2009, the final dividend will be €35 cents per ordinary share. It is proposed that, at the election of the shareholder, the final dividend will be made available in cash or in ordinary shares.

To the extent the final dividend is paid out in shares, the shares issued as stock dividend are paid up from additional paid in capital, free from withholding tax in the Netherlands. Where shareholders have opted to receive their dividend in shares, the corresponding cash value of 35 cents per share will be deducted from the profit attributable to shareholders and added to the reserves.

The final dividend represents a total value of €130 million, ignoring the premium for stock election.

An interim dividend over 2009, optional for the shareholder in cash or shares, of €18 cents per share was paid in August 2009. Approximately 50% of the dividend was paid in shares and the rest in cash, leading to a cash out of €34 million and the issuance of almost 2.0 million shares with a corresponding nominal value of €1 million for interim dividend in 2009.

TNT paid a final dividend in shares over 2008. For every 40 shares, based on the volume weighted average share prices of 11-13 February 2009 (€14.66) one share was paid, which equalled a value of €37 cents per share. Together with the interim cash dividend of 2008, the total pro forma dividend for 2008 was €71 cents per share.

CORPORATE RESPONSIBILITY PERFORMANCE

2009 was a year of transition for the CR activities at TNT with a focused approach to embed CR in TNT's day to day core business. To facilitate this, the TNT CR Council, chaired by the CEO and composed of senior business managers, was created. The CR Council's role is to review CR performance and identify areas for improvement. Furthermore, it makes recommendations to the Board of Management that are fully aligned with the Vision 2015 strategy and TNT's operational abilities and ambitions on how to improve the CR performance going forward.

CR performance in 2009 on the whole was positive with many key focus areas showing improvement compared to 2008. The highlights of TNT's CR performance are summarised as follows:

Highlights CR performance

Excluding TNT India, TNT Brazil, Hoau, LIT Cargo and Araçatuba

	2009	2008	
Employees			
Fatal accidents (own and subcontractor)[1]	**31**	49	✓
Lost time accidents per 100 FTEs	**2.81**	2.91	✓
Environment			
CO_2 emissions absolute (ktonnes)[2]	**983**	1,108	✓
CO_2 efficiency index	**94**	99	✓
CO_2 efficiency small trucks (g CO_2/km)	**295**	281	✗
CO_2 efficiency large trucks (g CO_2/km)	**668**	670	✓
CO_2 efficiency European Air Network (g CO_2/tonnes km)	**1,690**	1,790	✓
CO_2 efficiency long haul air (g CO_2/tonnes km)	**529**	560	✓
CO_2 efficiency buildings (kg CO_2/m^2)	**33.9**	37.9	✓
Sustainable electricity (% of total electricity)	**49.5%**	43.8%	✓

1 – TNT, including TNT India, TNT Brazil, Hoau, LIT Cargo and Araçatuba
2 – TNT, including TNT India, TNT Brazil and Hoau and excluding LIT Cargo and Araçatuba

Improved compared to 2008 ✓
Deteriorated compared to 2008 ✗

Detailed information on TNT's CR performance for employees, the environment, other stakeholders and voluntary contributions to society are provided below.

EMPLOYEES

The number of employees in 2009 amounted to 159,663 (2008: 154,085). The increase is mainly the result of the acquisitions of LIT Cargo in Chile and Araçatuba in Brazil (total number employees 3,489) and increases in the Netherlands and China partly offset by the impact of restructurings (total number employees 2,695). Priority was given to executing the restructurings in a socially responsible way.

In 2009 TNT has to report 31 fatal accidents, which resulted in 34 fatalities. In 2008 TNT reported 49 fatal accidents resulting in 58 fatalities. These fatal accidents include both accidents involving TNT employees and accidents involving subcontractors. Fatal accidents involving TNT employees are further explained in chapter 15. Fatal accidents involving subcontractors are included in chapter 17. This decreasing trend is also seen in other areas of the health and safety arena with reductions in the lost time accident ratio reported in 2009.

The improvements in health and safety performance are the result of focused management response, investment in training, equipment and education across all of TNT's operational units and by embedding OHSAS 18001 standards in more units during 2009. For TNT Total selected 92% of total FTEs are working in OHSAS 18001 certified locations compared with 89% in 2008.

The scope of health and safety reporting has also been broadened during 2009 to capture more early warning signs of potential issues, and a new global consolidation system has been developed and rolled out to improve the speed, accuracy and frequency of reporting of this critical data to facilitate quicker root cause analysis and preventative action.

A full analysis of TNT's employee performance is provided in chapter 15 of this annual report.

ENVIRONMENT

The total absolute CO_2 emissions for TNT's own operations in 2009 amount to 983 ktonnes which is a decrease of 11% compared to 1,108 ktonnes in 2008.

For 2009 the CO_2 efficiency index for TNT is 94, which means an improvement of 5 points compared to 2008 (99).

TNT considers CO_2 efficiency as one of the most effective indicators for measuring and managing performance and therefore reports on CO_2 efficiency for operational vehicles (small trucks and large trucks), aviation and buildings. For small trucks the CO_2 efficiency deteriorated over 2009. The CO_2 efficiency of large trucks improved slightly over 2009. The CO_2 efficiency of European Air Network and long haul air significantly improved over 2009 (from 1,790 in 2008 to 1,690 in 2009 respectively 560 in 2008 to 529 in 2009), which is mainly due to the continued optimisation of the networks and improvement of the capacity load factor.

The increased percentages of sustainable electricity (49.5% in 2009 compared to 43.8% in 2008) caused an improvement in CO_2 efficiency for buildings in 2009.

A full analysis of TNT's operational performance is provided in chapter 16 of this annual report.

OTHER STAKEHOLDERS

To engage with its stakeholders TNT organised a multi stakeholder dialogue in 2009 with customers, suppliers, subcontractors, civil society and investors. This dialogue was valuable to TNT and highlighted the stakeholders' main concerns and opinions related to CR.

Further details on the multi stakeholder dialogue are included in chapter 14.

Customer satisfaction surveys within Mail and Express showed a slight increase in customer satisfaction. For Mail the percentage increased from 89% to 90% over 2009 and Express customer satisfaction was 94% (92% in 2008).

In 2009, TNT Total selected has to report 19 road traffic fatal accidents involving subcontractors working for TNT. These accidents resulted in 21 fatalities. This is lower compared to the 30 road traffic fatal accidents involving subcontractors working for TNT in 2008. These accidents resulted in 39 fatalities.

Further analysis on customer satisfaction and other stakeholders is included in chapter 17.

VOLUNTARY CONTRIBUTIONS TO SOCIETY

In 2009, TNT continued its partnership with the United Nations' World Food Programme in a programme known internally as 'Moving the World'. TNT commits its knowledge, skills and resources to support WFP in fighting world hunger.

TNT assisted WFP on three major emergencies, finished transport optimisation projects in Mali and Ethiopia and further developed foundations that build on the partnership with WFP. Via global projects and numerous local initiatives, TNT raised awareness and financial support for WFP.

In 2009, the total expenditures of Moving the World directly allocated to WFP related activities were €5.0 million. Expenditures for new initiatives, such as a Jatropha project in Malawi to develop bio fuel production on a sustainable basis, were €2.3 million.

Further analysis on voluntary contributions to society is included in chapter 18.

AWARDS AND RECOGNITION

TNT achieved several awards and recognition for its performance. The Dow Jones Sustainability Index and the Carbon Disclosure Project are two important internationally-recognised initiatives for benchmarking performance. In addition, TNT won numerous global, regional and local awards. The highlights are listed below.

GLOBAL AWARDS

Dow Jones Sustainability Index

TNT benchmarks its performance against the Dow Jones Sustainability Index (DJSI). This index allows stakeholders to compare companies' performance in corporate responsibility within and outside a company's sector and is also a source of company pride. In 2009, TNT earned the highest score of all companies included in the DJSI for the third consecutive year with an overall score of 95 out of a possible 100 (2008: 92). However, TNT continues to recognise that there is room for improvement. The DJSI highlights some areas where TNT did not score best in class, including corporate governance, environmental policy, operational eco-efficiency and stakeholder engagement. Refer to annex 1 for detailed performance of the DJSI.

Carbon Disclosure Project

TNT participates in the Carbon Disclosure Project (CDP). This initiative was created to challenge the world's largest companies to measure and report their carbon emissions, integrating the long term value and cost of climate change into their assessment of the financial health and future prospects of their business. CDP is endorsed by a large number of leading institutional investors. TNT scored 71 out of 100 points compared to 82 last year. The main reason for this drop was the lack of CO_2 emission targets. In 2009, TNT set a long term objective to improve CO_2 efficiency which is included in chapter 16 of this annual report.

Clinton Global Citizen Award

TNT's CEO Peter Bakker was awarded the 2009 Clinton Global Citizen Award, which recognises individuals for their leadership in improving the lives of people around the globe.

Other awards

- Human resource services company Hewitt Associates ranked TNT second on its 2009 list of **Top Companies for Leaders** in Europe,
- TNT Asia received the **Cargo Climate Care Award** from Lufthansa Cargo for its efforts to achieve sustainable freight transport,
- TNT received the Dutch **Henri Sijthoff Prize** for best annual report over 2008,
- 51job, Inc., a leading human resource services provider in China, selected TNT China as a recipient of their **100 Best Human Resources Management Companies of 2009**. In addition, TNT won the "Best corporate culture management" award and was elected one of the most "popular employers" by on-line voters,

- TNT China International Express received the **2009 China's Best Call Centre of the Year** award from the International Customer Management Institute and China's Customer Contact Centre Standard committee,
- TNT UK and Ireland received the 2009 **Green Fleet Award**, organised by the Institute of Car Fleet Management and awarded to organisations that demonstrate a reduction in CO_2 emissions, first-class green fleet management and driver awareness programmes,
- TNT Australia won the **Leadership Award for Injury or Disease Prevention and Management** organised by the Safety, Rehabilitation and Compensation Commission which is a statutory body in Australia,
- TNT Singapore received the bronze **CSR Leadership award** for their commitment to and consistent efforts in being socially responsible at the Global Corporate Responsibility summit, and
- TNT received the **Dutch Design Award** (category Communication Graphical Design) for its braille stamp.

GROUP REVENUES AND EARNINGS GROUP

In this section the positive or negative sign of the variance as shown in the tables is determined by the impact of the variance on the result.

The following table sets out the financial performance of TNT for the past two years.

GROUP CONSOLIDATED RESULTS

Consolidated group results

Year ended at 31 December	2009	variance %	2008
Total operating revenues	10,402	(6.7)	11,152
Other income	37	5.7	35
Operating expenses excluding depreciation, amortisation and impairments	(9,302)	5.1	(9,806)
EBITDA	1,137	(17.7)	1,381
Depreciation, amortisation and impairments	(489)	(22.6)	(399)
Total operating income	648	(34.0)	982
as % of total operating revenues	6.2		8.8
Net financial expense	(161)	9.5	(147)
Income taxes	(179)	26.0	(242)
Results from investments in associates	(19)	42.4	(33)
Profit for the period from continuing operations	289	(58.4)	560
Profit from discontinued operations	0	0.0	0
Profit for the period	289	(49.5)	560
Attributable to:			
Minority interests	8	100.0	4
Equity holders of the parent	281	(49.5)	556
Earnings per ordinary share (in cents)[1]	76.7	(49.8)	152.9
Earnings per diluted ordinary share (in cents)[2]	76.2	(50.0)	152.5

(in millions, except percentages and per share data)
1 – In 2009 based on an average of 366,322,316 of outstanding ordinary shares (2008: 363,566,403). See note 31.
2 – In 2009 based on an average of 367,964,464 of outstanding ordinary shares (2008: 364,704,745). See note 31.

In 2009, TNT had total operating revenues of €10,402 million (2008: 11,152) and total operating income of €648 million (2008: 982). TNT's Express division accounted for 57.3% (2008: 59.7%) of TNT's group operating revenues and 29.8% (2008: 38.3%) of TNT's group operating income. TNT's Mail division accounted for 40.5% (2008: 38.1%) of TNT's group operating revenues and 72.8% (2008: 64.5%) of TNT's group operating income.

Total operating revenues decreased by 6.7% in 2009 compared to 2008 mainly due to the economic downturn leading to reduced volumes within TNT's Express division resulting in lower operating revenues in predominantly in the International & Domestic business cluster. The consolidation effect from acquisitions and the deconsolidation effect from disposals accounted for an increase of €76 million (0.7%).

Furthermore, operating revenues were negatively impacted by foreign currency exchange difference of €164 million mainly as a result of the strengthening of the Euro against the British Pound.

Total operating income decreased by 34.0% in 2009 compared to 2008 mainly due to volume decline within TNT's Express division and significant higher impairments and other fair value adjustments in 2009 compared to 2008 of €123 million partly off set by lower restructuring related charges of €37 million resulting in a net impact for these items of €86 million. The total impairments and other value adjustments amounted €168 million (2008: 45) and restructuring related charges amounted to €65 million (2008: 102).

Chapter 3
OPERATING ENVIRONMENT AND BUSINESS PERFORMANCE IN 2009 CONTINUED

Compared to 2008, the profit for the period attributable to the shareholder decreased by €275 million largely due to lower operating income of €334 million partly off set by lower income tax of €63 million.

KEY FACTORS

Key factors that affect TNT financial results include:
- the number of consignments and kilo's transported through TNT's networks,
- the volumes of mail TNT delivers,
- the mix of services TNT provides to its customers,
- the prices TNT obtains for its services,
- currency development, mainly the exchange rate of the British pound and US dollar against the euro,
- the average number of working and delivery days in a year,
- operating expenses, provisions and impairments, and
- TNT's ability to adapt its operating expenses to shifting volume levels.

TNT's Express and Mail businesses provide services to customers and account for revenues for those services on a daily basis. Results of operations are therefore influenced by the average number of working and delivery days in a year.

TNT uses total revenues, i.e. net sales plus other operating revenues, to assess the performance of its business. TNT believes that other operating revenues, which consist primarily of rental income from temporarily leased-out property and passenger/charter revenues, are a recurring element and TNT allocates them to its businesses when reviewing their performance.

TNT attributes revenues and expenses to its businesses based on the underlying nature of the transaction that gave rise to the revenue or expense and the business involved. TNT calls revenues and expenses that it does not allocate to divisions: "non-allocated". These revenues or expenses occur at group level, and TNT does not consider them part of the businesses operations. This method of allocating revenues and expenses is consistent with how TNT internally manages its businesses.

Operating revenues by segment

Year ended at 31 December	2009	variance %	2008
Express	5,956	(10.5)	6,653
Mail	4,216	(0.7)	4,245
Other networks	253	(7.3)	273
Non-allocated and inter-company	(23)	(21.1)	(19)
Total operating revenues	**10,402**	(6.7)	11,152

(in millions, except percentages)

Operating expenses by segment

Year ended at 31 December	2009	variance %	2008
Express	5,761	(8.3)	6,284
Mail	3,781	3.9	3,638
Other networks	246	(6.1)	262
Non-allocated	24	(36.8)	38
Eliminations	(21)	(23.5)	(17)
Total operating expenses	**9,791**	(4.1)	10,205

(in millions, except percentages)

Operating income by segment

Year ended at 31 December	2009	variance %	2008
Express	193	(48.7)	376
Mail	472	(25.4)	633
Other networks	7	(36.4)	11
Non-allocated	(24)	36.8	(38)
Total operating income	**648**	(34.0)	982

(in millions, except percentages)

GROUP OPERATING REVENUES

Total operating revenues decreased by €750 million (6.7%) to €10,402 million in 2009 compared to 2008. TNT's Express business showed a decrease of €697 million and the Mail business a decrease of €29 million. Other networks decreased of €20 million.

Organic growth, defined as the growth calculated against 2008 foreign currency exchange rates and excluding the effect from the first time consolidation of acquisitions and the deconsolidation of disposals, was responsible for €662 million (4.1%) of total group operating revenues decrease. The consolidation effect from acquisitions and the deconsolidation effect from disposals accounted for an increase of €76 million (0.7%). Unfavourable changes in foreign currency exchange rates negatively impacted the revenue growth by €164 million (1.5%).

TNT's Express business showed a 10.5% decrease of operating revenues compared to 2008, of which 6.9% was organically. The overall decrease in operating revenues was mainly driven by the volumes declines resulting from the economic slowdown in Europe; being only partially offset by growth in some of the emerging markets. TNT's Express business is further described in chapter 4.

In TNT's Mail business, operating revenues decreased by 0.7% compared to 2008, of which 2.5% was organically. The volumes continued to decline in the Netherlands due to volume decline in addressed mail items. The volume decline impact on revenue in Mail Netherlands was accompanied by a negative price-mix effect. Emerging Mail and Parcels operating revenues increased by 8.5%. TNT's Mail business is further described in chapter 5.

GROUP OPERATING EXPENSES

Operating expenses

Year ended at 31 December	2009	variance %	2008
Cost of materials	**454**	(6.2)	484
Work contracted out and other external expenses	**4,653**	(6.5)	4,978
Salaries and social security contributions	**3,480**	(3.8)	3,617
Depreciation, amortisation and impairments	**489**	22.6	399
Other operating expenses	**715**	(1.7)	727
Total operating expenses	**9,791**	(4.1)	10,205

(in millions, except percentages)

Total operating expenses decreased by €414 million (4.1%) to €9,791 million in 2009 compared to 2008. Overall, the operating expenses decreased by 351 million (3.4%) organically. Included in the total operating expenses are impairments and other value adjustments of €168 million (2008: 44) of which €146 million relate to Mail (2008: 7) for the EMN business and the remainder of €22 million to Express (2008: 37). Also included in the operating expenses are restructuring related charges of €65 million (2008: 115), off which €37 million for Express (2008: 33) and €28 million for Mail (2008: 82).

Changes in foreign currency exchange rates caused a decrease of €138 million (-1.4%). The consolidation effect from acquisitions and the deconsolidation effect from disposals accounted for an increase of €75 million (0.7%).

Total cost of materials decreased by €30 million (-6.2%) in 2009 compared to 2008. Organically, cost of materials decreased by €31 million (-6.4%) in 2008, mainly due to lower economic activities in TNT's Express division and lower procured fuel.

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 decreased by €325 million (-6.5%) in 2009 compared to 2008 partly due to lower fuel costs for subcontractors.

Salaries, pensions and social security contributions decreased by €137 million to €3,480 million (-3.8%) in 2009 compared to 2008. Salaries, pensions and social security contributions decreased organically by €125 million (-3.5%) whilst the foreign currencies movements lead to a €49 million (-1.4%) decrease. The organic decrease in salary costs was largely due to the overall lower economic activities and restructurings resulting in a net outflow of 2,695 employees (excluding acquisitions). Included in salaries, pensions and social security contributions is an amount of €35 million relating to restructuring related charges (2008: 33) and €60 million pension costs for defined benefits plans (2008: 24).

Depreciation, amortisation and impairments increased by €90 million (22.6%) in 2009 compared to 2008 mainly due to impairments within Mail.

Other operating expenses include items such as marketing expenses, other (non-employee related) restructuring related costs, insurance costs and various other operating costs. Other operating expenses decreased by €12 million (-1.7%) in 2009 compared to 2008. Other operating expenses decreased organically by €10 million (-1.4%) in 2009, mainly due to lower economic activities. Included in other operating expenses is an amount of €30 million of restructuring related costs (2008: 82).

Changes in foreign currency exchange rates caused a decrease of €138 million (-1.4%).

Operating expense are significantly impacted by total costs saving €428 million within Express, €84 million within Mail for Masterplan savings and €15 million Non-allocated. The acquisition and disposal effect of €75 million is mainly due to TNT's acquisition in South America.

GROUP OPERATING INCOME

Total operating income for the group was €648 million in 2009, a decrease of 34.0% compared to 2008. Express operating income decreased by 48.7%. The decrease was primarily due to the economic downturn resulting in significantly reduced volumes in the international premium product within Express in the International and Domestic business cluster. Operating income of TNT's Mail business decreased by 25.4%.

UNDERLYING DEVELOPMENT 2009 AND 2008

The Group operating income in 2009 and 2008 is impacted by various non recurring items as presented in the tables below. In order to analyse the result of the operations excluding such items, management assesses the underlying operating income for a deeper understanding of the business performance.

Underlying operating income

	reported 2009	restructuring related charges	impairments and other value adjustments	OPTA penalties	sale of AsPac	other	foreign exchange	**Underlying 2009 (excluding one-offs)**	Underlying 2008 (excluding one-offs)
Express	**193**	37	22			4	26	**282**	446
Mail	**472**	28	146	6	(20)	(1)	1	**632**	722
Other networks	**7**							**7**	11
Non-allocated	**(24)**						(1)	**(25)**	(38)
Operating income	**648**	65	168	6	(20)	3	26	**896**	1,141

(in € millions)

Underlying operating income

	reported 2008	restructuing related charges	impairments and other value adjustments	**Underlying 2008 (excluding one-offs)**
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**

(in € millions)

Underlying operating income amounts to €896 million (2008: 1,141). Underlying operating income excludes certain non recurring items such as restructuring related charges of €65 million (2008: 115) and impairments and other value adjustments of €168 million (2008: 44) and foreign exchange impact of €26 million.

Furthermore, TNT recognized a book profit following the sale of the AsPac activities within its subsidiaries Spring Global Mail in 2009.

In 2008, Express incurred non-recurring charges for restructuring and the impairment due to the decommissioning of aircraft, while Mail incurred restructuring charges and an impairment of software for Postkantoren.

CASH EARNINGS BASIS

In the addition to the adjustments for the non recurring items, in the analysis of the underlying performance by management, management also takes into account a correction for the non cash pension cost for defined benefit plans, including transitional plans for early retirement. By replacing the IFRS based defined benefit plan pension cost by the non-IFRS measure of the actual cash contributions for such plans the resulting earnings measurement more closely monitors the underlying cash earnings basis.

The net adjustment of €226 million is the difference between the recorded pension expenses of €60 million for the defined benefit pension plans and the actual cash payments of €286 million for such plans (see note 10).

Underlying cash EBITDA

	Express	Mail	Other networks	Non allocated	Total
Underlying operating income[1]	256	631	7	(24)	870
Depreciation and amortisation	215	116	3	3	337
EBITDA underlying[1]	471	747	10	(21)	1,207
Changes in pension liabilities[2]	(16)	(197)		(13)	(226)
Underlying cash EBITDA	455	550	10	(34)	981

(in € millions)
1 – at actual 09 rates of exchange.
2 – as per cash flow statement.

Cash operating income

	Express	Mail	Other networks	Non allocated	Total
Underlying operating income[1]	256	631	7	(24)	870
Changes in pension liabilities[2]	(16)	(197)		(13)	(226)
Underlying cash operating income	240	434	7	(37)	644

(in € millions)
1 – at actual 09 rates of exchange.
2 – as per cash flow statement.

OTHER NETWORKS AND NON-ALLOCATED

Operating revenues in TNT's business entity Other networks decreased by 7.3% compared to 2008 and amounted to €253 million in 2009. Operating income with €7 million was lower (2008: 11) mainly due to the lower economic activities.

In 2009, non-allocated operating costs amounted to €24 million (2008: 38). Included in these costs is €17 million (2008: 14) for new business initiatives, which mainly relate to investigations to optimise TNT's network strategy introduced in 2005 and costs relating to an initiative to further drive value "below the line". Cost made to support the World Food Programme (WFP) and Planet Me amounted to €6 million (2008: 9). Included in the cost for WFP are costs for knowledge transfer, hands on support, raising awareness and funds for the World Food Programme including cash donations. Planet Me is a TNT initiative to have an active contribution to reduce CO_2 emission to avoid further global warming. The other costs were €1 million (2008: 15).

GROUP FINANCIAL INCOME AND EXPENSES

Net financial (expense)/income

Year ended at 31 December	**2009**	variance %	2008
Interest and similar income	**23**	(67.1)	70
Interest and similar expenses	**(184)**	15.2	(217)
Net financial expense	**(161)**	(9.5)	(147)

(in millions, except percentages)

Interest and similar income in 2009 of €23 million (2008: 70) mainly relates to interest income on banks, loans and deposits of €14 million (2008: 44) of which €9 million (2008: 30) relates to a gross up of interest on notional cash pools, interest on taxes of €2 million (2008: 3) and interest on foreign currency hedges of €3 million (2008: 17).

Interest and similar expenses in 2009 of €184 million mainly relate to interest expense on bank overdrafts and bank loans of €22 million, (2008: 46) of which €9 million (2008: 30) relates to a gross up of interest on notional cash pools, interest expenses on long term borrowings of €110 million (2008: 124), interest on foreign currency hedges of €21 million (2008: 35), interest on provisions of €8 million (2008: 6) and interest on taxes €4 million (2008: 1). Included in the interest and similar expenses is a fair value adjustment of €8 million for our equity stake in Ceva Investments Ltd. which has been sold back to Ceva Investments Ltd. in December 2009, as part of an exchange in a final settlement on various claims as a result of which €3 million cash was received.

In accordance with IFRS interest income and expense on cash pools are reported on a gross basis. From an economic and legal perspective the €9 million (2008: 30) 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.

GROUP RESULTS FROM INVESTMENTS IN ASSOCIATES

Included in the results from investments in associates is an amount of €10 million for the impairments of underlying investments of Logispring triggered by the deteriorated economic environment for such activities and impairments on EMN associates of €3 million

GROUP INCOME TAXES

Income taxes

Year ended at 31 December	2009	variance %	2008
Current tax expense	**141**	(30.5)	203
Changes in deferrred taxes	**38**	(2.6)	39
Total income taxes	**179**	(26.0)	242

(in millions, except percentages)

Group income taxes amounted to €179 million (2008: 242), a decrease of 26.0% compared to 2008.

Income taxes differ from the amount calculated by multiplying the Dutch statutory corporate income tax rate with the income before income taxes. In 2009, the effective income tax rate was 38.2% (2008: 30.2%), which is higher than the statutory corporate income tax rate of 25.5% in the Netherlands (2008: 25.5%). This difference is caused by several effects. For further details see note 22 of the consolidated financial statements of TNT N.V.

Excluding the 2009 one-off impairments the effective tax rate would have been 28.4%; the non-deductibility of certain impairments caused an increase of the effective tax rate by 9.8%.

GROUP NET INCOME

In 2009, profit for the period attributable to the equity holders of the parent was €281 million, a decrease of €275 million (49.5%) compared to 2008. This decrease was on balance mainly the result of lower operational earnings within the Express division and the impairments within Mail (EMN) relating to the changed view on the long term perspective of these activities, due to the significantly more restrictive liberalising European Mail Markets.

NET ASSETS AND FINANCIAL POSITION GROUP

Overview

	2009	variance %	2008
Balance sheets			
Non-current assets	**4,879**	3.2	4,730
Current assets	**2,789**	14.8	2,430
Assets classified as held for sale	**27**	8.0	25
Total assets	**7,695**	7.1	7,185
Equity	**2,080**	18.4	1,757
Non-current liabilities	**2,778**	0.8	2,756
Current liabilities	**2,837**	6.2	2,672
Total liabilities and equity	**7,695**	**7.1**	**7,185**
Net return on equity[1] (%)	**13.5**		31.6
Equity as % of total liabilities and equity	**27.0**		24.5
Cash flow statements			
Net cash from operating activities	**1,016**	10.1	923
Net cash used in investing activities	**(256)**	0.4	(257)
Net cash used in financing activities	**(348)**	24.0	(458)
Changes in cash and cash equivalents from continuing operations	**412**	98.1	208

(in millions, except percentages)

1 – The profit attributable to the shareholders as a percentage of the total equity.

OFF-BALANCE SHEET ITEMS

TNT has no off-balance arrangements other than those disclosed in note 27 of the consolidated financial statements of TNT N.V. Cash and cash equivalents totalled €910 million at 31 December 2009 (2008: 497).

CASH FLOW DATA

LIQUIDITY AND CAPITAL RESOURCES

TNT's capital resources include funds provided by TNT's operating activities and capital raised in the financial markets.

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

Summary of cash flows

Year ended at 31 December	2009	variance %	2008
Cash generated from operations	1,093	(17.8)	1,330
Interest paid	(160)	12.1	(182)
Income taxes paid	83	136.9	(225)
Net cash from operating activities	1,016	10.1	923
Net cash for other investing activities	26	(60.0)	65
Net cash used for acquisitions and disposals	(77)	(327.8)	(18)
Net cash used for capital investments and disposals	(205)	32.6	(304)
Net cash used in investing activities	(256)	0.4	(257)
Net cash used for dividends and other changes in equity	(32)	94.9	(631)
Net cash from debt financing activities	(316)	(282.7)	173
Net cash used in financing activities	(348)	24.0	(458)
Changes in cash and cash equivalents	412	98.1	208

(in millions, except percentages)

NET CASH FROM OPERATING ACTIVITIES

Net cash from operating activities increased by €93 million from €923 million in 2008 to €1,016 million in 2009, which is amongst others due to significantly lower tax payments in 2009 and a strong working capital control offsetting lower earnings.

Cash generated from operations decreased by €237 million due to a lower profit before tax adjusted for non-cash movements of €241 million, partially compensated by an improvement of working capital. In 2009, the net working capital improved with € 251 million (2008: 132).

The total cash outflow for interest paid in 2009 is €160 million. In 2009 interest paid mainly includes interest on TNT's long term borrowings of €107 million, interest payments of €48 million relating to short term debt, realised interest on foreign currency hedges of €19 million.

Cash flow for income taxes was positive, mainly due to a preliminary tax refund of €175 million received from the Dutch tax authorities and to lower preliminary tax payments in several countries.

NET CASH USED IN INVESTING ACTIVITIES

The total net cash used in investing activities amounts to -€256 million (2008: -257).

Net cash used for other investment activities mainly relates to interest received (€29 million).

Net cash used for acquisitions and disposals of €77 million mainly relates to acquisitions of Expresso Araçatuba and LIT Cargo in the Express division.

Net cash used for capital investments and disposals relates to capital expenditures on property, plant and equipment of €193 million (2008: 271) and intangible assets of €62 million (2008: 74) and proceeds obtained from the sale of buildings and equipment in 2009 of €48 million (2008: 40). The net expenditures on property, plant and equipment relate mainly to investments in depots, fleet replacements and investments in TNT's network.

NET CASH USED IN FINANCING ACTIVITIES

In 2009, dividends of €34 million (2008: 324) was paid as an interim cash dividend over 2009. The net cash from debt financing activities amounted to €314 million and mainly relates to the repayments on short term borrowings of €377 million.

INFORMATION ON CAPITAL EXPENDITURES AND PROCEEDS

Capital expenditures and proceeds
Year ended at 31 December

	2009	variance %	2008
Property, plant and equipment	**193**	(28.8)	271
Other intangible assets	**62**	(16.2)	74
Cash out	**255**	(26.1)	345
Proceeds from sale of property, plant and equipment	**48**	20.0	40
Disposals of other intangible assets	**2**	100.0	1
Cash in	**50**	22.0	41
Netted total	**205**	(32.6)	304

(in millions)

CAPITAL EXPENDITURES PROJECTION FOR 2010

The total projected 2010 capital expenditures on property, plant and equipment and other intangible assets for TNT's divisions is estimated to be around €400 million. This capital expenditure is expected to be spent on similar types of property, plant and equipment and other intangible assets as in 2009. TNT believes that the net cash provided by its operating activities will be sufficient to fund these capital expenditures.

FREE CASH FLOW AND NET DEBT

The Free Cash Flow of the group, as defined in chapter 2, amounts to €840 million (2008: 683). Of the €840 million, an amount of €34 million was distributed as 2009 interim cash dividend.

The 2009 free cash flow was positively impacted by taxes received of €83 million (2008: taxes paid €225 million) and lower capital expenditures of €100 million compared to 2008.

The net debt, defined as total interest bearing debt (long and short term) minus cash and other interest bearing assets per the end of the year, amounts to €1,106 million (2008: 1,744).

Chapter 4 The Express division

GENERAL

TNT's Express division provides on-demand door-to-door express delivery services for customers sending documents, parcels and freight. TNT offers regional, national and worldwide express delivery services, mainly for business-to-business customers.

The express services TNT provides and the prices TNT charges are primarily classified by speed, distances to be covered, frequency of use and sizes and weights of consignments.

TNT Express' customers are small and medium enterprises, major accounts and global customers. Each category of customers is managed by dedicated teams and processes. TNT builds strong relationships with its customers through regular personal calls and visits, as well as a wide range of communications media.

TNT has a leading position with extensive road and air networks with coverage in all European countries. TNT's global coverage extends to more than 200 countries. In 2009, TNT continued to build its positions in emerging markets while enhancing connectivity between those markets and Europe.

Principal facilities of Express

Location	Owned / Financial Lease	Principal Use	Site Area
Liège, Belgium	Owned[1]	International air hub	103,709 sq. metres
Wiesbaden, Germany	Owned	Sorting centre and road hub	65,500 sq. metres
Arnhem, the Netherlands	Owned	International road hub	148,000 sq. metres
Brussels, Belgium	Lease	Sorting centre and road hub	67,150 sq. metres

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

Specification of aircraft in use

	2009		2008	
Type	Total number	Total capacity	Total number	Total capacity
Owned	22	421,000	29	654,800
Leased	10	141,000	10	142,000
Chartered	16	183,800	7	102,000
Total	**48**	**746,200**	46	898,800

Overall capacity was significantly reduced in 2009. A number of smaller chartered planes were added to the fleet in 2009 replacing capacity TNT previously used on flights operated by other airline operators.

STRATEGY AND ACTIONS

TNT's Express division aims to be a leading integrator in day-certain and time-certain door-to-door transport, focusing on business-to-business customers, with the optimum geographical coverage.

During 2009, TNT's express business continued within the Focus on Networks strategy with an emphasis on network optimisation and cost control. TNT continued to enhance its network and service capacity between Asia and Europe with the launch of a dedicated B747 (previously leased to Emirates) freighter service from Hong Kong to its European air hub in Liège starting from September 2009. TNT took further steps towards strengthening the South American domestic networks with its acquisitions in Chile (LIT Cargo) and Brazil (Expresso Araçatuba).

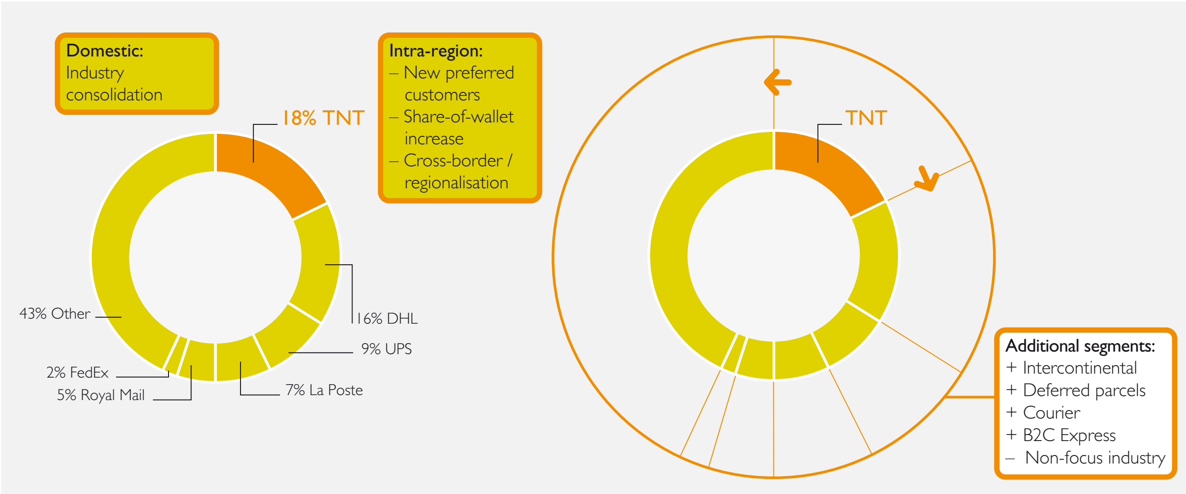
European market position

Based on information and analysis of competitors across several market segments in the European countries, TNT's core domestic and intra-European market size is estimated at €21 billion in 2008 (based on TNT's definition, which measures the business-to-business express market, domestic and intra-Europe). As customers increasingly look for a more varied express product and service offering, TNT has explored opportunities for expanding its addressable market. TNT now estimates the addressable market value at €42 billion by including also the parcel market not normally classified as express (standard parcels), business-to-consumers and intercontinental shipments.

B2B Express market: expanded European market potential

Core market
(B2B Express market, Domestic and Intra-Europe)
2008: 100% = €21 billion

Expanded market potential Europe)
2008: 100% = €42 billion



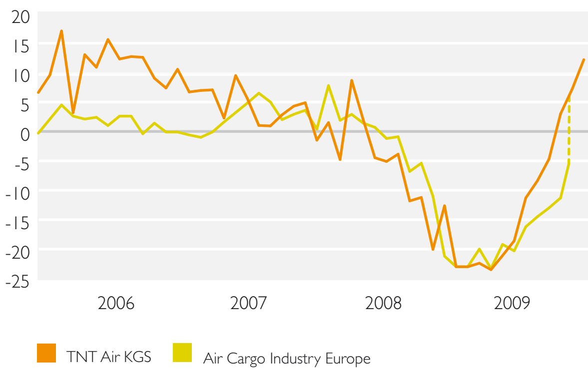
BUSINESS PERFORMANCE

In 2009, TNT's express business suffered a revenue decline of €697 million (10.5%) while reaching an operating margin of 3.2%. The revenue decline is due to an organic decrease of €662 million and foreign currency exchange differences of €114 million, partly offset by the effect of acquisitions of €79 million. The organic revenue decline adjusted for fuel surcharge of €204 million was 6.9%. Foreign exchange effects had a negative effect of €114 million (1.7%), mainly due to the strengthening of the euro against most currencies but predominantly the British pound. During 2009, TNT's Express division saw a drop in its revenue versus previous year because of lower volumes due to the weakened global economy and because of the lower revenue quality yield driven by the competitive pressure, the shift in product mix from next-day to economy products and the reduction in the weight per consignment. Compared to last year, operating income was lower by 49% impacted by the lower yield and lower capacity utilisation of the networks due to lower volumes partially offset by the cost restructuring measures implemented throughout the year. After adjusting for the restructuring provision and impairments operating income was 43% behind past year.

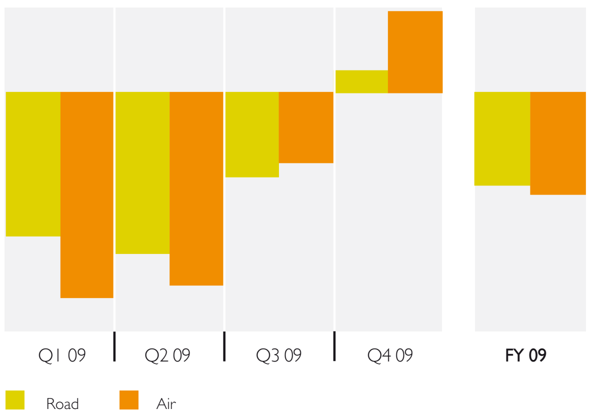
The organic decrease in operating revenue was driven by the drop in both volumes and price. The strong decline in the first half of the year improved in the third quarter and TNT returned to positive growth in the last quarter, the comparison being however helped by a very weak fourth quarter in 2008. Throughout 2009, TNT has managed to attract more revenue in all its lines of business from new customers than it lost from departing customers, partially offsetting the decline in revenue from existing trading customers due to a decline in both volumes and revenue quality. The volume decline can be matched very closely to the average of the Air Cargo industry in Europe but the improvement started in the second half of 2009 was well ahead of the average.

Comparison European Air Cargo Industry with TNT Air KGS shipped

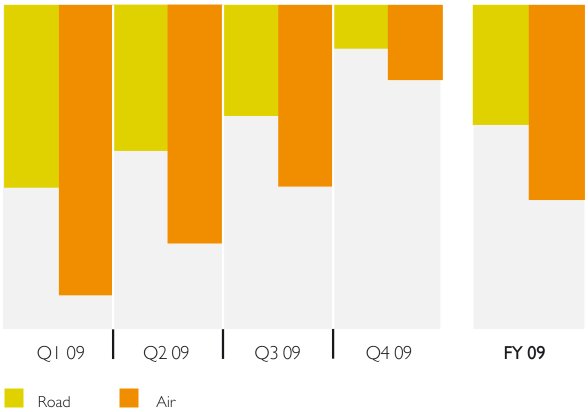
Per month, percent (not working days adjusted)



European Network volume decline versus 2008



European Network volume decline versus 2007

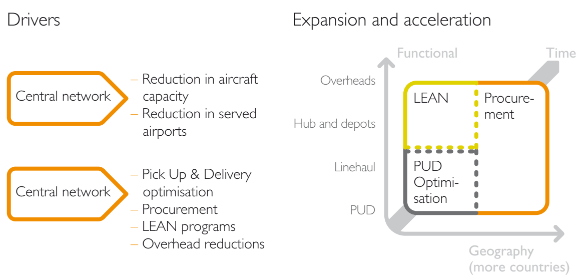


Against these tough trading conditions, TNT Express focused on maintaining service levels while reducing costs. TNT implemented cost saving initiatives in both its global network and in the country operations through improved operational efficiency, route optimisation and strong focus on procurement. Due to these actions, TNT's cost decrease has been faster than the decrease in volumes despite the fixed nature of a big part of its costs.

NETWORK OPTIMISATION AND COST SAVINGS

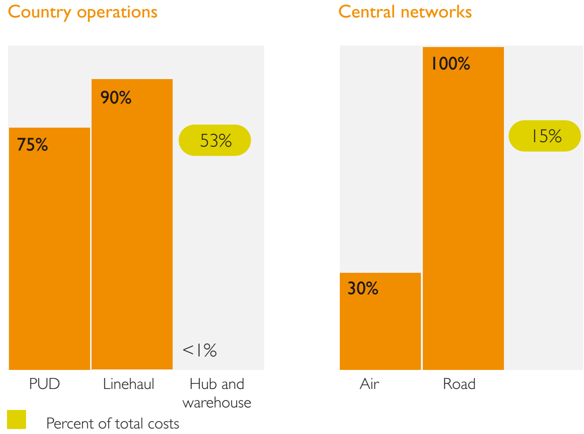
The significant worsening of trading volumes through the second half of 2008 and the first half of 2009 prompted an amplification of cost-control and efficiency initiatives. To cope with the declining volumes and to control cost, a total revision of the overall air network took place where the airport coverage was reduced to optimise TNT's capacity. As part of the network optimisation plan, two TNT airport operations, Liverpool and Shannon, were closed on top of the 10 airport operations closed in 2008. As a result, the overall cargo load factor went up to record heights while maintaining service levels.

Cost optimisation initiatives



Cost reductions were achievable due to high outsourcing levels and strong procurement skills

Percent of costs outsourced



In September 2009, TNT launched a dedicated owned B747 (previously leased to Emirates) freighter service from Hong Kong to Liège with three rotations a week.

As of 1 November 2009, TNT Global Air Networks 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 purely focus on operating the air network while maintaining sufficient level of control over the quality of the maintenance services of the aircraft.

The cost reduction measures within the amplified network optimisation plan are complemented by TNT's aim to improve continuously operational efficiency by strengthening its air and road networks. TNT has a more extensive express delivery road network in Europe than any of its competitors. In 2009, TNT continued to build on its extensive road network by connecting its European road network to Albania, Moldavia, Macedonia and Belarus, creating the largest overnight network. The new routes will strengthen network connectivity to and from Europe's fastest growing economies in Eastern Europe.

Technology and business system solutions continue to be critical elements and enablers in achieving the business strategy. Standardisation throughout TNT's global organisation continues with the development of common systems.
A web-based application was developed to support the launch of the Express Import product which manages the end-to-end transaction between a receiver and a manufacturer where the receiver is a TNT client.

Global access to Proof of Delivery Signature images was launched on myTNT during 2009. This was supported by a Sign-on Screen capability where customers can sign for deliveries directly on TNT driver's data terminals, replacing paper.

Standardisation throughout the global organisation of TNT Express continues with the development and implementation of common systems for international and domestic processes. There was continued excellent progress made during 2009, resulting in 300 depots across 34 European countries now using the new Common Operations Data Entry System. The Road Operational Control System was also successfully implemented throughout South Asia and the Middle East.

Beyond helping to achieve needed process efficiencies and cost savings, TNT's continued focus on technology innovation provides a key differentiator when integrating its express services with customer tailor made systems, notably the implementation of an RFID tracking system and over 100 warehouse distribution solutions for a number of TNT's global accounts.

BUSINESS AREAS

International and domestic business

The economic downturn since the third quarter of 2008 has negatively impacted trading volume, particularly in premium air services in Europe. 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, aided by the drop in fuel price, resulted in year-on-year cost reduction.

In April 2009, TNT signed an agreement with Con-way Freight as its primary road transportation partner for freight deliveries across the United States. Similarly, Con-way Freight will be linked to TNT's European air and road networks. The partnership offers cost-effective and high quality express freight services between Europe and the United States.

Emerging platforms

Emerging markets experienced a relatively lower revenue decline with positive revenue growth experienced in the third quarter, specifically in India and China, mainly resulting from growing domestic demand.

To tap into China's growing domestic market, TNT introduced a day-definite ground service in February 2009. In addition, a new regional road hub was opened in central China in June 2009, which will improve TNT's road distribution network in central China.

TNT enhanced its service capacity between Asia and Europe with the addition of a dedicated B747 freighter service between Hong Kong and TNT's European air hub in Liège.

In 2009, TNT invested in the South American region with the acquisition of LIT Cargo in Chile and Araçatuba in Brazil. With the acquisition of LIT Cargo, TNT not only gained a strong position in the Chilean domestic express market but also acquired a key platform for expansion in South America. Araçatuba was a key delivery partner of TNT Mercúrio in Brazil's central west and north regions. The acquisition of Araçatuba gives TNT by far the best network coverage in Brazil.

In June 2009, TNT launched its integrated road network across South America, linking the "ABC" countries (Argentina, Brazil and Chile). TNT's South America Road Network (SARN) links over 30 cities across 3,000 kilometres in the three countries. SARN leverages the domestic capabilities in Chile and Brazil following the acquisition of LIT Cargo and Araçatuba.

CR PERFORMANCE

A survey of all Express' global certifications with the four management systems (OHSAS 18001, SA 8000, ISO 14001 and ISO 9001) and certification bodies was completed in 2009. From this survey specific plans have been agreed with all the regions with the objectives of optimising certifications, integrating management systems, benchmarking and sharing best practice.

The highlights of Express' CR performance on employees, the environment, other stakeholders and voluntary contributions to society are provided below.

EMPLOYEES

During 2009, TNT continued its strong focus on road and workplace health and safety in meeting the ambition of zero accidents, particularly in recent acquisitions. In 2009 Express has to report 24 fatal accidents (eight fatal accidents involving TNT employees and 16 fatal accidents involving subcontractors), which resulted in 26 fatalities. The focused support given to TNT's recent acquisitions is reflected in the significant reduction of fatal accidents in 2009.

Besides the reduction in fatal accidents, the number of lost time accidents and the lost time accident frequency rate decreased compared to 2008. A full analysis of TNT's health and safety performance is provided in chapter 15 of this annual report.
In the emerging economies of India, China and Brazil continued progress has been made in implementing sustainable actions to improve road safety with focus on effective driver, vehicle, journey and subcontractor management. These actions are delivering successful results, and include the implementation of specific road safety action plans and partnership projects with subcontractors and TNT's external partners. The next step (Phase II) is to continue extending this approach into

TNT's supply chain with subcontractor vehicles and drivers.

Due to the economic situation TNT Express was confronted with lower volumes and needed to restructure its organisation and workforce. Unfortunately this was not possible without consequences for employees. As part of the various restructurings a total of 1,448 employees have left TNT Express in 2009.

TNT believes that in order to successfully implement restructurings, it is pertinent that social dialogue with employees' representative bodies is effective. With the social partners at country level plans were made and discussed to implement the needed restructuring in a social responsible manner. Where cross-border European restructuring plans were implemented a constructive social dialogue took place with the European works council. A high priority was given to mitigate the social consequences of redundancies, following best local practices.

There were a number of initiatives in 2009 to further engage employees in corporate responsibility with the introduction of internal corporate responsibility awards, twinning programmes and the Drive Me challenge. The corporate responsibility awards were for health and safety, local community work, environment, reporting, global community work and global corporate responsible champion for TNT.

ENVIRONMENT

The total absolute CO_2 footprint for the own operations of Express selected (all Express entities except TNT India, TNT Brazil and Hoau) decreased over 2009.

The CO_2 efficiency of European Air Network and long haul air significantly improved over 2009 (from 1,790 in 2008 to 1,690 in 2009 respectively 560 in 2008 to 529 in 2009), which is mainly due to the continued optimisation of the networks and improvement of the capacity load factor.

Improved fuel efficiency and cost savings focused on the Drive Me challenge and on developing tools and specifications for vehicles. The Drive Me challenge continued in 2009 and provided the ultimate recognition for the best driver in TNT. The scope of the Drive Me challenge was extended to also include road safety and customer experience. Despite the above effort 2009 shows a slight deterioration of the CO_2 efficiency of small trucks. The CO_2 efficiency of large trucks remained stable over 2009.

The increased percentage of sustainable electricity for Express selected (from 26.3% in 2008 to 30.7% in 2009) was one of the drivers to cause an improvement in CO_2 efficiency for buildings in 2009. During 2009, TNT worked with the Carbon Trust in the United Kingdom to develop a bespoke energy survey tool to help identify further energy saving measures within new and existing buildings.

A full analysis on the operational performance of TNT is included in chapter 16.

OTHER STAKEHOLDERS

Express conducted annual worldwide customer satisfaction research and received over 31,600 completed surveys from customers across all customer segments. In 2009, customer satisfaction within Express increased from 92% in 2008 to 94% in 2009. This increase was due to Express' real time reporting that enabled more proactive customer contact, which increased service quality and on time performance.

In 2009, TNT's main objectives were to support and encourage its suppliers in adopting the same approach as TNT with respect to corporate responsibility. This meant focusing more on TNT's risk management approach and what it has in place to eliminate or reduce the social and environmental risks in the supply chain. A key part of the implementation was to involve all key stakeholders and to develop and implement a policy, tools and guidance to assess CR related risks of suppliers. This was based on an assessment of risks related to the types of products and services delivered to TNT.

VOLUNTARY CONTRIBUTIONS TO SOCIETY

In 2009, the twinning programmes were linked to TNT's work with the World Food Programme and focused on the development of blueprints for the regions to implement in 2010 and focused on specific countries. TNT aimed to identify what it currently does well and what it could improve on its school feeding programmes by developing an essential package designed to improve the health and nutrition of school children.

FINANCIAL RESULTS

In 2009, TNT's Express division earned revenues of €5,956 million and operating income of €193 million. The Express division accounted for 57.3% of TNT's group operating revenues and 29.8% of TNT's group operating income.

The following tables set out the financial performance of TNT's Express division for the past two years.

Express financial overview

Year ended at 31 december

	2009	variance %	2008
Total operating revenues	**5,956**	(10.5)	6,653
as % of total operating revenues TNT	**57.3**		59.7
Other income	**(2)**	(128.6)	7
Total operating expenses	**(5,761)**	8.2	(6,284)
Total operating income	**193**	(48.7)	376
as % of express operating revenues	**3.2**		5.7

(in millions, except percentages)

Express operating revenues

Year ended at 31 december

	2009	variance %	2008
International & Domestic	**4,672**	(14.1)	5,438
Express Emerging Platforms[1]	**1,284**	5.7	1,215
Total operating revenues	**5,956**	(10.5)	6,653
as % of total operating revenues TNT	**57.3**		59.7

(in millions, except percentages)

1 – Apax, India, China, LAM, MEA, Russia and Turkey.

Express operating expenses

Year ended at 31 december

	2009	variance %	2008
Cost of materials	**287**	(11.7)	325
Work contracted out and other external expenses	**2,977**	(10.6)	3,330
Salaries and social security contributions	**1,891**	(5.3)	1,996
Depreciation, amortisation and impairments	**230**	(11.9)	261
Other operating expenses	**376**	1.1	372
Total operating expenses	**5,761**	(8.3)	6,284

(in millions, except percentages)

Express operating statistics

Year ended at 31 december

	2009	2008
Number of consignments (in thousands)	**230,635**	230,431
Number of tons carried	**7,695,844**	7,451,803
Average of number of working days	**254**	254
Number of depots/hubs	**2,409**	2,376
Number of vehicles[1]	**26,310**	26,610
Number of aircraft[1]	**48**	46

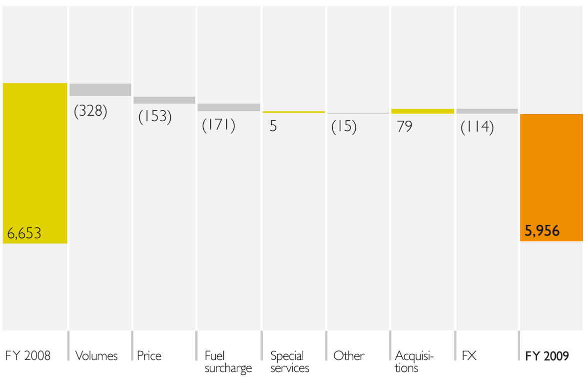
1 – A substantial number of the vehicles and aircraft are not owned but leased or subcontracted.

During 2009, TNT's Express division saw a drop in its revenue compared to 2008 due to lower volumes resulting from a weakened global economy and due to lower revenue quality driven by the competitive pressure. This has resulted in a shift in product mix from Next Day to Economy products and the reduction in the average weight per consignment. Compared to 2008 operating income in 2009 decreased by 49%, impacted by lower capacity utilisation of the networks due to lower volumes partially offset by the cost restructuring measures implemented throughout the year. After adjusting for the restructurings and impairments operating income was 43% (36.8% including foreign exchange) lower compared to 2008.

EXPRESS OPERATING REVENUES

Total operating revenues of TNT's Express business for 2009 decreased by €697 million (10.5%) compared to 2008. The organic decrease in operating revenues was €662 million (10.0%), partly caused by the fuel surcharge which decreased compared to 2008 due to the fall in the oil price and the drop in both volumes and revenue quality. Compared to 2008, the strong decline in the first half of 2009 improved in the third quarter and returned to positive growth in the fourth quarter, although helped by a weaker fourth quarter in 2008. Foreign currency exchange rate changes had a negative effect of €114 million (1.7%) on total operating revenues, mainly due to the strengthening of the euro against most currencies but predominantly the British pound. The effect of acquisitions on total operating revenues in 2009 amounted to €79 million.
Throughout 2009, Express managed to attract more revenue from new customers in all our lines of business than revenues lost from departing customers.

Express revenues development 2009



International and domestic

International and domestic business showed an overall revenue decline of €766 million (14.1%) compared to 2008. The organic revenue decrease was €641 million (11.8%) partly due to €176 million lower fuel surcharges. Foreign currency exchange rate changes negatively impacted Revenue by €125 million (2.3%), mainly due to the strengthening of the euro against the British pound.

Emerging platforms

Emerging platforms achieved an overall revenue growth of €69 million (5.7%) compared to 2008, with an organic decrease of 1.7% partly offset by an acquisition effect of 6.5%.

EXPRESS OTHER INCOME

Included in other income is a further adjustment of the fair value of €7 million for aircraft that were decommissioned and recorded as held for sale in 2008.

EXPRESS OPERATING EXPENSES

Total operating expenses of TNT's Express business for 2009 decreased by €523 million (8.3%) compared to 2008 due to the cost saving initiatives implemented in both the global network and in the country operations through improved operational efficiency, route optimization and strong focus on procurement. Organically cost decreased by €512 million (8.1%) mainly due to realised cost savings of €428 million.
Changes in foreign currency exchange rates caused a decrease of €87 million (1.4%).
The effect of acquisitions on total operating expenses in 2009 amounted to €76 (1.2%) million.
Fuel and energy costs, including fuel surcharges paid to commercial airlines, decreased by €95 million, of which €38 million is reflected in the decrease of the costs of materials.
Work contracted out decreased organically by €364 million (10.9%) mainly due to the scale down of the subcontractors operation to match the decrease in volumes.
Salaries and social security contributions decreased organically by €83 million (4.2%) reflecting the restructuring plans put in place during 2008 and 2009. Included in salary and social security contributions are restructuring related charges of €35 million (2008: 33) related to restructuring plans in Europe and South America, which covers approximately 1,450 employees.
The decrease in depreciation and amortisation of €31 million (11.9%) was mainly due to decreased capital expenditures in 2009. Included in depreciation, amortisation and impairments is an amount of €15 million (2008: 37) for the impairment of client lists of €10 million and property, plant and equipment of €5 million.
Other operating expenses were in line with previous year and included €2 million for restructuring related charges.

EXPRESS OPERATING INCOME

TNT's Express business operating income for 2009 decreased by €183 million (48.7%) compared to 2008 or by €164 million (36.8%) after excluding restructuring costs, impairments in both years and foreign exchange.

The decline in operating income was primarily due to the economic downturn which has reduced volumes and increased price competition due to the overall underutilisation of networks. Compared to 2008, the operating income of both the more mature and the emerging markets were negatively impacted. The fourth quarter of 2009 showed an increase in operating income compared to 2008, although helped by a weaker fourth quarter in 2008.

Operating income as a percentage of revenue (ROS) was 3.2% in 2009 compared to 5.7% in 2008, mainly due to the lower volumes and margin pressure caused by the competitive pressure on the prices. Both years were impacted by significant one off charges for restructuring and impairment and other value adjustments.

The underlying operating income including foreign exchange as a percentage of revenue (ROS) was 4.7% in 2009 compared to 6.7% in 2008 after adjusting for one-off charges.

Express underlying operating income 2009 and 2008

The Express operating income in 2009 and 2008 is impacted by various non recurring items as presented in the tables below. In order to analyse the result of the operations excluding such items, management assesses the underlying operating income for a deeper understanding of the business performance.

Express underlying operating income

	2009	2008
Reported	193	376
Restructuring	37	33
Impairments and other value adjustments	22	37
Other	4	
Underlying (excluding one-offs)	**256**	**446**
Foreign exchange	26	
Underlying (excluding one-offs/fx)	**282**	**446**

(in € millions)

Underlying operating income amounts €282 million (2008: 446). Underlying operating income excludes certain non recurring items such as restructuring related charges of €37 million (2008: 33), impairments and other value adjustments of €22 million (2008: 37) and foreign exchange impact of €26 million.

In the addition to the adjustments for the non recurring items, in the analysis of the underlying performance by management, management also takes into account a correction for the non cash pension cost for defined benefit plans including transitional plan for early retirement. By replacing the IFRS based defined benefit plan pension cost by the non-IFRS measure of the actual cash contributions for such plans the resulting earnings measurement more closely monitors the underlying cash earnings basis.
The net adjustment of €16 million is the difference between the recorded pension expenses of €9 million for the defined benefit pension plans and the actual cash payments of €25 million for such plans.

Express underlying cash EBITDA

	2009	2008
Underlying operating income (excl. one-offs)	256	446
Depreciation and amortisation	215	224
Underlying EBITDA	**471**	**670**
Changes in pension liabilties	(16)	(17)
Underlying cash EBITDA	**455**	**653**

(in € millions)

EXPRESS CAPITAL EXPENDITURES AND PROCEEDS

Express capital expenditures

Year ended at 31 December

	2009	variance %	2008
Property, plant and equipment	119	(39.6)	197
Other intangible assets	35	(30.0)	50
Cash out	154	(37.7)	247
Proceeds from sale of property, plant and equipment	26	160.0	10
Disposals of other intangible assets	1		0
Cash in	27	170.0	10
Netted Total	127		237

(in millions, except percentages)

Capital expenditure on property, plant and equipment and other intangible assets by TNT's Express business totalled €154 million in 2009, which compared to 2008 decreased by 37.7% due to strong control on cash spend during the year.

Some of the larger Express capital expenditures in 2009 included the Mercúrio fleet replacement in Brazil (€22 million), the Barcelona Depot in Spain (€18 million) and a new facility for the Middle East Road Network (€4 million).

Chapter 5 The Mail division

GENERAL

TNT's Mail division provides mail, mail related and parcel services to its customers. Its mature business, which has its origins mainly in TNT's home market the Netherlands, is organised in the business line Mail Netherlands.

Mail Netherlands is responsible for mail services in the Netherlands, including the provision of the universal service. Related are the data and electronic communication activities, operating under the brand name Cendris, and the cross-border mail services provided through the joint venture Spring Global Mail.

TNT's emerging mail activities include TNT's mail services outside the Netherlands. TNT Post, through its business line European Mail Networks, is active in the Netherlands and seven other countries, where it is a main challenger of the incumbent postal operator. These activities include both addressed and unaddressed mail.

TNT's Mail division provides standard parcel services in the Netherlands and Belgium through TNT Post Parcelservice (TPP) for both domestic and cross-border parcel distribution.

STRATEGY AND ACTIONS

In Mail, TNT's strategic intent under the Focus on Networks strategy is twofold: to prepare for the full transition to a liberalised market in the Netherlands and to capture mail growth opportunities outside the Netherlands in liberalising European markets and in the standard parcel business.

MAIL NETHERLANDS AND RELATED BUSINESS

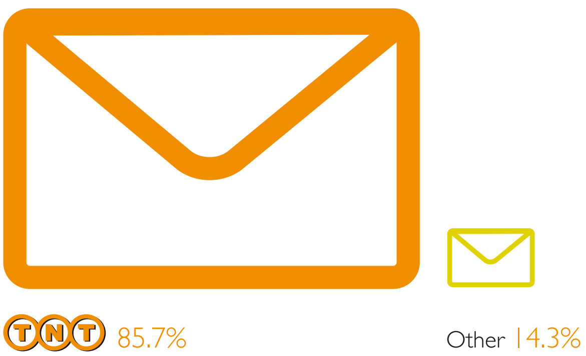
In the Netherlands, TNT continues to face increasing substitution by new media (digitisation) and competitive pressure.

The main challenge for the mail market as a whole is the changing role of traditional mail in the communication between consumers and between businesses and their customers. Increasing usage of electronic communication continues to result in a significant decline of mail volumes. Companies such as telecommunication providers, energy suppliers and banks intensify their efforts to stimulate their customers to use electronic channels rather than mail. The high penetration level of high speed internet, exceeding 90% in the Netherlands, catalyses that effect. Communication patterns have significantly changed since this penetration reached such a high level.

Changing communication patterns also influence the character of demand of business customers for mail services. The demand for the 'traditional' 6 days a week next-day delivery is declining. TNT is, as provider of the universal service, still legally obliged to offer this service. Competitors and TNT's subsidiary Netwerk VSP offer less frequent delivery for addressed mail, one or two times a week, at lower prices. Netwerk VSP is now recognised as a serious player in this segment, amongst TNT's main competitors, Sandd and DHL Global Mail.

Starting april 2009, the Dutch mail market has been fully liberalised. Competition is now targeting the newly opened segment of letters below 50 grammes. TNT estimates that its competitors collectively had a market share of around 14% in the Netherlands in 2009.

TNT market share addressed mail in the Netherlands



As a consequence of the impact of electronic media on the demand for mail services and market liberalisation, TNT anticipates that the mail volume decline will be around 7-9 % in 2010. Thereafter, the annual volume loss is expected to be around 6% per year. TNT is continuously implementing management and restructuring programmes to cope with this decline. The outcome of the negotiations for a collective labour agreement provides a well balanced basis for an efficient mail operation in a socially responsible way. This will be realised through a complete redesign of TNT's Dutch mail network, which will start in 2010.

TNT has the objective to save €75 million in 2010. In total, this redesign will lead to €200 million annual savings. This comes on top of the €395 million that is included in the existing plans of which €84 million was realised in 2009 and €215 million is planned for 2010-2013.

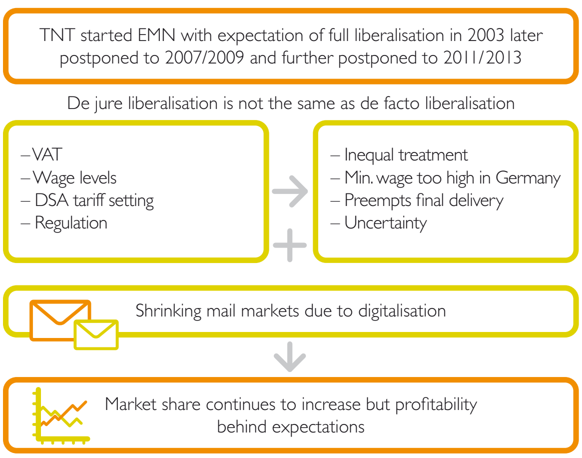
The plans, both the existing and those in preparation, are necessary for TNT to deal with the combined impact of accelerated further volume declines due to substitution and competition on the one hand and the relatively high labour costs and the uncertain regulatory environment on the other, and to assure that Mail Netherlands will continue to maintain its positive cash flow.

MAIL MARKETS OUTSIDE THE NETHERLANDS

Through European Mail Networks, TNT delivers mail services in the Benelux, Germany, the United Kingdom, Italy, Austria and Eastern Europe.

TNT recognises that regulation has an impact on its business opportunities. European regulation, in particular the uneven liberalisation of postal markets, has influenced the pace at which TNT could grow its business across Europe. Though countries seem to be preparing for de jure liberalisation as of 2011 / 2013, de facto liberalisation is in most countries far away as local regulation hinders a level playing field within the countries. This in effect means that European Mail Networks is operating in a deteriorating perspective. TNT is currently in the process of adjusting its strategy to realise value through partnerships and sale of part of the business. The partnership with publisher Holzbrinck in Germany, initiated in 2009, is an example. A final review of the activities in Germany will be undertaken in 2010, in the context of the expected market developments and regulatory situation at that time.

De facto market opening has not materialised so far



The ambitions to reach a strategic partnership with Royal Mail, as expressed in December 2008, were seriously explored during 2009. However, as a consequence of the UK government's decision not to partly privatise Royal Mail, a partnership is not an option.

PARCELS

In parcels, volumes are growing in large part because of the growth of e-shopping. As an important player in to-consumer delivery in the Netherlands, TNT Post Parcelservice benefits from this growth and is therefore well positioned to extend its portfolio. Next to the traditional home and office delivery, TPP is developing cargo and pallet distribution and is expanding in Belgium and in cross-border services. Retail distribution also offers new opportunities for TPP.
As part of its growth initiatives, TNT will strengthen its position in the parcel market through a combination of e-fulfilment services, special mail and parcel services, and shop and media logistics. Furthermore, using its international contracts and services TNT Post Parcelservice will strengthen its position as a broker for international parcel distribution. This broad range of services will be provided through integrated networks where possible and specialised networks where necessary.

GROWTH INITIATIVES: E-COMMERCE

As mentioned above, TNT is well positioned in the mail market to benefit from the growth of e-commerce through its traditional portfolio. In addition, TNT has at its disposal other skills that are part of the e-commerce value chain. Together with its brand position, these enable TNT to develop an integrated e-commerce service offering.

With Cendris, TNT is well established in data and document management and call centres. Together, Cendris and TNT Post have experience in both on-line and off-line marketing. Furthermore, in the area of fulfilment TNT is well positioned with its mailinghouse Euromail. TNT Post integrated these abilities to provide its customers the TNT Post products that are offered through its website www.tntpost.nl, and developed new initiatives such as the e-retail initiative Sjopze.nl and interactive marketing through TryNow. As a next step, TNT is now marketing the integrated e-commerce service to external customers as well.

Developments new growth areas

E-commerce as presented Dec 2008

…and TNT Post positions itself both as online retailer and e-commerce service provider

Traffic generator: Retail – Marketing

Value chain: Marketing – Webshop services – Payment – Fulfilment – Delivery – Customer service

TNT as on line retailer
- Experienced shop manager
- Multi-channel marketing
- Customer intelligence

TNT as service provider and integrator
- Convenience
- Integration
- Knowledge
- Safety

- TNT 'Webshop & Advertising'
- TNT 'Finance & Payments'
- TNT 'Fulfilment & Delivery'
- TNT 'Customer Services'

E-retail initiative

www.sjopze.nl
- Leaflets distributed to 23 million addresses
- 1.5 million visitors website
- 0.3 million e-newsletter subscribers
- 0.2 million additional parcels
- €10 million retail revenue

Interactive marketing

www.try-now.nl
- 1.2 million samples ordered and delivered
- 80% via internet; 20% via sms
- New concepts: Info Now; Try Now; Buy Now; Win Now; Give Now

Fulfillment chain

Marketing – Webshop services – Payment – Fulfilment – Delivery – Customer service

www.wefashion.com www.msmode.com

BUSINESS PERFORMANCE

MAIL NETHERLANDS AND RELATED BUSINESS

The volume decline that Mail Netherlands faced in 2009 was 4.7%. The economy product delivered through TNT Post and the budget mail service delivered through Netwerk VSP contributed to retaining volumes in the market. The customer focus strategy proved to be effective as well: notwithstanding losing mail volumes to competitors, TNT also managed to win customers back. However, the mail volume decline due to electronic substitution cannot be turned around.

TNT does not restrict its activities to dealing reactively with the decline of volumes. Technological developments are used in developing new, innovative services. In 2008, TNT started several initiatives that were enhanced in 2009. Sjopze.nl is a new, successful initiative of a physical brochure to attract customers to an internet store. The existing initiatives TryNow and gift shops were extended further. Additionally, TNT is developing services for multi-channel marketing campaigns, including on-line marketing, under its brand name Cendris.

In 2009, Singapore Post left as a partner in G3 Worldwide Mail N.V. (Spring Global Mail). TNT now partners in this subsidiary with Royal Mail Investments Limited. The subsidiary provides cross-border mail services in Europe and Canada. It uses the services of its shareholders, along with its own contracts with local delivery agents.

Cross-border mail volumes are strongly influenced by electronic communication. The speed and cost advantage of electronic media are the main reasons for stronger volume declines. At the same time, the slow pace of liberalisation influences the business model of Spring Global Mail. As a consequence, cross-border mail revenues were stagnant. Spring Global Mail is currently reviewing its strategy.

In 2009, TNT took further steps in the Netherlands to implement the Master Plans and intensive discussions took place with the works council to reach agreement on the way forward.

Part of the Master Plans include commercial initiatives to maintain volume. These initiatives are concentrated in the customer focus programme that was rolled-out throughout Mail Netherlands. This programme aims to strengthen the customer centric approach of the organisation. TNT has further differentiated its price and service strategy based on market demands by using its economy services and next-week services which are partly provided by Netwerk VSP.

The cost initiatives under the Master Plans consist of efficiency measures and a restructuring of the labour costs. During 2009, TNT continued the implementation of new working routines at its delivery and collection offices, leading to more standardisation. TNT continued to recruit part-time mail deliverers at lower labour costs to fill vacancies in mail delivery. As a result, the majority of TNT's delivery work force currently consists of newly recruited mail deliverers. Also, TNT made progress reducing overhead costs.

Constructive discussions took place with the trade unions on the restructuring of labour costs. The trade unions tried to find alternatives for the efficiency measures and labour cost savings that are included in TNT's Master Plans. However, the trade unions concluded that no alternatives were to be found, and asked their members in a referendum advice on the way forward. The outcome of that referendum showed that the majority of the unionised employees of TNT are not prepared to agree upon lower wages in return for work guarantee. Consequently, TNT announced new Master Plans with a higher level of urgency than before, in order to realise the savings that were earlier anticipated from a restructuring of the labour costs. The discussions with the trade unions on a new collective labour agreement, including a social plan for those who have to leave the company, were concluded late January 2010. This agreement still needs to be approved by the members of the trade unions.

TNT is of the opinion that a binding collective labour agreement for the postal sector as a whole is a precondition for fair competition. This is in line with the condition that the Dutch government made binding for liberalisation in April 2009. This condition, laid down in an Order in council (*AMvB*), included the obligation of competitors to gradually migrate 80% of their deliverers to a collective labour agreement at minimum wage level. On 31 December, however, a Dutch court declared this condition illegal, thus in effect removing a major condition for liberalisation. The Dutch government has appealed against this court decision. An adjustment in the Order in council is under construction. It is unclear whether this adjustment will come into force irrespective of the outcome of the appeal.

MAIL MARKETS OUTSIDE THE NETHERLANDS

Though the mail market is not particularly cyclical in relation to economic developments, and impacted stronger by substitution, the economic crisis does have an impact. In particular outside the Benelux, mail is not seen as a logical communications channel for customers to enhance their sales. In those countries, the limitation of marketing budgets resulting from the economic crisis affected the mail volumes stronger than in the Netherlands. Nevertheless, TNT managed to keep and attract customers and to grow its revenue by 4.3%.

The regulatory situation in Germany remained uncertain in 2009. See chapter 12 for more details. Although the uncertainty affects both customers and employees, TNT managed to extend its position in the German addressed mail market. In 2009, the German mail activities grew total revenue to €251 million (2008: 248). In 2009, TNT started cooperation with Holzbrinck, acquiring 50% of the delivery activities in the Berlin region and a minority share in other areas. This cooperation was the first stepping stone towards the development of a Mail Alliance, in which TNT and publishers join forces in their competition with Deutsche Post for domestic German volumes.
In 2009, a review has been performed on the financial performance of EMN Germany and other EMN countries. This resulted in the identification of impairments of €137 million and other value adjustments of €9 million, totalling €146 million. For further details refer to the financial section in this chapter and note 19 of the financial statements.

A final review of the German activities will be undertaken in 2010 in the context of the expected market development, including the favourable outcome of the minimum wage court case in appeal in January 2010 and the developments regarding the VAT exempt position of the incumbent, and the requirement of value realisation.

In the United Kingdom, the downstream access business continued to grow strongly. Next to the large businesses, TNT is more and more targeting the market for small and medium sized enterprises via regional sales. This has resulted in growth of the UK business by 22% from €401 million in 2008 to €490 million in 2009, despite the economic downturn.

In Italy, the service Formula Certa continues to grow rapidly. With this service, TNT offers a track-and-trace service on regular mail. This service is currently offered in approximately 25% of Italy. It is the intention to extend this over the coming years. In 2009, Poste Italiane initiated a similar service, which has resulted in a formal complaint by TNT with the local competition authorities.

In 2009, TNT experienced that unaddressed mail services suffered more than addressed mail from the economic downturn. As a consequence, the performance of unaddressed delivery was less than expected. TNT is in the process of reviewing its presence in unaddressed mail in some of the countries it is operating in, which has led to the disposal of some of these activities in January 2010 and will lead to some further disposals.

PARCELS

Contrary to the declining mail volumes, the standard parcel business in the Netherlands is developing rapidly, strongly driven by the growth of web shopping. TNT Post Parcelservice stimulated these developments by broadening its business-to-business portfolio with payment services, IT services and supporting services for web shops. Further, TPP is offering solutions to deal with the growth of cross-border parcel volumes.

As a consequence of this rapid growth, the boundaries of the operational capacity of the Dutch parcels operation are within sight. Therefore, TPP opened a fourth parcel sorting centre in the vicinity of Utrecht, and started with the redesign of its entire parcels operational structure. The implementation of this new infrastructure is to be finalised by 2012. TPP will then operate a fully hybrid operation with depots responsible for both sorting and distribution. Furthermore, TPP is improving its IT system in order to provide the most developed IT services in the industry to its customers.

TNT is in the process of broadening its parcels portfolio. In addition to the areas of cargo services and shop logistics, TNT extended its activities to the high-end parcels through the acquisition of Micropakket. Further, TNT is looking at opportunities to provide customers with a full service offering by combining parcel services with fulfilment services.

In the further development of standard parcel services, TPP will provide TNT a strong starting position.

CR PERFORMANCE

The focus of the Mail division was on responsible downsizing in 2009. Furthermore, Mail took important steps in the re-certification for OHSAS 18001 and Investors in People (IiP) and was able to increase the locations with certified management systems in place.

The highlights of Mail's CR performance on employees, the environment, other stakeholders and voluntary contributions to society are provided below.

EMPLOYEES

Mail has to report a total of four accidents (involving a TNT employee) resulting in four fatalities compared to zero fatal accidents in 2008. All the accidents occurred in the Netherlands. The number of lost time accidents in 2009 remained stable as compared to 2008, although the lost time accident frequency rate deteriorated.

As a consequence of declining mail volumes, approximately 11,000 jobs will be lost in TNT Mail's operations in the Netherlands over the coming years. As a responsible employer, TNT's policy is to achieve this reduction by stimulating voluntary job moves. TNT Post has taken measures to help production staff find suitable jobs both inside and outside the company as much as possible.

In 2009 Mail continued its restructuring programmes. In total and predominantly as a result of these programmes 4,377 employees left the Mail division.

A full analysis of TNT's health and safety performance as well as further details on labour relations is provided in chapter 15 of this annual report.

ENVIRONMENT

The total absolute CO_2 footprint for the own operations of Mail decreased over 2009, mainly caused by sustainable electricity use of buildings.

In 2009 several initiatives were taken to reduce the CO_2 footprint of the Mail division.

For small trucks and large trucks the CO_2 efficiency remained stable over 2009. Electric scooters were introduced successfully, leading to plans to increase the scale of operation. The worldwide TNT drivers' competition called "Drive Me challenge" was one of the initiatives to stimulate drivers to minimise their fuel usage and to create awareness for CO_2 reduction, road safety and customer experience. A pilot started with CNG vehicles and bio-gas vehicles to investigate economic and environmental possibilities§. The fleet was partially renewed to Euro 5 vehicles.

The increased percentages of sustainable electricity (80.7% in 2009 and 69.4% in 2008) caused an improvement in CO_2 efficiency for buildings in 2009. External parties provided energy efficiency surveys for a part of the buildings. This resulted in improvement plans to further reduce energy use in TNT's buildings.

An analysis of TNT's operational performance is provided in chapter 16.

OTHER STAKEHOLDERS

To address customers' concerns on the environmental impact of their postage, clients have the option to choose a 'CO_2-neutral' postage. Through the website www.groenepost.nl, clients are able to calculate the emissions emitted by their postage. With this programme, called CO-2-Gether, Mail has contracted nearly one billion mail pieces of which over 407 million mail pieces were sent carbon neutral by 625 clients in 2009. TNT doubles the amount customers pay for offsetting their CO_2 emissions. In addition, consumers purchased over 89 million 'green stamps'.

Mail started an initiative in 2009 with the objective to reduce the environmental impact of printed door-drop advertising. With this initiative advertisers have the option to choose a trade mark that guarantees less impact on the environment. An independent foundation was established in which organisations in the entire branch participate.

In 2009, Mail conducted an annual survey among the medium-sized and larger business customers. Customer satisfaction for Mail customers increased slightly from 89% in 2008 to 90% in 2009.

The majority of TNT Post Parcelservices' operational activities were contracted out in recent years with the aim of reducing costs and increase flexibility. During 2009 the new "Subco united" programme was introduced to reduce costs as well as to support subcontractors in improving their sustainability performance.

Mail encourages suppliers to adopt policies en standards with respect to corporate responsibility and applies the TNT Sustainable Chain Protocol for assessment and classification of supplier risk connected with the social and environmental impact of delivered goods and services. General Purchasing Conditions include specific requirements about environmental issues such as particulate matters (PM10) and issues with respect to social and ethical responsibility. Furthermore, suppliers are expected to comply with the TNT Business Principles.

VOLUNTARY CONTRIBUTIONS TO SOCIETY

Mail employees participated in WFP's school feeding programme to assist in developing an essential package designed to improve the health and nutrition of school children. Mail employees organised a number of fundraising activities in 2009 for the school feeding programme in Malawi and 120 employees have an active role as Game Guide, visiting primary schools in the Netherlands to create awareness for the world food problem (kidsmovingtheworld.org). In 2009 Mail released the third edition of "Master Chefs for Home Chefs," a charity cookbook co-authored by 52 well-known local and international chefs. The main part of the proceeds goes to the school feeding programme in Malawi. This initiative raised more than €1 million so far.

Mail started a new initiative on the recycling of mobile phones in cooperation with T-Mobile (gsmretourplan.nl). The objective of the initiative is to recycle responsibly. Proceeds from this initiative go to charity.

FINANCIAL RESULTS

In 2009, TNT's Mail business earned revenues of €4,216 million and operating income of €472 million. The Mail division accounted for 40.5% of TNT's group operating revenues and 72.8% of TNT's group operating income.

In 2009, TNT's Mail division experienced a volume decline of 4.7% compared to 2008, or 5.1% excluding incidental mailing. The average decline since 2004 is around 3.7% per annum it's expected that the volume decline as from 2010 will be approximately 6% per year. The decline in 2009 was mainly due to substitution by electronic media and accelerated and severe competition.

Mail financial overview

Year ended at 31 December

	2009	variance %	2008
Total operating revenues	**4,216**	(0.7)	4,245
as % of total operating revenues TNT	**40.5**		38.1
Other income	**37**	42.3	26
Total operating expenses	**(3,781)**	(3.9)	(3,638)
Total operating income	**472**	(25.4)	633
as % of mail operating revenues	**11.2**		14.9

(in millions, except percentages)

Mail operating revenues

Year ended at 31 December

	2009	variance %	2008
Mail Netherlands and related business	**2,658**	(3.4)	2,751
Emerging Mail & Parcels	**1,558**	4.3	1,494
Total operating revenues	**4,216**	(0.7)	4,245
as % of total operating revenues TNT	**40.5**		38.1
of which Emerging Mail & Parcels (excluding Germany)	**1,307**	4.9	1,246

(in millions, except percentages)

Mail operating expenses

Year ended at 31 December

	2009	variance %	2008
Cost of materials	**166**	5.1	158
Work contracted out and other external expenses	**1,515**	2.9	1,473
Salaries and social security contributions	**1,499**	(2.2)	1,532
Depreciation, amortisation and impairments	**253**	93.1	131
Other operating expenses	**348**	1.2	344
Total operating expenses	**3,781**	3.9	3,638

(in millions, except percentages)

Mail operating statistics[1]

Year ended at 31 December

	2009	2008
Addressed postal items delivered by Mail Netherlands		
single items (millions)	**1,008**	1,083
bulk mail (millions)	**3,465**	3,610
Addressed postal items delivered by Mail Netherlands		
per Netherlands delivery address (items)	**568**	601
per Netherlands inhabitant (items)	**270**	285
per FTE[2] (thousands of items)	**155**	162
per delivery day (millions)	**14.6**	15.3
operating revenues per FTE[2] (thousands of €)	**109**	100
average percentage of national mail sorted automatically (%)	**85**	83

1 – Comparitive statistics have been adjusted to reflex the changed business lines.
2 – The FTE (full-time employee equivalent) definition is based on a 37-hour work week.

MAIL OPERATING REVENUES

In 2009, operating revenues from TNT's Mail business decreased by €29 million (0.7%) compared to 2008. Organic operating revenues increased by €24 million (0.6%). Compared to 2008, 2009 showed a €3 million (0.1%) negative acquisition and disposal effect, mainly due to disposals in 2009 (including the disentanglement of Spring AsPac). Foreign currency exchange rate changes (mainly the euro against the British pound) accounted for a decrease of €50 million (1.2%) in operating revenues.

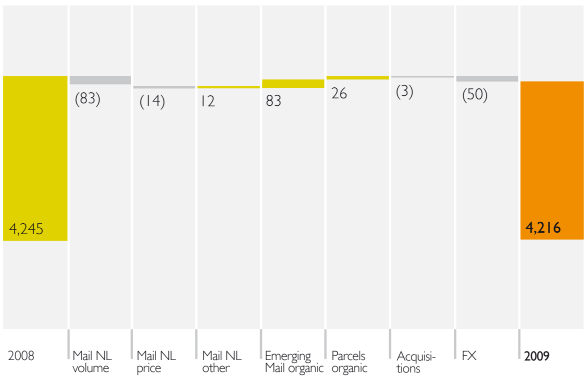
Mail Netherlands and related business operating revenues in 2009 decreased by €93 million (3.4%) compared to 2008. The organic volume decline in addressed mail items was accompanied by a negative price-mix effect.

The continued underlying decline in addressed postal item volumes in 2009 was primarily due to autonomous decline in single items and reduced demand for bulk mail as a result of cost saving programmes initiated by some of TNT's key customers as well as due to the continued substitution by electronic media.

Emerging Mail and Parcels operating revenues increased by 4.3% in 2009 compared to 2008. The organic growth in operating revenues of TNT's Emerging Mail and Parcels business was €110 million (7.3%). The acquisitions and disposals in 2009 and during 2008 had a positive effect of €4 million (0.3%) on operating revenues. Foreign currency exchange rate changes had a negative effect of €50 million (3.3%). Main contributors to the operating revenue growth were the United Kingdom and Parcels Netherlands.

Other income increased to €37 million (2008: 26), mainly due to the book profit on the sale of Spring AsPac €20 million partly offset by lower sale of real estate of €8 million in 2009.

Operating revenues Mail



MAIL OPERATING EXPENSES

TNT's Mail business operating expenses increased by €143 million (3.9%) in 2009 compared to 2008. The organic growth in operating expenses of TNT's Mail division was €192 million (5.2%). Foreign currency exchange rate changes accounted for a decline of €48 million (1.3%).

Costs for work contracted out increased by €42 million, mainly attributable to the organic growth realised in Emerging Mail and Parcels.

In 2009, costs of salaries and social security contributions decreased by €33 million. This is mainly caused by cost savings of €84 million as a result of master plan restructuring programmes, partly offset by higher pension costs of €33 million and organic growth in Emerging Mail.

Total depreciation, amortisation and impairments costs increased by €122 million, mainly due to impairment costs for the EMN business following the Vision 2015 announcement on 3 December 2009. Goodwill of €118 million, intangible assets of €13 million and property, plant and equipment of €6 million were impaired. In 2008 impairments of €7 million were recorded.

Included in the other operating expenses is €28 million for restructuring related charges for new Masterplan initiatives and restructuring programmes within Cendris, Parcels and Postkantoren. In addition, a €6 million penalty by OPTA and other value adjustment charges of €9 million for other assets of the EMN business are included.
In 2008 other operating expenses included restructuring related charges of €82 million for Post offices.

MAIL OPERATING INCOME

In 2009, the Mail business operating income decreased by €161 million (25.4%) compared to 2008. This decline is mainly due to impairments and value adjustments in EMN. In addition, operating income deteriorated mainly as a result of lower addressed volumes in the Netherlands, negative price mix product effects, higher pension costs and lower performance of Emerging Mail activities. This was partly offset by masterplan savings in the Netherlands and positive developments in Parcels.

UNDERLYING OPERATING INCOME DEVELOPMENT 2009 AND 2008

Underlying operating income decreased by €91 million (12.6%) from €722 million in 2008 to €631 million in 2009.

The Mail operating income in 2009 and 2008 is impacted by various non recurring items as presented in the tables below. In order to analyse the result of the operations excluding such items, management assesses the underlying operating income for a deeper understanding of the business performance.

Mail underlying operating income

	2009	2008
Reported	472	633
Restructuring related charges	28	82
Impairments and other value adjustments	146	7
OPTA penalties	6	
Sale of AsPac	(20)	
Other	(1)	
Underlying (excluding one-offs)	631	722
Foreign exchange	1	
Underlying (excluding one-offs/fx)	632	722

(in € millions)

Underlying operating income amounts €632 million (2008: 722). Underlying operating income excludes certain non recurring items such as restructuring related charges of €28 million (2008: 82), impairments and other value adjustments of €146 million (2008: 7) and foreign exchange impact of €1 million.

In addition to the adjustments for the non recurring items, in the analysis of the underlying performance by management, management also takes into account a orrection for the non cash pension cost for defined benefit plans including transitional plan for early retirements. By replacing the IFRS based defined benefit plan pension cost by the non-IFRS measure of the actual cash contributions for such plans the resulting earnings measurement more closely monitors the underlying cash earnings basis.
The net adjustment of €197 million is the difference between the recorded pension expenses of €52 million for the defined benefit pension plans and the actual cash payments of €249 million for such plans.

Mail underlying cash EBITDA

	2009	2008
Underlying operating (excluding one-offs)	631	722
Depreciation and amortisation	116	124
Underlying EBITDA	747	846
Changes in pension liabilities	(197)	(182)
Underlying cash EBITDA	550	664

(in € millions)

MAIL CAPITAL EXPENDITURES AND PROCEEDS

Mail capital expenditures

Year ended at 31 December

	2009	variance %	2008
Property, plant and equipment	**73**	5.8	69
Other intangible assets	**26**	13.0	23
Cash out	**99**	7.6	92
Proceeds from sale of property, plant and equipment	**22**	(29.0)	31
Disposals of other intangible assets	**1**		
Cash in	**23**	(25.8)	31
Netted total	**76**		61

(in millions, except percentages)

Capital expenditure on property, plant and equipment and other intangible assets by TNT's Mail division totalled €99 million in 2009, which compared to 2008 increased by 7.6%. The main capital expenditures in 2009 related to machinery and equipment (€60 million), IT (€26 million) and housing (€13 million). Significant investments were made in sorting machines and software in Europe (€24 million).

Chapter 6 Financial statements

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Consolidated statement of financial position

At 31 December	Notes	2009	variance %	2008
ASSETS				
Non-current assets				
Intangible assets	(1)			
Goodwill		1,803		1,807
Other intangible assets		258		256
Total		2,061	(0.1)	2,063
Property, plant and equipment	(2)			
Land and buildings		809		793
Plant and equipment		342		336
Aircraft		280		303
Other		151		163
Construction in progress		28		39
Total		1,610	(1.5)	1,634
Financial fixed assets	(3)			
Investments in associates		62		64
Other loans receivable		6		5
Deferred tax assets	(22)	233		205
Other financial fixed assets		23		33
Total		324	5.5	307
Pension assets	(10)	884	21.8	726
Total		4,879	3.2	4,730
Current assets				
Inventory	(4)	24		24
Trade accounts receivable	(5)	1,370		1,370
Accounts receivable	(5)	221		204
Income tax receivable	(22)	28		37
Prepayments and accrued income	(6)	236		298
Cash and cash equivalents	(7)	910		497
Total		2,789	14.8	2,430
Assets of disposal group classified as held for sale	(8)	27	8.0	25
TOTAL ASSETS		7,695	7.1	7,185
LIABILITIES AND EQUITY				
Equity	(9)			
Equity attributable to the equity holders of the parent		2,060		1,733
Minority interests		20		24
Total		2,080	18.4	1,757
Non-current liabilities				
Deferred tax liabilities	(22)	391		335
Provisions for pension liabilities	(10)	292		360
Other provisions	(11)	165		212
Long term debt	(12)	1,925		1,845
Accrued liabilities		5		4
Total		2,778	0.8	2,756
Current liabilities				
Trade accounts payable		470		414
Other provisions	(11)	203		190
Other current liabilities	(13)	687		890
Income tax payable	(22)	265		47
Accrued current liabilities	(14)	1,212		1,131
Total		2,837	6.2	2,672
TOTAL LIABILITIES AND EQUITY		7,695	7.1	7,185

(in € millions, except percentages)

The accompanying notes form an integral part of the financial statements.

Consolidated income statement

Year ended at 31 December	Notes	2009	variance %	2008
Net sales	(15)	10,278		10,983
Other operating revenues	(16)	124		169
Total revenues		**10,402**	(6.7)	11,152
Other income	(17)	**37**	5.7	35
Cost of materials		(454)		(484)
Work contracted out and other external expenses		(4,653)		(4,978)
Salaries and social security contributions	(18)	(3,480)		(3,617)
Depreciation, amortisation and impairments	(19)	(489)		(399)
Other operating expenses	(20)	(715)		(727)
Total operating expenses		**(9,791)**	4.1	(10,205)
Operating income		**648**	(34.0)	982
Interest and similar income		23		70
Interest and similar expenses		(184)		(217)
Net financial (expense)/income	(21)	(161)	(9.5)	(147)
Results from investments in associates		(19)		(33)
Profit before income taxes		**468**	(41.6)	802
Income taxes	(22)	(179)		(242)
Profit for the period		**289**	(48.4)	560
Attributable to:				
Minority interests		8	100.0	4
Equity holders of the parent		**281**	(49.5)	556
Earnings per ordinary share (in € cents)[1]		76.7		152.9
Earnings per diluted ordinary share (in € cents)[2]		76.2		152.5

(in € millions, except percentages and per share data)
1 – In 2009 based on an average of 366,322,316 of outstanding ordinary shares (2008: 363,566,403). See note 30.
2 – In 2009 based on an average of 368,966,939 of outstanding ordinary shares (2008: 364,704,745). See note 30.

Consolidated statement of comprehensive income

Year ended at 31 December	2009	variance %	2008
Profit for the period	289		560
Gains/(losses) on cashflow hedges, net of tax	(8)		(13)
Currency translation adjustment net of tax	66		(129)
Other comprehensive income for the period	58	140.8	(142)
Total comprehensive income for the period	347	(17.0)	418
Attributable to:			
Minority interests	8		4
Equity holders of the parent	339	(18.1)	414

(in € millions, except percentages)

The accompanying notes form an integral part of the financial statements.

Consolidated statement of cash flows

Year ended at 31 December	Notes	2009	variance %	2008
Profit before income taxes		**468**		802
Adjustments for:				
Depreciation, amortisation and impairments		**489**		399
Share based payments		**18**		16
Investment income:				
(Profit)/loss on sale of property, plant and equipment		**(12)**		(30)
(Profit)/loss on sale of Group companies/joint ventures		**(20)**		
Interest and similar income		**(23)**		(70)
Foreign exchange (gains) and losses		**7**		2
Interest and similar expenses		**177**		215
Results from investments in associates		**19**		33
Changes in provisions:				
Pension liabilities		**(226)**		(209)
Other provisions		**(55)**		40
Changes in working capital:				
Inventory		**2**		3
Trade accounts receivable		**40**		11
Other accounts receivable		**(14)**		(9)
Other current assets		**50**		(45)
Trade accounts payable		**28**		113
Other current liabilities excluding short term financing and taxes		**145**		59
Cash generated from operations		**1,093**	(17.8)	1,330
Interest paid		**(160)**		(182)
Income taxes received/(paid)		**83**		(225)
Net cash from operating activities	(23)	**1,016**	10.1	923
Interest received		**29**		64
Acquisition of subsidiaries and joint ventures (net of cash)		**(81)**		(5)
Disposal of subsidiaries and joint ventures		**23**		
Investments in associates		**(19)**		(13)
Capital expenditure on intangible assets		**(62)**		(74)
Disposal of intangible assets		**2**		1
Capital expenditure on property, plant and equipment		**(193)**		(271)
Proceeds from sale of property, plant and equipment		**48**		40
Other changes in (financial) fixed assets		**2**		1
Changes in minority interests		**(5)**		
Net cash used in investing activities	(24)	**(256)**	0.4	(257)
Repurchases of shares				(308)
Cash proceeds from the exercise of shares/options		**2**		1
Proceeds from long term borrowings		**62**		563
Repayments of long term borrowings		**(12)**		(3)
Proceeds from short term borrowings		**34**		367
Repayments of short term borrowings		**(377)**		(729)
Repayments of finance leases		**(23)**		(25)
Dividends paid		**(34)**		(324)
Net cash used in financing activities	(25)	**(348)**	24.0	(458)
Total changes in cash		**412**		208
Cash at the beginning of the year		**497**	68.5	295
Exchange rate differences		**1**		(6)
Total change in cash (as in consolidated cash flow statements)		**412**		208
Cash at the end of the year as reported		**910**	83.1	497

(in € millions, except percentages)

The accompanying notes form an integral part of the financial statements.

Consolidated statement of changes in equity

	Issued share capital	Additional paid in capital	Translation reserve	Hedging reserve	Other reserves	Retained earnings	Attributable to equity holders of the parent	Minority interest	Total equity
Balance at 31 December 2007	**182**	**982**	**(82)**	**(22)**	**0**	**871**	**1,931**	**20**	**1,951**
Total comprehensive income			(129)	(13)		556	414	4	418
Final dividend previous year						(202)	(202)		(202)
Appropriation of net income					669	(669)			
Interim dividend current year						(122)	(122)		(122)
Repurchases and cancellations of shares	(9)	(106)			(191)		(306)		(306)
Share based compensation					16		16		16
Other			(1)		3		2		2
Total direct changes in equity	(9)	(106)	(1)	0	497	(993)	(612)	0	(612)
Balance at 31 December 2008	**173**	**876**	**(212)**	**(35)**	**497**	**434**	**1,733**	**24**	**1,757**
Total comprehensive income			**66**	**(8)**		**281**	**339**	**8**	**347**
Stock dividend previous year	4	(4)							
Appropriation of net income					434	(434)			
Interim dividend current year	1	(1)				(34)	(34)		(34)
Repurchases and cancellations of shares									
Share based compensation					18		18		18
Other					4		4	(12)	(8)
Total direct changes in equity	5	(5)			456	(468)	(12)	(12)	(24)
Balance at 31 December 2009	**178**	**871**	**(146)**	**(43)**	**953**	**247**	**2,060**	**20**	**2,080**

(in € millions)

See the accompanying notes 9 and 38 for further details regarding to equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION AND DESCRIPTION OF THE BUSINESS

TNT N.V. is a public limited liability company domiciled in Amsterdam, the Netherlands. The consolidated financial statements include the financial statements of TNT N.V. and its consolidated subsidiaries (hereafter referred to as "TNT", "Group" or "the company"). The company's name changed from TNT Post Group N.V. to TPG N.V. on 6 August 2001 and from TPG N.V. to TNT N.V. on 11 April 2005. TNT N.V. was incorporated under the laws of the Netherlands on 29 December 1997 and is listed on Euronext Amsterdam.

The company manages the business through two divisions: Express and Mail and via the business entity Other networks. The Express division provides door-to-door express delivery services for customers sending documents, parcels and freight worldwide. The Mail division primarily provides services for collecting, sorting, transporting and distributing domestic and international mail. The Other networks performs special services that require deliveries during the night to individually agreed delivery points.

The consolidated financial statements have been authorised for issue by TNT's Board of Management and Supervisory Board on 22 February 2010 and are subject to adoption at the Annual General Meeting of Shareholders on 8 April 2010.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated 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.

Basis of preparation

The consolidated financial statements of TNT have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). IFRS includes the application of International Financial Reporting Standards including International Accounting Standards (IAS) and related Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Interpretations of the Standing Interpretations Committee (SIC). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying TNT's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in 'Critical accounting estimates and judgements in applying TNT's accounting policies'.

The International Accounting Standards Board (IASB) has issued certain International Financial Reporting Standards or amendments thereon, and the IFRIC has issued certain interpretations. The impact of changes, when adopted by the EU, on TNT's consolidated financial statements has been assessed.

Changes in accounting policies and disclosures

a) New and amended standards adopted by the Group

The Group has adopted the following new and amended IFRSs as of 1 January 2009:

- 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 the Group does not hold significant financial assets and liabilities measured at fair value. Most financial instruments are measured against amortised costs such as are long term bonds. Hedges are measured at fair value and are disclosed in note 29.

- IAS 1 (revised) 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. TNT has chosen to present all non-owner changes in equity in two separate statements, namely, a separate income statement and statement of comprehensive income. Comparative information has been re-stated as in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- 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. The Group has adopted IFRS 2 (amendment) as from 1 January 2009. The amendment does not have a material impact on the Group 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 Group's financial statements, as borrowing costs of qualifying assets are currently already capitalised. The extent of capitalised borrowing cost is limited given the nature of our operations and relatively low level of construction in progress.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and amendments to existing standards have been endorsed by the EU but not early adopted by the Group:

- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations. Significant changes have been incorporated, including the re-measured 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 vale or at the non-controlling interest's proportionate share of the acquire's net assets. The Group 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 statement.

  The most important changes for the Group will be expensing all acquisition-related costs and the re-measurement of contingent considerations through the income statement. The impact on the income statement will largely depend on the nature and extent of the transactions. Currently, TNT capitalises acquisition related costs as part of goodwill, changes in contingent considerations are adjusted in goodwill but are in general relatively limited.

- IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard 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 remeasured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests as from 1 January 2010. The impact on the income statement will largely depend on the actual sales of operations and the extend of loss of control of subsidiaries and transactions with non-controlling interests.

- IAS 38 (amendment), 'Intangible Assets'. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The Group will apply IAS 38 (amendment) as from 1 January 2010. The amendment will not result in a material impact on the Group or company's financial statements.

- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment specifies the disclosures required for non-current assets (or disposal groups) classified as held–for-sale or discontinued operations. The Group will apply IFRS 5 (amendment) as from 1 January 2010. If assets or disposal groups are held for sale it is expected that additional disclosures shall be presented relating to the fair value and sources of estimation of uncertainty.

The following IFRS amendments are considered to be not material for the Group:

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

- IFRS 2 (amendments), 'Group cash-settled and share-based payment transactions'. The amendments expand on the guidance in IFRIC 11 to address the classification of Group arrangements that were not covered by that interpretation.

- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). 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.

Consolidation

The consolidated financial statements include the financial figures of TNT N.V. and its subsidiaries, associates and joint ventures and have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany transactions, balances and unrealised gains on transactions have been eliminated on consolidation. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. A complete list of subsidiaries, associates and joint ventures included in TNT's consolidated financial statements is filed for public review at the Chamber of Commerce in Amsterdam. This list has been prepared in accordance with the provisions of article 379 (1) and article 414 of Book 2 of the Netherlands Civil Code.

As the financial statements of TNT N.V. are included in the consolidated financial statements, the corporate income statement is presented in an abridged form (article 402 of Book 2 of the Netherlands Civil Code).

Subsidiaries

A subsidiary is an entity controlled, directly or indirectly, by TNT N.V. Control is regarded as the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether TNT controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to TNT and are de-consolidated from the date on which control ceases.

TNT uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured at 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 are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of TNT's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of TNT's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against TNT's interests except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. TNT subsidiaries' accounting policies have been changed where necessary to ensure consistency with TNT's accounting policies.

Associates

An associate is an entity, including an unincorporated entity such as a partnership, that is neither a subsidiary nor an interest in a joint venture and over whose commercial and financial policy decisions TNT 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.

TNT's share in the results of associates is included in the consolidated income statement using the equity method. The carrying value of TNT's share in associates includes goodwill on acquisition and includes changes to reflect TNT's share in net earnings of the respective companies, reduced by dividends received. TNT's share in non-distributed earnings of associates is included in other reserves within shareholders' equity. When TNT's share of accumulated losses in an associate exceeds its interest in the associate, the book value of the investment is reduced to zero and TNT does not recognise further losses unless TNT is bound by guarantees or other undertakings in relation to the associate.

Joint ventures

A joint venture is a contractual arrangement whereby TNT and one or more parties (together with TNT "the ventures") undertake an economic activity that is subject to joint control. A joint venture often involves the establishment of a legal entity. The ventures share the full economic ownership and are entitled to a share of the financial result of the activities of the joint venture rather than individual assets or obligations for expenses of the venture. Joint ventures in which TNT participates with other party(ies) are consolidated proportionately. In applying the proportionate consolidation method, TNT's percentage share of the balance sheet and income statement items are included in TNT's consolidated financial statements.

Functional currency and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euros, which is TNT's functional and presentation currency.

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 Group 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 on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of TNT's share of the identifiable net assets acquired and is recorded as goodwill. Goodwill on acquisitions of subsidiaries and joint ventures is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Separately recognised goodwill arising on acquisitions is capitalised and subject to an annual impairment review. Goodwill is carried at cost less accumulated impairment losses.

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 lists, 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 the lower of historical cost less amortisation and impairment.

Property, plant and equipment

Property, plant and equipment is valued at historical cost using a component approach, less depreciation and impairment losses. In addition to 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 assets' residual values and useful lives are 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 at the lowest levels for which there are separately identifiable cash flows being the cash generating units. If the recoverable value of the cash generating unit is less than the carrying amount of the cash generating unit, 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.

Impairment losses recognised for goodwill are not reversed in a subsequent period.

Property, plant and equipment and finite lived intangible assets

At each balance sheet date, the Group reviews the carrying amount of its property, plant and equipment and finite lived intangible assets 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

TNT 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 TNT's 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 then 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. TNT designates certain derivatives as either: 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 a derivative's fair value that is considered to be ineffective, or is excluded from the measurement of effectiveness, is immediately recorded in the income statement.

TNT documents at the inception of the transaction 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, whether the derivatives that are 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, 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 TNT 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 TNT 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 consolidated 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), TNT 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.

TNT 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 equity.

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 less any provision required for obsolescence. 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.

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 TNT's income statement.

Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases TNT's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects are included in equity.

Incremental costs directly attributable to the issue of new shares or options for the acquisition of business combinations are included in the cost of acquisition as part of the purchase consideration.

Provisions for pension liabilities

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. TNT 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) are 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 profit and loss 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. TNT 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 concerns mainly provisions for 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 nominal values of assets and liabilities and the fiscal valuation of assets and liabilities, are calculated using the 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 arising in the course of the ordinary activities when those inflows result in increases 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 the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control of the goods 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 TNT's normal trading activities and mainly include rental income of temporarily leased-out property, passenger/charter revenues, aircraft maintenance and engineering income and custom clearance income.

Other income

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

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 to its shareholders after certain adjustments.

Share-based payments
TNT has equity-settled, share-based compensation plans. Share-based payment transactions are transactions in which TNT receives benefits from its employees in consideration for TNT'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 compromises interest income on borrowing, 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 as deferred income when there is reasonable assurance that they will be received and TNT has complied with the conditions associated with the grant. Grants that compensate TNT for expenses incurred are recognised in the income statement on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate TNT for the cost of an asset are deducted from the historical value of the assets and as such 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.

Dividend distribution
Dividend distribution to TNT's shareholders is recognised as a liability in the financial statements in the year in which the dividends are approved by the shareholders. If TNT offers its shareholders to elect to receive the divided in cash or in additional shares, all dividends are recognised at the amount of the cash alternative. If TNT offers its shareholders dividend in additional shares only, the additionally issued shares are recognised at their nominal amount.

Consolidated statement of cash flows
The consolidated 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.

Operating segment information
TNT reports three operating segments being Express, Mail and Other networks. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. These chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Management of TNT that makes strategic decisions.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING TNT'S ACCOUNTING POLICIES
The preparation of TNT's financial statements 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 TNT's 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.

TNT 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

TNT accounts for all its business combinations under the purchase accounting method. The cost of an acquired company is assigned to the assets purchased and the liabilities assumed on the basis of their fair values at the date of acquisition. The determination of fair values of assets and liabilities acquired requires TNT to make estimates and use valuation techniques when market value is not readily available. Any excess of purchase price over the fair value of the assets acquired is allocated 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 cash flows generated by those assets are less than their carrying value. Determining cash flows requires the use of judgements and estimates that have been included in TNT's strategic plans and long-range forecasts. The data necessary for the execution of 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, taken into account any residual value. The asset's residual value and useful life are based on TNT's 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 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. Should the outcome differ from the assumptions and estimates, revisions to the estimated valuation allowances would be required.

Employee benefits

Post-employment benefits represent obligations that will be settled in the future and require assumptions to project benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of future benefit costs over the employee's approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires the company to make assumptions regarding variables such as discount rate, rate of compensation increase, expected return on assets, and future mortality rates. TNT consults with outside actuaries regarding these assumptions at least annually. Changes in these key assumptions can have a significant impact on the defined benefit obligations, funding requirements and pension cost incurred. For a discussion of the current funded status and a sensitivity analysis with respect to pension plan assumptions, see note 10.

Restructuring

Restructuring charges mainly result from restructuring operations, including consolidations and/or relocations of operations, changes in TNT's strategic plan, or managerial responses to declines in 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.

Accrued current liabilities

TNT has to estimate the deferred revenues from stamps sold but not yet used by its customers. The company uses a seasonal model based on historical figures in order to account for the seasonal effects in sales from stamps (for example, sales for Christmas greetings in November and December).

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 for which the ultimate tax determination is uncertain during the ordinary course of business. TNT 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. 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.

TNT 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 TNT's 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.

Associates

Investments in associates are accounted for using the equity method. The most significant investment in an associate is in Logispring Investment Fund Holding B.V., which sole activity is to invest in incubator funds that are accounted for using the lowest of historical cost or fair value. Due to the information time lag which is customary for these types of investments and the current economic climate and relating uncertainty, TNT has to make estimates and assumptions based on the most recent financial valuations reports which are extrapolated using relevant benchmarks and indices to determine the assumed fair values.

Contingent liabilities

Legal proceedings covering a range of matters are pending in various jurisdictions against the company. 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 which 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, TNT consults with legal counsel and certain other experts on matters related to litigations.

TNT 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.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1 Intangible assets: 2,061 million (2008: 2,063)

Statement of changes in intangible assets

	Goodwill	Software	Other intangibles	Total
Amortisation percentage		10%–35%	0%–35%	
Historical cost	2,338	463	118	2,919
Accumulated amortisation and impairments	(510)	(265)	(25)	(800)
Balance at 31 December 2007	1,828	198	93	2,119
Changes in 2008				
Additions	7	49	25	81
Disposals	(1)			(1)
(De)consolidation			2	2
Internal transfers/reclassifications	3	(1)	(2)	0
Amortisation		(66)	(17)	(83)
Impairments		(8)		(8)
Exchange rate differences	(30)	(12)	(5)	(47)
Total changes	**(21)**	**(38)**	**3**	**(56)**
Historical cost	2,305	469	141	2,915
Accumulated amortisation and impairments	(498)	(309)	(45)	(852)
Balance at 31 December 2008	1,807	160	96	2,063
Changes in 2009				
Additions	79	25	37	141
Disposals	(3)	(1)	(1)	(5)
(De)consolidation		1	36	37
Internal transfers/reclassifications		42	(42)	
Amortisation		(63)	(23)	(86)
Impairments	(118)	(5)	(18)	(141)
Exchange rate differences	38	5	9	52
Total changes	**(4)**	**4**	**(2)**	**(2)**
Historical cost	2,418	515	180	3,113
Accumulated amortisation and impairments	(615)	(351)	(86)	(1,052)
Balance at 31 December 2009	**1,803**	**164**	**94**	**2,061**

(in € millions, except percentages)

Goodwill

Goodwill including those generated from the acquisition of TNT and GD Express Worldwide is allocated to the Group's cash generating units ("CGU's") and tested for impairment. The CGU's correspond to an operation in a particular country or region and the nature of the services that are provided being: Mail, Express or Other networks. Compared to 2008, the CGU of EMN Germany has been broken down in three separate CGU's to reflect the differences in strategy, businesses activities and underlying profitability.

In 2009, the increase of goodwill amounted to €79 million mainly arising from acquisitions of Expresso Araçatuba (€37 million), LIT Cargo (€17 million), HIM Holtzbrinck (€8 million) and step up acquisition in Spring Global Mail (€8 million).

In 2009, goodwill impairment charges amounted to €118 million and relate to impaired goodwill allocated to CGU's of European Mail Networks ("EMN") in Germany, Italy, Austria and Eastern Europe. Management has reviewed the EMN portfolio and concluded that barriers in regulation within EMN markets and the current competitive environment have caused delay in EBIT development. Although the revenue development is according to forecast, start up losses are expected to last for a longer period. In order to mitigate the losses, EMN's objective is to realise its value through partnerships and sale. As announced in TNT's new strategy "Vision 2015" on 3 December 2009, five focus areas have been determined being European Parcels, Freight, Emerging Platforms, Special Delivery Solutions and Mail Netherlands. EMN is not considered to be a strategic focus area anymore.

The implementation of the revised strategy for EMN has already resulted in the following actions in January 2010:
- termination of the addressed mail business and part of the unaddressed mail business in Austria;
- agreement with publishers in Germany to start a "mail alliance" with leading German publishers. The positive outcome of the minimum wage appeal provides a much welcomed point of clarity for TNT's operations in EMN Germany;
- sale of TNT's unaddressed business in Germany (TNT Direktwerbung); and
- sale of TNT's telemarketing activities (DomiCall s.r.o.) in the Czech Republic.

Based on the 2009 financial performance a detailed review has been performed of the recoverable value of each CGU taken into account the revised market outlook for EMN and budget 2010.

The impact of the recoverability of goodwill has been assessed in detail. Due to the 2009 financial performance and revised growth opportunities within EMN markets forecasted cash flows have been lowered resulting in a considerable reduction of the recoverable amount. 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 the Group would receive if it sold the CGU. The fair value was estimated on basis of the discounted present value of future cash flows taken into account cost to sell.

For mature markets within Mail and Express, the estimated future net cash flows are based on a five year forecast and business plan. The applied growth rate does not exceed the long-term average growth rate of the relating operation and market. For markets which are considered to be non-mature no steady state has been achieved to date. For unmature Mail CGU's a forecast period of five years has been applied, for unmature Express CGU's a seven year forecast (2008: 10) has been applied to estimate the future net cash flows. These cash projections are extrapolated by applying a zero growth rate to perpetuity. The cash flow projections based on financial budgets have been approved by management.

TNT 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 around 9% to 10% (pre-tax) to reflect specific risks relating to the relevant divisions.

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, apart from EMN, the recoverable amount of other CGU's is higher than the carrying amount. TNT determined the budgeted operating income based on past performance and its expectations for market development. However, 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 10% per year.

The sensitivity analysis showed that there is limited headroom present for the CGU Express Rest of the World which covers the goodwill of the acquisitions in India, Brazil, Argentina and Chile.

For EMN, additional sensitivities have been applied in order to determine the recoverable value. These applied sensitivities are the reduction of the cumulative average growth rate for revenues and EBIT, reduction of the terminal value as part of the valuation and assessment of EBIT multiples.

Total goodwill balance as per 31 December 2009 amounts to €1,803 million (2008: 1,807) of which TNT has allocated €1,240 million to the Express Europe CGU (2008: 1,241), €358 million to other Express CGU's (2008: 269) of which €232 million to the CGU Express Rest of the world, €49 million to Other networks CGU (2008: 49) and €38 million to Mail Netherlands CGU's (2008: 37). The remainder concerns the goodwill of EMN and Spring Global Mail for a total amount of €118 million (2008: 211) which relates mainly to EMN activities in the Netherlands, Belgium, the United Kingdom and parts of Germany.

Software and other intangible assets

The software balance includes internally generated software with a book value of €137 million at 31 December 2009 (2008: 132). The addition in software of €25 million relates to self produced software of €13 million and €12 million of purchased software. The reclassification of €42 million to self produced software is due to finalised IT-projects.

Other intangible assets relate to customer lists of €61 million (2008: 57) and software under construction of €33 million (2008: 39). The estimated amortisation expenses for software and other intangibles for the subsequent five years are 2010: €58 million, 2011: €55 million, 2012: €46 million, 2013: €27 million, 2014: €18 million and thereafter: €54 million. TNT does not conduct significant research and development and therefore does not incur research and development costs.

The impairment charge of €23 million in 2009 relates to software and other intangibles within EMN (€13 million) and to a non recoverable customer list in Asia within Express (€10 million). In 2008, the impairment charge of €8 million related to intangibles of Postkantoren B.V. following the decision of TNT and ING to concentrate on their own sales outlets for handling postal and banking business.

The total impairment charge on intangible fixed assets of €141 million of which €131 million within Mail and €10 million within Express and these costs are included in the line depreciation, amortisation and impairment in the income statement.

2 Property, plant and equipment: 1,610 million (2008: 1,634)

Statement of changes in property, plant and equipment

	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	1,459	1,074	685	633	39	3,890
Accumulated depreciation and impairments	(612)	(725)	(298)	(470)		(2,105)
Balance at 31 December 2007	**847**	**349**	**387**	**163**	**39**	**1,785**
Changes in 2008						
Capital expenditure	37	61	2	58	131	289
Disposals	(6)	(2)		(1)		(9)
Exchange rate differences	(53)	(30)	(6)	(10)	(3)	(102)
Depreciation	(65)	(94)	(33)	(79)		(271)
Impairments			(37)			(37)
Transfers to assets held for sale	(10)		(11)			(21)
Transfers and reclassifications	43	52	1	32	(128)	0
Total changes	(54)	(13)	(84)	0	0	(151)
Historical cost	1,421	1,035	549	643	39	3,687
Accumulated depreciation and impairments	(628)	(699)	(246)	(480)		(2,053)
Balance at 31 December 2008	**793**	**336**	**303**	**163**	**39**	**1,634**
Changes in 2009						
Capital expenditure	34	54	1	33	74	196
(De)consolidation	7	9		12	2	30
Disposals	(6)	(7)		(2)	(1)	(16)
Exchange rate differences	21	18		4		43
Depreciation	(64)	(89)	(23)	(75)		(251)
Impairments		(7)		(3)	(1)	(11)
Transfers to assets held for sale	(10)	(4)	(1)			(15)
Transfers and reclassifications	34	32		19	(85)	
Total changes	16	6	(23)	(12)	(11)	(24)
Historical cost	1,469	1,107	550	674	30	3,830
Accumulated depreciation and impairments	(660)	(765)	(270)	(523)	(2)	(2,220)
Balance at 31 December 2009	**809**	**342**	**280**	**151**	**28**	**1,610**

(in € millions, except percentages)

Land and buildings mainly relate to depots, hubs and other production facilities. Land and buildings of €30 million (2008: 31) are pledged as security to third parties in Express in Germany and €5 million relating to plant and equipment in Brazil (2008: 0). TNT does not hold freehold office buildings for long term investments and for long term rental income purposes. The rental income is based upon incidental rental contracts with third parties for buildings which are temporarily not in use by TNT or based upon contracts which are supportive to the primary business activities of TNT.

Plant and equipment mainly relate to investments in vehicles and sorting machinery.

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. All 29 owned aircrafts (2008: 29) are operated by the Express business of which 20 are in use and 9 aircraft are classified as assets held for sale of which 2 are in use.

The recorded impairment of €11 million relates to unrecoverable tangible assets within EMN for an amount of €6 million and other write downs within Express of €5 million. The impairment charges have been recognised in the line depreciation, amortisation and impairment in the income statement. The 2008 impairment charge of €37 million related to the decommissioning of nine aircrafts within Express.

The transfer of assets held for sale relates mainly to buildings of Mail and vehicles in Express South America.

Finance leases included in the property, plant and equipment balance as at 31 December 2009 are:

Finance leases

	Land and buildings	Plant and equipment	Aircraft	Other	Total 2009	Total 2008
Total	**30**	**16**	**199**	**1**	**246**	**255**
Express	14	16	199	1	**230**	237
Mail	16				**16**	18

(in € millions)

Included in land and buildings under financial leases are lease hold rights and ground rent. The book value of the lease hold rights and ground rent in Mail is €16 million (2008: 17), comprising a historical cost of €23 million (2008: 24), with accumulated depreciation of €7 million (2008: 7). The book value of the lease hold rights and ground rent in Express is €14 million (2008: 16), comprising a historical cost of €25 million (2008: 25) with accumulated depreciation of €11 million (2008: 9). Aircraft leases amounting to €199 million mainly relates to two Boeing 747 freighters.

Lease hold and ground rents expiring:
- within1 year amount to €1 million (2008: 1);
- between 1 and 5 years amount to €5 million (2008: 5);
- between 5 and 20 years amount to €15 million (2008: 18);
- between 20 and 40 years amount to €9 million (2008: 9); and
- more than 40 years amount to €0 million (2008: 0).

There are no lease hold and ground rents contracts with indefinite terms. Lease hold rights and ground rent for land and buildings are mainly in Belgium for €9 million (2008: 9), in the Netherlands for €15 million (2008: 16) and in France for €5 million (2008: 6).

There are no material temporarily idle property, plant and equipment at 31 December 2009 (2008: 0).

3 Financial fixed assets: 324 million (2008: 307)

Statement of changes in financial fixed assets

	Investments in associates	Other loans receivable	Deferred tax assets	Other financial fixed assets: Financial fixed assets at fair value	Other financial fixed assets: Other prepayments and accrued income	Total
Balance at 31 December 2007	**83**	**5**	**203**	**13**	**21**	**325**
Changes in 2008						
Acquisitions/additions	15	1	40		4	60
Disposals/decreases			(32)	(1)		(33)
Impairments and other value adjustments	(30)					(30)
Results from investments	(3)					(3)
Withdrawals/repayments	(1)	(1)			(4)	(6)
Exchange rate differences			(6)			(6)
Total changes	(19)	0	2	(1)	0	(18)
Balance at 31 December 2008	**64**	**5**	**205**	**12**	**21**	**307**
Changes in 2009						
Acquisitions/additions	**19**	**2**	**36**	**1**	**4**	**62**
Disposals/decreases			**(17)**	**(3)**		**(20)**
Impairments and other value adjustments	**(13)**			**(8)**		**(21)**
Results from investments	**(6)**					**(6)**
Withdrawals/repayments		**(1)**			**(5)**	**(6)**
Exchange rate differences			**9**		**1**	**10**
Other changes	**(2)**					**(2)**
Total changes	**(2)**	**1**	**28**	**(10)**	**-**	**17**
Balance at 31 December 2009	**62**	**6**	**233**	**2**	**21**	**324**

(in € millions)

Investments in associates

As per 31 December 2009, the investments in associates amounted to €62 million (2008: 64) and include goodwill of €3 million (2008: 5).

TNT's most significant investment in an associate is Logispring Investment Fund Holding B.V., which sole activity is to invest in incubator funds. In 2009, this investment is adjusted for an impairment charge of €10 million and a negative result from investments of €3 million triggered by the deteriorated economic environment for such activities. The fair values are derived from 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 other impairments and other value adjustment within investments in associates of €3 million relates to write downs on EMN associates in Germany.

Deferred tax assets

Deferred tax assets are further explained in note 22.

Financial fixed assets at fair value

As per 31 December 2009, the financial fixed assets at fair value relates to outstanding hedges. In 2009, TNT sold its equity stake in CEVA Investments Ltd. (formerly known as Louis Topco Limited) back to CEVA Investments Ltd. See note 21.

4 Inventory: 24 million (2008: 24)

Specification of inventory

At 31 December	2009	2008
Raw materials and supplies	**10**	10
Finished goods	**14**	14
Total	**24**	**24**

(in € millions)

Total inventory of €24 million (2008: 24) is valued at historical cost for an amount of €30 million (2008: 28) and is stated net of provisions for obsolete items amounting to €6 million (2008: 4). There are inventories carried at net realisable value for an amount of €1 million (2008: 1) and no inventories are pledged as security for liabilities as at 31 December 2009 (2008: 0). In 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 (2008: 0).

5 (Trade) accounts receivable: 1,591 million (2008: 1,574)

Specification of (trade) accounts receivable

At 31 December	2009	2008
Trade accounts receivable – total	1,455	1,445
Allowance for impairment	(85)	(75)
Trade accounts receivable	1,370	1,370
Vat receivable	16	42
Other accounts receivable	205	162
Accounts receivable	221	204

(in € millions)

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 €6 million (2008: 25). The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. TNT 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 TNT account for 3% of the outstanding trade receivables as per 31 December 2009 (2008: 7%). The concentration of the trade accounts receivable portfolio over the different regions can be summarised as follows: the Netherlands €265 million (2008: 274), other Europe €832 million (2008: 865), Asia €125 million (2008: 127) and Americas and rest of the world €148 million (2008: 104). For the non-trade accounts receivables no allowance for doubtful debt is required.

As of 31 December 2009, the total trade accounts receivable amounted to €1,455 million (2008: 1,445), of which €488 million (2008: 660) was past due date but not individually impaired. The standard payment terms for both our Express and Mail business are around 14 days. The total allowance for doubtful debt amounts to €85 million (2008: 75) of which €61 million (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:

Ageing analyses of trade accounts receivable

At 31 December	2009	2008
Up to 1 month	331	444
2–3 months	107	141
3–6 months	31	44
Over 6 months	19	31
Total	488	660

(in € millions)

The movements in the allowance for doubtful debt of trade accounts receivables are as follows:

Statement of changes allowance for doubtful debt

	2009	2008
Balance at 1 January	75	62
Provided for during financial year	42	41
Receivables written off during year as uncollectable	(31)	(27)
Unused amounts reversed	(1)	(1)
Balance at 31 December	85	75

(in € millions)

6 Prepayments and accrued income: 236 million (2008: 298)

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 2009, prepayments amounted to €84 million (2008: 78). The balance of prepayments and accrued income that is expected to be recovered after 12 months is €0 million (2008: 1).

Prepayments and accrued income also include outstanding short term foreign exchange forward contracts for an amount of €9 million (2008: 41). The fair value of these financial instruments has been calculated at the relevant (forward) market rates at 31 December 2009. The notional principal amount of the outstanding foreign exchange forward contracts is €363 million at 31 December 2009 (2008: 837).

7 Cash and cash equivalents: 910 million (2008: 497)

Cash and cash equivalents comprise cash at bank and in hand of €126 million (2008: 135) and short term bank deposits of €784 million (2008: 362). The effective interest rate during 2009 on short term bank deposits was 0.4% (2008: 3.5%) and the average outstanding amount was €504 million (2008: 189). The individual deposits have an average maturity of 1.5 days (2008: 1.6). Included in cash and cash equivalents is €44 million (2008: 26) of restricted cash. The fair value of cash and cash equivalents approximates the carrying value.

8 Assets classified as held for sale: 27 million (2008: 25)

The assets classified as held for sale amount to €27 million (2008: 25) and relate to buildings held for sale of €18 million (2008: 14), vehicles held for sale of €5 million (2008: 0) and aircraft held for sale of €4 million (2008: 11). Assets held for sale are €17 million within Mail and €10 million within Express.

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 due to the absence of sales opportunities and higher cost to sell. This fair value adjustment has been recorded as part of other income, see note 17.

9 Equity: 2,080 million (2008: 1,757)

Equity consists of equity attributable to the equity holders of TNT N.V. of €2,060 million (2008: 1,733) and minority interest of €20 million (2008: 24). Equity attributable to the holders of TNT N.V. consists of the following items:

Issued share capital

Issued share capital amounted to €178 million at 31 December 2009 (2008: 173). The number of authorised, issued and outstanding shares by class of share is as follows:

Authorised, issued and outstanding shares

Before proposed appropriation of profit	2009	2008
Authorised	**1,600,000,000**	1,600,000,000
Ordinary shares	**800,000,000**	800,000,000
Preference shares B	**800,000,000**	800,000,000
Issued and outstanding	**370,988,519**	360,021,821
Ordinary shares	**370,988,519**	360,021,821
of which held by the company to cover share plans	**488,691**	1,059,931
Preference shares B	**0**	0

Authorised share capital

By deed of 27 April 2007 the articles of association were amended. As of that date the company's authorised share capital amounts to €768 million, divided into 800,000,000 ordinary shares and 800,000,000 preference shares B of €0.48 nominal value each.

Form of shares

The ordinary shares are in bearer or in registered form. Ordinary shares in bearer form are represented by a global note held by the Dutch clearing system Euroclear Netherlands (formerly known as NECIGEF) and are transferable through Euroclear Netherlands' book entry system. ADRs represent ordinary shares in bearer form represented by the note held by Euroclear Netherlands. Ordinary shares in registered form are transferred by means of a deed of transfer and TNT's written acknowledgement of the transfer. TNT does not have share certificates for ordinary shares represented by the global note. The preference shares B are in registered form.

Repurchase of shares to cover share plans

In 2009, the company purchased no ordinary shares (2008: 0) to cover its obligations under the existing management option plans and share grants. At 31 December 2009 the total number of shares held for this purpose was 488,691 (2008: 1,059,931). TNT shares held by the company are not entitled to receive dividends nor have voting rights.

The company held no ordinary shares for cancellation at 31 December 2009 (2008: 0).

Foundation Protection TNT and preference shares B

"Stichting Bescherming TNT" (Foundation Protection TNT or the Foundation) was formed to care for TNT's interests, the enterprises connected with TNT and all interested parties, such as shareholders and employees, by, among other things, preventing as much as possible influences which would threaten TNT's continuity, independence and identity contrary to such interests. The Foundation is an independent legal entity and is not owned or controlled by any other legal person.

TNT's articles of association provide for protective preference shares B that can be issued to the Foundation to serve these interests. The preference shares B have a nominal value of €0.48 and have the same voting rights as TNT's ordinary shares. There are currently no preference shares B issued, although the Foundation has a call option to acquire a number of preference shares B not exceeding the total issued amount of shares minus one and minus any shares already issued to the Foundation.

The exercise price with respect to the call option is the nominal value of €0.48 per preference share B, although upon exercise only €0.12 per preference share B is required to be paid. The additional €0.36 per preference share B is due at such time as TNT makes a call for payment by resolution of its Board of Management, which resolution is subject to the approval of the Supervisory Board. The Foundation has credit facilities in place to enable it to pay the exercise price.

TNT and the Foundation have entered into the call option agreement to prevent, delay or complicate unsolicited influence of shareholders, including an unsolicited take-over or concentration of power. The issue of preference shares B enables TNT to consider its position in the then-existing circumstances. The preference shares B will be outstanding no longer than strictly necessary. Once the reason for the placing of the preference shares B no longer exists, TNT shall propose to the general meeting of shareholders to cancel the preference shares B entirely as a class.

After six months have expired since the issuance of preference shares B, the Foundation may require TNT to convene a general meeting of shareholders to discuss cancellation of the preference shares B. However, should the Foundation within this period of six months receive a demand for repayment under the credit facilities referred to above, it may also require TNT to convene said meeting. In accordance with TNT's current articles of association a general meeting of shareholders shall be convened by TNT ultimately twelve months after the first date of issuance of any preference shares B to the Foundation for the first time. The agenda for that meeting shall include a resolution relating to the repurchase and/or cancellation of the preference shares B.

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

The members of the board of the Foundation are R. Pieterse (chairman), J.H.M. Lindenbergh, W. van Vonno and M.P. Nieuwe Weme. All members of the Board of the Foundation are independent from TNT. 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 Netherlands Financial Markets Supervision Act (Wet op het financieel toezicht).

Additional paid in capital

Additional paid in capital of €871 million (2008: 876) is exempt for Dutch tax purposes to the extent that this has been paid in by shareholders of the company. The decrease in additional paid in capital of €5 million is due to the issuance of stock dividend following the final 2008 stock dividend and 2009 interim dividend. In total 11 million new shares with a nominal value of €0.48 have been issued during 2009.

Translation reserve

In 2009 the translation reserve decreased from -€212 million in 2008 to -€146 million in 2009. An amount of €66 million (2008: -129) is the movement in exchange rate differences on converting foreign subsidiaries of TNT N.V. into euros, which is mainly due to the strengthening of the Brazilian real and the British pound compared to the Euro as per 31 December 2009. These differences are charged or credited to the translation reserve, net of taxation. In 2009, there were no releases from equity to the income statement.

The translation reserve is a legal reserve, which cannot be distributed to the equity holders of the company.

Hedging reserve

Movements in cash flow hedging reserve amounted to -€8 million (2008: -13) resulting from timing differences on the booked net financial expenses relating to the hedged item and the hedging instruments. These are only timing differences, meaning that the final amount in the hedging reserve will be NIL at the moment the hedge relationship ends. Per year end 2009 the hedge reserve mainly contains the fair value timing difference on the €568/£450 million cross currency swaps (2008: 568/£450) and the $251 million (2008: $262) of interest rate swaps, net of taxes. The €568/£450 million cross currency swap has been entered into to mitigate foreign currency exposure on the £450 million Eurobond which has been issued in 2009. 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.

The net cash payments relating to the unwinding of these swaps will be recycled from equity to the income statement or to investments based on the duration of the underlying hedged items. During 2009, €0 million (2008: 400) of forward starting swaps were unwound with a €0 million (2008: 2) effect in the income statement. In 2009 an amount of -€3 million (2008: 0) has been recycled from the hedge reserve to the income statement. For further information on the interest rate swaps, see note 30.

The hedge reserve is a legal reserve, which cannot be distributed to the equity holders of the company.

Other reserves

As per 31 December 2009 the other reserves are €953 million (2008: 497). In 2009, the other reserves increased by €456 million. This is due to the appropriation of net income from 2008 which is added to the other reserves in 2009 of €434 million (2008: 669). TNT increased its other reserves representing the fair value of share based payments to an amount of €18 million (2008: 16).
The other movement in the other reserves of €4 million (2008: 3) includes the proceeds obtained from the share grants and exercise rights of option plans of prior years.

Retained earnings

The profit for 2009 has been calculated as the 2009 net income of TNT N.V. and all its subsidiaries. The 2009 unappropriated component is €247 million (2008: 434), containing the net profit of €281 million (2008: 556) minus the paid interim cash dividend 2009 of €34 million (2008: 122). The Board of Management has determined to add €117 million (2008: 434) to other reserves and to put €130 million (2008: 0) as final dividend at the disposal of the general meeting of shareholders.

10 Pension assets: 884 million (2008: 726) and provisions for pension liabilities: 292 million (2008: 360)

TNT operates a number of pension plans around the world. Most of TNT's non-Dutch pension plans are defined contribution plans. For TNT's non-Dutch employees, the company also operates other post-employment defined benefit plans for which the liabilities are separately covered by private insurers and foreign pension funds. The majority of the Dutch pension plans are defined benefit plans and consist of a main plan, transitional plans and other pension plans.

TNT's main Dutch company pension plan (main plan), which is externally funded in "Stichting Pensioenfonds TNT" (main fund), covers the employees who are subject to TNT's collective labour agreement and staff with a personal labour agreement who joined the company as from 2007 in the Netherlands. The majority of all TNT's Dutch employees are subject to the collective labour agreement. The plan covers around 91,000 participants including approximately 16,000 pensioners and around 35,000 former employees. By Dutch law the plan is carried out by an independent legal entity, Stichting Pensioenfonds TNT, that is not owned or controlled by any other legal entity and that falls under the supervision of the Nederlandsche Bank (DNB) and the Authoriteit Financiële Markten (AFM).

The transitional plans consist of the early retirement scheme and additional arrangements which have been agreed between the company and the employees following the revised fiscal regulations applying to Dutch pension plans in 2006.

In the main plan only the employer contributes to the fund. The level of contribution is based upon actuarial recommendations. The total contribution to the main pension fund amounted to €162 million (2008: 100) and is estimated to be €149 million in 2010. This estimate includes the expected additional employer contribution as a result of the funding shortfall as described below. The total contribution for the transitional plans amounted to €98 million (2008: 104) and is estimated at €111 million for 2010.

As a result of the drop in the coverage ratio of the main fund to around 93% at 31 December 2008, well below the 105% minimum funding requirement as prescribed by DNB, the main fund had to submit a short term and long term recovery plan before 1 April 2009 to DNB. The recovery plan, which was approved by DNB in July 2009, resulted in an increase in contributions by TNT, compared to the 2008 contribution level, of around €50 million in 2009. By the end of 2009 the coverage ratio of the main fund increased to around 113%, well ahead of the recovery plan and in particular due to the recovery of the worldwide stock markets. The long-term objective of the recovery plan is a coverage ratio at or beyond the required level of around 120%. It is expected, however, that increasing longevity, based on recent statistical studies performed by the Central Bureau of Statistics in the Netherlands, might result in a drop of around 4% in the coverage ratio as at the end of December 2009 if the main Dutch pension fund decides to apply the new mortality outlook.

The main fund runs an actively managed investment portfolio. The main fund uses asset and liability management studies that generate future scenarios to determine its optimal asset mix. During 2009, the dynamic weight of equity investments increased to 46.5%, the dynamic weight of fixed interest investments decreased to 38.5% and the weight of real estate and alternative investments decreased to 15.0%. The plan assets may from time to time include investment in TNT's own financial instruments through indirect holdings by mutual funds. However, these indirect holdings are an immaterial share of the total plan assets. The plan assets do not include property occupied by or other assets used by TNT. Derivatives of equity and debt instruments (e.g. swaps) may be used by the main fund to realise changes in investment portfolio, to hedge against unfavourable market developments or to adjust the matching of assets and liabilities.

The pension defined benefit obligation of TNT's main plan and transitional plans covers approximately 93% of the group pension obligation for post-employment benefits and the plan assets cover approximately 93% of the group pension plan assets.

Asset mix of main pension plan

	Actual mix		Strategic mix	
At 31 December	**2009**	2008	2010	**2009**
Equities	**46.5%**	37.5%	42%	**42%**
Fixed interest and inflation linked Bonds	**38.5%**	44.5%	40%	**40%**
Real estate and alternative investment	**15.0%**	18.0%	18%	**18%**
Total	100.0%	100.0%	100%	100%

Historical returns of pension plan

	2009	average since plan inception
Equities	32.1%	7.5%
Fixed interest and inflation linked Bonds	13.1%	7.0%
Real estate and alternative investment	-1.5%	6.2%
Swaps	-0.6%	1.7%
Total weighted average	**16.8%**	**7.2%**

The return on the plan assets was 16.8% (2008: -14.2%). The average return of the plan assets since inception of the plan is 7.2% which is based on the actual return of the investments in combination with their relative weight per year. This weight can vary based on the actual mix.

Pension costs recognised in the income statement

The valuation of TNT's pension obligation and the determination of its pension cost are based on key assumptions which 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 amortised over the expected remaining average service life and reflected as an additional profit or expense in TNT's income statement in the next year.

In 2009, TNT's expense for post-employment benefit plans was €60 million (2008: 24). Total cash contributions for pensions in 2009 amounted to €286 million (2008: 233) and are estimated to amount to approximately €287 million in 2010.

Statement of changes in net pension asset/(liability)

	Balance at 1 January 2009	Employer pension expense	Contributions / Other	**Balance at 31 December 2009**
Provision for pension liabilities	411	(57)	282	**636**
of which main pension plan in the Netherlands	*650*	*(25)*	*162*	***787***
of which transitional plan in the Netherlands	*(314)*	*(26)*	*99*	***(241)***
of which other pension plans	*75*	*(6)*	*21*	***90***
Other post-employment benefit plans	(45)	(3)	4	**(44)**
Total post-employment benefit plans	**366**	**(60)**	**286**	**592**

(in € millions)

The total net provision for post employment benefit plans of €592 million as per 31 December 2009 (2008: 366) consist of a pension asset of €884 million (2008: 726) and a pension liability of €292 million (2008: 360).

The funded status of TNT's pension plans at 31 December 2009 and 2008 and the employer pension expense for 2009 and 2008 are presented in the table below.

Pension disclosures

	2009	2008
Change in benefit obligation		
Benefit obligation at beginning of year	**(4,215)**	(4,805)
Service costs	**(90)**	(113)
Interest costs	**(256)**	(275)
Amendments/foreign currency effects		10
Actuarial (loss)/gain	**(310)**	754
Benefits paid	**212**	214
Benefit obligation at end of year	**(4,659)**	(4,215)
Change in plan assets		
Fair value of plan assets at beginning of year	**4,104**	4,787
Actual return on plan assets	**716**	(683)
Contributions	**282**	224
Amendments/foreign currency effects		(10)
Benefits paid	**(212)**	(214)
Fair value of plan assets at end of year	**4,890**	4,104
Funded status as per 31 December		
Funded status	**231**	(111)
Unrecognised net actuarial loss	**398**	516
Unrecognised prior service costs	**6**	7
Pension assets/liabilities	**635**	412
Other employee benefit plans	**(43)**	(46)
Net pension asset/liability	**592**	366
Components of employer pension expense		
Service costs	**(90)**	(113)
Interest costs	**(256)**	(275)
Expected return on plan assets	**297**	377
Amortisation of actuarial loss	**(10)**	(5)
Other costs	**2**	(4)
Employer pension expense	**(57)**	(20)
Other post employment benefit plan expenses	**(3)**	(4)
Total post employment benefit expenses	**(60)**	(24)
Weighted average assumptions as at 31 December		
Discount rate	**5.6%**	6.1%
Expected return on plan assets	**7.1%**	7.1%
Rate of compensation increase	**2.0%**	2.0%
Rate of benefit increase	**1.2%**	1.2%

(in € millions, except percentages)

TNT's 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 TNT's post-employment benefits is 31 December. Changes in assumptions may occur as a result of economic and market conditions. The impact of changes on the annual pension expense can be found in the table 'sensitivity of assumptions' hereafter. If actual results differ from those assumed, this will generate actuarial gains or losses. These are amortised over the remaining average service lives of employees if they exceed the corridor.

The discount rate is based on the long-term yield on high quality corporate bonds, including a correction for the duration-mismatch based on the yield curve used by Dutch pension funds as published by DNB. The duration of the available corporate bonds index (AA 10+) is around 10 years. The duration of the pension liabilities is around 16 years. The yield on these bonds is corrected for this duration-mismatch.

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.

Returns are linked to the strategic objective of Stichting Pensioenfonds TNT, as annually reported in the Asset Liability Management study of this main fund and is calculated as the geometric mean over fifteen years from two-thousand future scenarios taking into account the relevant standard deviations of, and correlations between, the various asset categories, as derived from historical evidence. This main fund controls 93% of the group plan assets. Ultimately the long-term objective is to protect the assets from erosion of purchase power, and to provide long-term growth of capital without excessive exposure to risk. The duration of the plan liabilities determines the investment strategy. The assets are managed by external investment managers. Active management strategies are utilised in an effort to realize investment returns in excess of market indices. The main fund establishes the investment policy and strategy, including the selection of investment managers, setting long-term strategic targets and monitoring. The strategic asset mix is a target and not a limitation. The fund may approve components of the asset mix above or below targeted range. The fund may decide to rebalance or change the asset mix periodically.

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 the Netherlands. In the Netherlands, the average life expectancy of men after retiring at the age of 65 is 18.2 years (2008: 18.1). The equivalent expectancy for women is 21.1 years (2008: 21.1). The applied mortality rates are derived from the mortality table "GBM/GBV 2008-2013 with age corrections -1/-1 (male/female)", as applied by the main fund.

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 for the other defined benefit pension plans. Included in the provision for pension liabilities are other employee benefits for the unfunded defined benefit Trattamento di Fine Rapporto ("TFR") in Italy of €43 million (2008: 46).

The amounts recognised in the balance sheet are determined as follows:

Statement of financial position calculations

At 31 December	2009	2008
Present value of funded benefit obligations	(4,350)	(3,842)
Fair value of plan assets	4,890	4,104
(Un)Funded status	540	262
Present value of unfunded benefit obligations	(309)	(373)
Unrecognised liability	404	523
Other employee benefit plans	(43)	(46)
Net pension asset/liability	592	366
of which included in pension assets	884	726
of which included in provisions for pension liabilities	(292)	(360)

(in € millions)

The table below shows the sensitivity of the employer pension expense to deviations in assumptions.

Sensitivity of assumptions

	%-change in assumptions	change in employer pension expense
Employer pension expense 2008		(57)
Discount rate	+ 0.5%	10
Expected return on plan assets	+ 0.5%	22
Rate of compensation increase	+ 0.5%	(64)
Rate of benefit increase	+ 0.5%	(62)
Employer pension expense 2009		(57)
Discount rate	- 0.5%	(40)
Expected return on plan assets	- 0.5%	(22)
Rate of compensation increase	- 0.5%	32
Rate of benefit increase	- 0.5%	30

(in € millions, except percentages)

The table below shows the defined benefit obligation, fair value of plan assets and experience adjustments thereon for the current annual period and previous four annual periods. The experience adjustment is the difference between the expected and actual position at the end of the year. The experience adjustment of the defined benefit obligation can not be reliably determined for 2005.

Status of funding

	2009	2008	2007	2006	2005
Funded and Unfunded Defined benefit obligation	**(4,659)**	(4,215)	(4,805)	(5,373)	(5,398)
Experience adjustment gain/(loss)	**0.7%**	-0.7%	0.9%	-0.4%	
Fair value of plan assets	**4,890**	4,104	4,787	4,668	4,216
Experience adjustment gain/(loss)	**9.5%**	-20.5%	-5.4%	1.2%	4.7%
(Un)Funded status	**231**	(111)	(18)	(705)	(1,182)

(in € millions, except percentages)

The table below shows the expected future benefit payments per year for pension funds related to TNT's plans for the coming five years. The benefits include all expected payments by the funds to the pensioners and by TNT for the Dutch transitional plans.

Expected benefit payments

Year	Amounts
2010	234
2011	237
2012	227
2013	221
2014	215

(in € millions)

Amounts expensed in the income statement related to defined contribution plans were €31 million (2008: 36).

11 Other provisions: 368 million (2008: 402)

Statement of changes in other provisions

	Other employee benefit obligations	Restructuring	Claims and indemnities	Other	Total
Balance at 31 December 2008	59	182	77	84	**402**
of which included in other provisions (non-current)	45	112	7	48	**212**
of which included in other provisions (current)	14	70	70	36	**190**
Changes in 2009					
Additions	10	58	14	16	**98**
Withdrawals	(3)	(86)	(12)	(33)	**(134)**
Exchange rate differences	3		2	6	**11**
(De)consolidation				2	**2**
Interest		7		1	**8**
Reclassification	(2)	2	(4)	4	
Other/releases		(13)	(5)	(1)	**(19)**
Total changes	8	(32)	(5)	(5)	(34)
Balance at 31 December 2009	**67**	**150**	**72**	**79**	**368**
of which included in other provisions (non-current)	49	66	12	38	**165**
of which included in other provisions (current)	18	84	60	41	**203**

(in € millions)

Other employee benefits consist of provisions related to jubilee payments of €37 million (2008: 38), long-service benefits of €4 million (2008: 5) and other employee benefits of €26 million (2008: 16). Short term employee benefits, such as salaries, profit sharing and bonuses are discussed in note 18.

As per 31 December 2009, the restructuring provision amounted to €150 million of which €22 million (2008: 28) relates to restructuring projects within the Express division and €128 million (2008: 154) within the Mail division.

The total restructuring related charge for 2009 amounted €65 million of which €58 million has been recorded as additions to the restructuring provision and €7 million to the other provisions. The €7 million other provision was for Mail. The addition to the restructuring provision consists of €37 million for Express and €21 million for Mail. The restructuring within Express related to the restructuring plans in Europe and South America as announced in the second quarter of 2009. These plans have been largely executed during 2009.

The restructuring within Mail relates to ongoing restructuring programmes within Operations and within the joint venture Postkantoren B.V. New restructuring plans in 2009 relate mainly to back office activities within Mail Netherlands (€6 million), Cendris Document Management (€5 million), Parcels (€2 million) and other Mail related business (€8 million) and have been implemented in 2009.

The withdrawals from the restructuring provisions of €86 million (2008: 47) relates to settlement payments following restructuring programmes within Express for an amount of €40 million, mainly in Europe (€36 million) and Australia (€4 million) and withdrawals within Mail of €46 million, following settlement payments for the execution of Master plan initiatives and other initiatives within Mail Netherlands (€26 million), settlement payments within the joint venture Postkantoren B.V. (€14 million) and payments in other business lines (€6 million).

The total restructuring provision of €128 million within Mail as per 31 December 2009 relates mainly to outstanding Master plans for a remaining €62 million as announced in 2007 (for €110 million) and Postkantoren B.V. restructuring of €50 million as announced in 2008 (for €67 million). These restructuring provisions within the Mail division are discounted against an average discount rate of 4% (2008: 6%) as these provisions are expected to be utilised during the period 2010-2013. The relating interest of €8 million has been recorded as part of the financial expenses, see note 21. The remaining restructuring provision within Express is expected to be utilised during 2010. For Mail approximately 50% of the restructuring provisions will be utilised during 2010.

In 2009 2,695 employees (2008: 2,051) have been made redundant of which 1,247 within the Mail division (2008: 1,367) and 1,448 within the Express division (2008: 684), the relating settlements have been withdrawn from these provisions.

Provisions for claims and indemnities include provisions for claims from third parties with respect to TNT's ordinary business activities, as well as indemnities and disputes related to the sale of TNT's discontinued operations. More detailed information relating to these provisions is not provided since such information could prejudice the company's position with respect to these indemnities and disputes.

Other provisions consist mainly of onerous contracts, dilapidation cost in relation to restructurings and guarantees provided to third parties. The additions of €16 million relate to Express for €8 million (Italy: €2 million, France: €3 million, Austria: €1 million and other countries: €2 million), Mail for €7 million (mainly in joint venture Postkantoren B.V. for €4 million and other related Mail business for €3 million) and Other networks for €1 million. The withdrawals from the other provision of €33 million relates mainly to Express for guarantees of €16 million, settlement of onerous contracts within Mail Parcels UK of €4 million and settlement of onerous contracts of €3 million within Postkantoren.

The estimated utilisation in 2010 is €203 million, in 2011 €87 million, in 2012 €19 million and in 2013 and beyond €59 million.

12 Long term debt: 1,925 million (2008: 1,845)

Carrying amounts and fair value of long term debt

	2009		2008	
At 31 December	**Carrying Amount**	**Fair value**	Carrying Amount	Fair value
Euro Bonds	**1,527**	**1,646**	1,489	1,379
Finance leases	**194**	**184**	214	185
Other loans	**80**	**86**	7	11
Interest rate swaps	**124**	**124**	135	135
Total long term debt	**1,925**	**2,040**	**1,845**	**1,710**

(in € millions)

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

	Euro Bonds	Finance leases	Other loans	Interest rate swaps	Short term bank debt	Total
2010		19	15		57	**91**
2011		21				**21**
2012		15	30			**45**
2013		13	13	21		**47**
2014		12	33			**45**
Thereafter	1,527	133	4	103		**1,767**
Total borrowings	**1,527**	**213**	**95**	**124**	**57**	**2,016**
of which included in long term debt	1,527	194	80	124		**1,925**
of which included in other current liabilities		19	15		57	**91**

(in € millions)

For underlying details of the financial instruments, see note 28 and 29.

13 Other current liabilities: 687 million (2008: 890)

Other current liabilities

At 31 December	2009	2008
Short term bank debt	**57**	36
Other short term debt	**34**	360
Total current borrowings	**91**	396
Taxes and social security contributions	**298**	245
Expenses to be paid	**42**	37
Other	**256**	212
Total	687	890

(in € millions)

Total current borrowings

Other short term debt includes short term bank facilities of €15 million (2008: 122) and the current portion of outstanding finance lease liabilities of €19 million (2008: 16). In 2009, Commercial Paper of €222 million has been fully repaid. There are no balances of 31 December 2009 that are expected to be settled after 12 months (2008: 0).

Other

Other of €256 million (2008: 212) includes an amount payable of €25 million relating to the acquisition of Expresso Araçatuba, see note 26.

14 Accrued current liabilities: 1,212 million (2008: 1,131)

Accrued current liabilities

At 31 December	2009	2008
Amounts received in advance	**134**	145
Expenses to be paid	**769**	640
Vacation days/vacation payments	**190**	188
Terminal dues	**55**	67
Other accrued current liabilities	**64**	91
Total	**1,212**	1,131

(in € millions)

Amounts received in advance include €50 million (2008: 52) for stamps which were sold but not yet used.
An amount of €53 million is expected to be settled after 12 months (2008: 47).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

15 Net sales: 10,278 million (2008: 10,983)

The net sales of Mail, Express and Other networks relate to the trading activities of these reporting segments, arising from rendering 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: 124 million (2008: 169)

Other operating revenues relate to the sale of goods and rendering of services not related to TNT's normal trading activities and mainly include passenger/charter revenues of €73 million (2008: 111), customs clearance/ administration revenue of €24 million (2008: 23) and rental income of temporarily leased-out property of €3 million (2008: 3).

17 Other income: 37 million (2008: 35)

Other income in 2009 includes net proceeds from the sale of property, plant and equipment for a net amount of €12 million (2008: 30) being €19 million net proceeds partly offset by a further impairment of the fair value relating to assets held for sales of €7 million for aircraft that were decommissioned and recorded as held for sale in 2008. Furthermore, other income includes the sale of Spring Aspac with Spring Global Mail for €20 million (2008: 0) and other items of €5 million (2008: 5).

18 Salaries, pensions and social security contributions: 3,480 million (2008: 3,617)

Salaries and social security contributions

Year ended at 31 December	2009	2008
Salaries	**2,903**	3,050
Share based payments	**18**	16
Pension charges:		
Defined benefit plans	**60**	24
Defined contribution plans	**31**	36
Social security charges	**468**	491
Total	3,480	3,617

(in € millions)

Labour force

	2009	2008
Employees[1]		
Express	**78,030**	75,537
Mail[2]	**79,912**	76,892
Other networks	**1,355**	1,385
Non-allocated	**366**	271
Total at year end	**159,663**	154,085
Employees of joint ventures[3]	**3,694**	4,424
External agency staff at year end	**26,733**	29,919
Full-time equivalents (FTEs)[1]		
Express	**76,346**	70,667
Mail[2]	**39,743**	39,935
Other networks	**1,148**	1,143
Non-allocated	**266**	252
Total year average	**117,503**	111,997
FTEs of joint ventures[2]	**3,269**	3,858

1 – Including temporary employees on our payroll.
2 – The comparative 2008 number of employees and FTE's have been restated to align with the 2009 definition.
3 – These numbers represent all employees and FTEs in the joint ventures.

The reported employees matches the number of personnel paid through payroll. For CR purposes this definition is extended to include all personnel paid through payroll and entitled to all the benefits of a TNT employee.

At the end of 2009, 3,694 people (2008: 4,424) were employed by joint ventures, of whom 1,711 (2008: 2,350) were on the payroll of Dutch companies, primarily Postkantoren B.V., and 1,983 (2008: 2,074) were on the payroll of companies outside the Netherlands.

Apart from the headcount of employees the labour force is also expressed in full-time equivalents (FTE's) based on the hours worked divided by the local standard. In 2009 the average number of FTE's in the Mail division was at a comparable level compared to 2008. The FTE reduction within Mail Netherlands has been largely off set by an increase in FTE's within EMN. The average number of FTE's in the Express division as at 31 December 2009 compared to 2008 increased mainly due to the acquisitions in South America.

Remuneration of members of the Supervisory Board

For the year 2009, the remuneration of the current members of the Supervisory Board amounted to €565,239 (2008: 573,250). The remuneration of the individual members of the Supervisory Board is set out in the table below:

Remuneration of Supervisory Board

	Base compensation	Other payments[1]	Total remuneration
Mr P. C. Klaver	60,000	21,000	**81,000**
Mr S. Levy	45,000	15,000	**60,000**
Mr R.J.N. Abrahamsen	45,000	19,000	**64,000**
Ms P.M. Altenburg[2]	32,761	11,000	**43,761**
Mr V. Halberstadt	45,000	17,500	**62,500**
Ms M.E. Harris	45,000	12,000	**57,000**
Mr R. King	45,000	9,000	**54,000**
Mr W. Kok	45,000	13,000	**58,000**
Mr G.J. Ruizendaal	45,000	9,000	**54,000**
Mr J.H.M. Hommen[3]	12,239	3,000	**15,239**
Ms G. Kampouri Monnas[4]	12,239	3,500	**15,739**
Total	432,239	133,000	**565,239**

(in €)
1 – Payments relating to number of Supervisory Board committee meetings attended.
2 – Ms Altenburg was appointed on April 8th, 2009.
3 – Mr Hommen resigned on April 8th, 2009.
4 – Ms Kampouri Monnas resigned on April 8th, 2009.

No options or shares were granted to members of the Supervisory Board and none of the members of the Supervisory Board accrued any pension rights with the company.

Remuneration of members of the Board of Management

In 2009 the total remuneration of the Board of 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 2009 values of each of these remuneration elements will be reported per member of the Board of Management.

Total remuneration

In 2009, the remuneration, including pension and social security contributions, of the current and the former members of the Board of Management amounted to €7,585,674 (2008: 7,901,020).

The remuneration of the individual members of the Board of Management is set out in the table below:

Remuneration Board of Management

	Base salary	Accrued for short term incentive	Accrued for long term incentive	Other periodic paid compensation	Pension costs	Total 2009	Total 2008
Peter Bakker	918,000	519,390	466,052	159,268	86,674	**2,149,384**	2,333,474
Henk van Dalen	612,000	349,268	254,643	536,853	253,221	**2,005,985**	1,965,944
Harry Koorstra	612,000	365,636	254,643	122,182	86,527	**1,440,988**	1,593,045
Marie-Christine Lombard	612,000	365,636	307,078	423,083	281,520	**1,989,317**	2,008,557
Total	2,754,000	1,599,930	1,282,416	1,241,386	707,942	**7,585,674**	7,901,020

(in €)

Base salary

The base salary for the members of the Board of Management has not been increased in 2009 and the level has been maintained at €918,000 for the CEO and €612,000 for the other members of the Board of Management.

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. In the other paid compensation of Henk van Dalen (employed as per 1 April 2006) the fourth and last yearly instalment of €325,000 of the total compensation of €1,300,000 for the loss of long term incentive rights at his former employer has been included. For Marie-Christine 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 2009 to the members of the Board of Management is shown:

Total variable compensation Board of Management

	Accrued for short term incentive	Accrued for long term incentive	Total variable compensation
Peter Bakker	519,390	466,052	**985,442**
Henk van Dalen	349,268	254,643	**603,911**
Harry Koorstra	365,636	254,643	**620,279**
Marie-Christine Lombard	365,636	307,078	**672,714**
Total	1,599,930	1,282,416	**2,882,346**

(in €)

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 next year and the costs relating to the bonus/ matching share plan.

Bonus accrual for 2009 performance

Since 2002, TNT accounts for bonus payments on the basis of the accrued bonuses for the performance of the year reported. In 2009, an amount of €1,811,350 (2008: 2,025,000) was paid to the members of the Board of Management for performance over 2008.

In the table below the amount of €1,435,000 reflects the accrued bonuses for performance over 2009, which will be paid in 2010.

The 2009 accrued short term incentive amounts for the members of the Board of Management are accrued as set out below:

Accrued short term incentive Board of Management

	Accrued for 2009 bonus	as % of base pay	Accrued for bonus matching shares[1]	Accrued for short term incentive
Peter Bakker	460,000	50%	59,390	**519,390**
Henk van Dalen	325,000	53%	24,268	**349,268**
Harry Koorstra	325,000	53%	40,636	**365,636**
Marie-Christine Lombard	325,000	53%	40,636	**365,636**
Total	1,435,000		164,930	**1,599,930**

(in €, except percentages)

1 – Includes costs for matching shares granted in 2006 and 2007. As of 2008 the members of the Board of Management are no longer eligible to receive matching shares.

Bonus/matching share plan

As of 2008, the members of the Board of Management are no longer eligible to participate in the bonus/matching plan. The amount of €164,930 reflects the accrued costs in 2009 for the rights on matching shares that were granted in 2007 and 2006 (for Henk van Dalen: 2007 only).

Under the bonus/matching plan, of the net bonus amount received an amount equal to 25% of the gross bonus was used by the Board members 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 members of the Board of 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. These matching shares are held in a trust by TNT's share administrator.

All members of the Board of Management participated in the scheme for the bonus earned during their membership of the Board of Management, up until 2007.

Their current matching entitlement is set out in the following table.

Bonus-related matching rights Board of Management[1]

		Number of matching rights on shares				
	Year	Outstanding 1 Jan 2009	Vested during 2009	Forfeited during 2009	**Outstanding 31 Dec 2009**	Remaining years in contractual life
Peter Bakker	2006	4,159	4,159			
	2007	5,213			**5,213**	0.3
Henk van Dalen	2007	2,919			**2,919**	0.3
Harry Koorstra	2006	3,043	3,043			
	2007	3,476			**3,476**	0.3
Marie-Christine Lombard	2006	3,043	3,043			
	2007	3,476			**3,476**	0.3
Total		25,329	10,245		15,084	

[1] As of 2008 the members of the Board of Management are no longer eligible to receive matching shares.

In 2009 the average price on vesting for matching shares for the members of the Board of Management was €14.10.

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 for performance shares granted in 2009, 2008 and 2007, and to 120% of base allocation for performance shares granted in 2006. In the table below, the total costs of the rights on performance shares granted to the members of the Board of Management are shown:

Accrued long term incentive Board of Management

	Costs in 2009 from performance shares granted in 2006	Costs in 2009 from performance shares granted in 2007	Costs in 2009 from performance shares granted in 2008	Costs in 2009 from performance shares granted in 2009	**Accrued for long term incentive**
Peter Bakker	84,058	178,569	134,129	69,296	**466,052**
Henk van Dalen	42,032	93,455	70,197	48,959	**254,643**
Harry Koorstra	42,032	93,455	70,197	48,959	**254,643**
Marie-Christine Lombard	94,467	93,455	70,197	48,959	**307,078**
Total	262,589	458,934	344,720	216,173	1,282,416

(in €)

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 5 May 2009 through 4 May 2012 governs the performance share grant for 2009. 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, the members of the Board of 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. These performance shares are held in a trust by TNT's share administrator.

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 2009.

Pro forma vesting per year and according to TSR performance schedules

	Year	Performance shares: Vesting % of base allocation	Performance shares: Vesting as if per 31 Dec 2009
Peter Bakker	2007	18.3%	4,548
	2008	68.1%	16,923
	2009	131.8%	54,095
Henk van Dalen	2007	18.3%	2,380
	2008	68.1%	8,857
	2009	131.8%	38,219
Harry Koorstra	2007	18.3%	2,380
	2008	68.1%	8,857
	2009	131.8%	38,219
Marie-Christine Lombard	2007	18.3%	2,380
	2008	68.1%	8,857
	2009	131.8%	38,219
Total			223,934

Long term incentive/performance share plan

The table below summarises the status of the rights awarded under the performance share plan to the members of the Board of Management.

Rights on performance shares Board of Management

	Year	Outstanding 1 Jan 2009	Granted during 2009	Vested during 2009	Forfeited during 2008	**Outstanding 31 Dec 2009**	Remaining years in contractual life
		Number of rights on performance shares					
Peter Bakker	2006	32,062		20,200	11,862		
	2007	37,275				**37,275**	0.3
	2008	37,275				**37,275**	1.3
	2009		61,565			**61,565**	2.3
Henk van Dalen	2006	16,032		10,101	5,931		
	2007	19,508				**19,508**	0.3
	2008	19,508				**19,508**	1.3
	2009		43,497			**43,497**	2.3
Harry Koorstra	2006	16,032		10,101	5,931		
	2007	19,508				**19,508**	0.3
	2008	19,508				**19,508**	1.3
	2009		43,497			**43,497**	2.3
Marie-Christine Lombard	2006	36,032		22,701	13,331		
	2007	19,508				**19,508**	0.3
	2008	19,508				**19,508**	1.3
	2009		43,497			**43,497**	2.3
Total		**291,756**	**192,056**	**63,103**	**37,055**	383,654	

In 2009 the average price on vesting for performance shares for the members of the Board of Management was €14.23.

Long term incentive/share option plan

The table below summarises the status of the outstanding options (no relating costs in 2009) to acquire a number of TNT ordinary shares granted to the Board of Management.

Options Board of Management

		Number of options				Amounts in €		
	Year	Outstanding 1 Jan 2009	Exercised during 2009	Forfeited during 2008	**Outstanding 31 Dec 2009**	Exercise price	Share price on exercise date	Remaining years in contractual life
Marie-Christine Lombard	2004	30,000			**30,000**	18.44		2.3
Total		30,000			**30,000**			

Pension

The pension costs consist of the service costs for the reported year. Peter Bakker, Harry Koorstra and Henk van Dalen are participants in a career average defined benefit scheme. Marie-Christine Lombard participates in a French defined contribution pension scheme. The pensionable age of all members of the Board of Management is 65 years.

Included in the pension costs for Henk van Dalen is the actuarial calculated annual instalment in accordance with the employment agreement of Henk van Dalen that an amount of €1,350,000 will be made available to be contributed by the company in four equal annual instalments, under the condition that Henk van Dalen is still employed by the company on the payment dates. The fourth and last instalment €337.500 was paid in 2009.

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 over 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 their future contribution to the company.

Participants will become owner of the share after a period of three years (vesting period). The plan includes market based vesting conditions such that the number of to be delivered shares (nil up to the maximum comprising the right) is dependent on TNT's Total Shareholder Return (TSR) performance relative to certain other stock indices. These conditions are included in the calculation of the fair value at the grant date.
Performance shares were granted in May 2009 to 833 TNT managers at a fair value of €8.75 each. These grants were part of the policy to annually grant rights on performance shares to eligible members of senior management from 2005 onwards. Rights on performance shares will vest and shares comprising these rights will be released after the third anniversary of the grant.
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 2009 is stated below.

Rights on performance shares management

		Number of rights on performance shares					
	Year	Outstanding 1 Jan 2009	Granted during 2009	Vested during 2009	Forfeited during 2008	**Outstanding 31 Dec 2009**	Remaining years in contractual life
Management	2006	481,134		292,794	188,340		
	2007	955,004		2,600	63,504	**888,900**	0.3
	2008	1,395,723		2,919	85,920	**1,306,884**	1.3
	2009		2,501,311	392	36,104	**2,464,815**	2.3
Total		2,831,861	2,501,311	298,705	373,868	**4,660,599**	

In 2009 the average price on vesting for performance shares for the management was €13.69.

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 also includes the outstanding options of the members of the Board of Management and senior management. All options granted entitle the holder to the allotment of ordinary shares when they are exercised and are equity settled.

Statement of changes of outstanding options

		Number of options				Amounts in €		
	Year	Outstanding 1 Jan 2009	Exercised during 2009	Forfeited during 2008	**Outstanding 31 Dec 2009**	Exercise price	Share price on exercise date	Remaining years in contractual life
Board of Management	2004	30,000			**30,000**	18.44		2.3
Management	2003	68,659	9,750	2,250	**56,659**	13.85	19.80	1.1
	2003	3,000			**3,000**	14.51		1.4
	2004	307,351	18,500	22,000	**266,851**	18.44	20.62	2.3
Total		409,010	28,250	24,250	**356,510**			

Historic overview outstanding options

	2009		2008	
	Number of options	Weighted average exercise price (in €)	Number of options	Weighted average exercise price (in €)
Balance at beginning of year	**409,010**	**17.64**	453,613	17.61
Exercised	**(28,250)**	**20.34**	(44,603)	24.49
Forfeited	(24,250)	18.01		
Balance at end of year	**356,510**	**17.68**	409,010	17.64
Exercisable at 31 December	356,510	17.68	409,010	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 2009 (97,161), 2008 (103,558) and 2007 (75,498) 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 (2009: €15.10/ 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 that apply to TNT's company. 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 managers in the current TNT group:

Bonus connecting matching rights Management

		Number of matching rights on shares				
	Year	Outstanding 1 Jan 2009	Granted during 2009	Vested or forfeited during 2009	**Outstanding 31 Dec 2009**	Remaining years in contractual life
Management	2006	59,141		59,141		
	2007	69,780		8,556	**61,224**	0.3
	2008	102,491		9,845	**92,646**	1.3
	2009		97,161	2,475	**94,686**	2.3
Total		231,412	97,161	80,017	**248,556**	

In 2009 the average price on vesting for matching shares for the management was €14.05.

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:

Principal fair value

	2009	2008
Share price (in €)	**15.18**	25.16
Volatility (%)	**39.80**	23.40
Vesting period (in years)	**3**	3
Risk free rate (%)	**2.14**	4.42
Dividend yield (%)	**2.35**	2.64

The share price is based on the closing share price at the grant date.

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 awarded 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 in the market. In 2009, TNT did not purchase any additional shares to cover its obligations under the existing share and option schemes.

At 31 December 2009, TNT held a total of 488,691 shares to cover its obligations under the existing share and options schemes (2008: 1,059,931).

19 Depreciation, amortisation and impairments: 489 million (2008: 399)

Depreciation, amortisation and impairments

	2009	2008
Amortisation of intangible assets	**86**	83
Depreciation property, plant and equipment	**251**	271
Impairment of intangible assets	**141**	8
Impairment of property, plant and equipment	**11**	37
Total	**489**	399

(in € millions)

The amortisation of intangible assets of €86 million relates to software for €63 million (2008: 66) and other intangibles for €23 million (2008: 17).

The total 2009 impairment charge of €152 million relates to intangible assets and property, plant and equipment. Mail recorded impairment charges of €118 million for goodwill, €13 million for software and other intangible assets and €6 million for property, plant and equipment. The impairment charges recorded by Mail relate fully to EMN. Express recorded impairment charges of €10 million for customer list and €5 million property, plant and equipment. The recoverable value was determined based on the fair value less cost to sell approach based on forecasted cash flows of underlying business plans.

In 2008, the impairment charges related to intangibles of Postkantoren B.V. of €8 million and €37 million mainly for decommissioned aircraft of Express.

20 Other operating expenses: 715 million (2008: 727)

The other operating expenses largely relate to Express for €375 million (2008: 372) and Mail for €349 million (2008: 344). The other operating expenses consist of IT communication, office cost, travel and training expense, consulting and other shared services cost.

Included within other operating expenses are one-off costs for OPTA penalties of €6 million and other value adjustments within EMN of €9 million.

Included within other operating expenses are costs incurred for services provided by TNT's group statutory auditors, PricewaterhouseCoopers Accountants N.V.

In 2009, fees for audit services included the audit of TNT's annual financial statements, procedures on internal controls and the review of interim financial statements, statutory audits, services associated with issuing an audit opinion on the postal concession reporting and services that only the auditor can reasonably provide. Fees for audit related services include employee benefit plan audits, due diligence related to mergers and acquisitions, internal control reviews, consultation concerning financial accounting and reporting matters not classified as audit.

Fees for tax services include tax compliance, tax advice, including all services performed by the auditor's professional staff in its tax division, except those rendered in connection with the audit. Fees for other services include financial risk management reviews and audit of corporate sustainability reports.
The fees can be divided into the following categories:

Fees statutory auditors

Year ended at 31 December	2009	2008
Audit fees	**4**	6
Audit related fees	**3**	1
Tax advisory fees	**1**	1
Other fees	**1**	1
Total	**9**	9

(in € millions)

In accordance with the Dutch legislation, article 2:382a, the total audit and audit related fees to accounting organisation PricewaterhouseCoopers Accountants N.V. seated in the Netherlands amounted to €4 million (2008: 4).

21 Net financial income and expenses: -161 million (2008: -147)

Net financial expenses

Year ended at 31 December	2009	2008
Interest and similar income	**23**	62
Fair value change fair value hedges		8
Total interest and similar income	**23**	70
Interest and similar expenses	**(172)**	(206)
Fair value change cashflow hedge recycled to profit and loss	**(3)**	(1)
Fair value change fair value hedges	**(2)**	(8)
Net foreign exchange losses	**(7)**	(2)
Total interest and similar expenses	**(184)**	(217)
Net financial expenses	**(161)**	(147)

(in € millions)

Interest and similar income: 23 million (2008: 70)

Interest and similar income in 2009 of €23 million (2008: 70) mainly relates to interest income on banks, loans and deposits of €14 million (2008: 44) of which €9 million (2008: 30) relates to a gross up of interest on notional cash pools, interest on taxes of €2 million (2008: 3) and interest on foreign currency hedges of €3 million (2008: 17).

Interest and similar expenses: 184 million (2008: 217)

Interest and similar expenses in 2009 of €184 million mainly relate to interest expense on bank overdrafts and bank loans of €22 million, (2008: 46) of which €9 million (2008: 30) relates to a gross up of interest on notional cash pools, interest expenses on long term borrowings of €110 million (2008: 124), interest on foreign currency hedges of €21 million (2008: 35), interest on provisions of €8 million (2008: 6) and interest on taxes €4 million (2008: 1). Included in the interest and similar expenses is a fair value adjustment of €8 million for our equity stake in Ceva Investments Ltd. which has been sold back to Ceva Investments Ltd. in December 2009.

In accordance to IFRS interest income and expense on cash pools are reported on a gross basis. From an economic and legal perspective the €9 million (2008: 30) 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 €3 million of interest income (2008: 17) is fully set off against the €21 million (2008: 35) of interest expenses on hedges.

22 Income taxes: 179 million (2008: 242)

Income taxes amount to €179 million (2008: 242), or 38.2% (2008: 30.2%) of income before income taxes.

Effective income tax rate

	2009	2008
Dutch statutory income tax rate	**25.5**	25.5
Adjustment regarding effective income tax rates other countries	**(0.4)**	2.0
Permanent differences:		
Non and partly deductible costs	**2.9**	1.5
Non and partly deductible impairments	**9.8**	
Exempt income	**(1.7)**	
Other	**2.1**	1.2
Effective income tax rate	**38.2**	30.2

(in percentages)

Income taxes differ from the amount calculated by multiplying the Dutch statutory corporate income tax rate with the income before income taxes. In 2009, the effective income tax rate was 38.2% (2008: 30.2%), which is significantly higher than the statutory corporate income tax rate of 25.5% in the Netherlands (2008: 25.5%). Of the total recorded impairments of €152 million a significant portion is non deductible impacting the effective tax rate by 9.8%. Excluding these impairments the effective tax rate would have been 28.4%. The impact of several non-deductible costs of 2.9% is partly offset by the exempt income due to the sale of G3 Worldwide Aspac PTE Ltd. of -1.7%. The line "other" is the adverse effect of current year losses for which no deferred tax assets could be recognised due to uncertainty regarding the recoverability of such assets. This caused the effective tax rate to increase by 5.7% (2008: 4.7%). Positive effects from several optimization projects did the effective tax rate decrease by 3.4%. The remaining "other" decrease of 0.2% reflects the net impact of several smaller positive and negative effects.

Income tax expense consists of the following:

Income tax expense

Year ended at 31 December	2009	2008
Current tax expense	**141**	203
Changes in deferred taxes (excluding acquisitions / foreign exchange effects)	**38**	39
Total income taxes	**179**	242

(in € millions)

In 2009, the current tax expense amounted to €141 million (2008: 203). 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 2009, the income tax receivable amounts to €28 million (2008: 37) and the income tax payable amounts to €265 million (2008: 47). In 2009 TNT received net tax refunds for an amount of €83 million (2008: income taxes paid 225) of which €175 million related to a preliminary tax refund from the Dutch tax authorities. As a consequence, the current income tax payable increased by €218 million from €47 million as per 31 December 2008 to €265 million as per 31 December 2009.

The following table shows the movements in deferred tax assets in 2009:

Movements in deferred tax assets

	Provisions	Property, plant and equipment	Losses carried forward	Other	Total
Deferred tax assets at 31 December 2007	27	7	107	62	**203**
Changes charged directly to equity				4	4
Changes via statements of income	3	(1)	4	(2)	4
(De)consolidation/foreign exchange effects	(2)	(1)	(3)		(6)
Deferred tax assets at 31 December 2008	28	5	108	64	**205**
Changes charged directly to equity				8	8
Changes via income statement	6		15	(10)	11
(De)consolidation/foreign exchange effects	3		6		9
Deferred tax assets at 31 December 2009	**37**	**5**	**129**	**62**	**233**

(in € millions)

For deferred tax assets an amount of €15 million (2008: 27) is to be recovered within 12 months and an amount of €218 million (2008: 178) is to be recovered after 12 months.

Deferred tax assets and liabilities are presented net in the balance sheet if TNT 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 €62 million (2008: 64) an amount of €32 million (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 2009 amounted to €884 million (2008: 788). With these losses carried forward, future tax benefits of €260 million could be recognised (2008: 221). Tax deductible losses give rise to deferred tax assets at the 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 expiry of tax losses carried forward and projected future income. As a result TNT has not recognised €123 million (2008: 104) of the potential future tax benefits and has recorded deferred tax assets of €137 million at the end of 2009 (2008: 117). Of the total recognised deferred tax assets for loss carry forward an amount of €8 million was offset against deferred tax liabilities.

The expiration of total accumulated losses is presented in the table below:

Expiration of total accumulated losses

2010	30
2011	19
2012	23
2013	38
2014 and thereafter	321
Indefinite	453
Total	**884**

(in € millions)

The following table shows the movements in deferred tax liabilities in 2009:

Movement in deferred tax liabilities

	Provisions	Property, plant and equipment	Other	Total
Deferred tax liabilities at 31 December 2007	200	87	11	298
Changes via statements of income	45	(4)	2	43
(De)consolidation/foreign exchange effects		(8)	2	(6)
Deferred tax liabilities at 31 December 2008	245	75	15	335
Changes via income statement	34	(9)	24	49
(De)consolidation/foreign exchange effects		2	5	7
Deferred tax liabilities at 31 December 2009	279	68	44	**391**

(in € millions)

For deferred tax liabilities an amount of €6 million (2008: 14) is to be settled within 12 months and an amount of €385 million (2008: 321) is to be settled after 12 months.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

23 Net cash from operating activities 1,016 million (2008: 923)

The net cash from operating activities increased by €93 million from €923 million in 2008 to €1,016 million in 2009. 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.

Cash generated from operations

The cash generated from operations decreased from €1,330 million in 2008 to €1,093 million in 2009. In 2009 the profit before income taxes contributed €468 million and €957 million if adjusted for the non-cash impact of depreciation, amortisation and impairments. This is €244 million lower compared to 2008 (2008: 1,201).

The changes in net pension positions of -€226 million compared to 2008 (2008: -209) reflects the higher total non-cash pension charge for the defined benefit pension schemes of €60 million (2008: 24) and comparable TNT's total cash contributions to various pension and transitional plans for a total amount of €286 million (2008: 233).

The change in other provisions of -€55 million in 2009 relates mainly to cash payments following several restructuring plans. In 2008, the increase of €40 million was mainly due to newly established restructuring provisions.

In 2009, the total working capital improved by €251 million compared to 2008 (2008: 132) mainly as a result of more focus on behaviour of our customers and payment terms for suppliers in combination with favourable law change resulting in a change in payment pattern of certain recurring payments like VAT. Trade working capital improved by €68 million compared to 2008, non-trade working capital improved by €183 million.

Interest paid

The total cash out flow for interest paid in 2009 is €160 million (2008: 182). In 2009 interest paid mainly includes interest on TNT's long term borrowings of €105 million (2008: 107), including interest on financial leases of €12 million. In addition, interest payments of €29 million (2008: 48) are included for short term debt (of which €12 million (2008: 32) is a gross up due to cash pools which is offset in the interest received) and interest on foreign currency hedges of €26 million (2008: 19).

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 €12 million (2008: 32) 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 needs in practice 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 €6 million of interest received (2008: 7) is fully set off against the €26 million (2008: 19) of interest paid on hedges.

Income taxes paid

The total tax payments changed from an outflow of €225 million in 2008 to an inflow of €83 million in 2009, mainly due to a preliminary tax refund of €175 million received from the Dutch tax authorities and to lower preliminary tax payments in several countries. The received substantial tax refunds are on a preliminary basis without having reached an agreement on the final tax positions of the underlying years.

24 Net cash used in investing activities: -256 million (2008: -257)

Interest received

In 2009 interest received amounted to €29 million (2008: 64). In 2009 interest received mainly includes interest relating to short term bank balances and deposits of €15 million (2008: 46) (of which €12 million (2008: 32) is a gross up due to nominal cash pools which is offset in the interest paid), realised interest on foreign currency hedges of €6 million (2008: 7) and interest received on taxes of €3 million (2008: 6).

Acquisition of subsidiaries and joint ventures (net of cash)

In 2009, the total payments net of cash for acquisitions of group companies amounted to €81 million (2008: 5) and is related to acquisitions within the Express division for €62 million and Mail for €19 million. Major amounts are arising from acquisitions of LIT Cargo for €39 million and Expresso Araçatuba for €23 million.

Disposal of subsidiaries and joint ventures

In 2009, TNT's subsidiary Spring Global Mail disposed Spring Aspac for an amount of €23 million following the exit of Singapore Post out of Spring Global Mail.

Capital expenditure on intangible assets and property, plant and equipment

In 2009, capital expenditures on property, plant and equipment amounted to €193 million (2008: 271). Of this amount, €119 million (2008: 198) related to Express, €72 million (2008: 69) to Mail and €2 million (2008: 4) to Other networks. The capital expenditures on intangible assets of €62 million (2008: 74) mostly related to software. In 2009, 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 2009 totalled €48 million (2008: 40), which mainly related to the sale of several buildings from TNT Real Estate B.V. and TNT Real Estate Development B.V. (totalling €17 million), buildings and equipment from the joint venture Postkantoren B.V. (€4 million) in the Mail business and equipment in the Express business (€16 million).

25 Net cash used in financing activities: -348 million (2008: -458)

Proceeds from and Repayments of long term borrowings

In 2009 the total net proceeds on long term borrowings relates to net issuance of local bank debt and private placements for a total amount of €50 million (2008: 560). In 2008 the total proceeds on long term borrowings related to TNT's new issued benchmark Eurobond offering £450 million due in August 2018. The £450 million proceeds have been swapped into €568 million with a coupon of 7.14%. After deducting issuing costs and the discount for issuance under par an amount of €563 million was received.

Proceeds from and Repayments of short term borrowings

The total net repayments on short term borrowings mainly related to the repayment of commercial paper under TNT's commercial paper programme of €222 million (2008: proceeds 222). The other net repayments related to increases and decreases on outstanding local short term bank debt of €98 million (2008: 83).

Repayments to finance leases

The total repayments related to redemptions on the two Boeings' 747 of €8 million (2008: 8) and to redemptions on other finance lease contracts of €15 million (2008: 17).

Dividends paid

A cash interim dividend for 2009 of €34 million was paid in 2009.

ADDITIONAL NOTES

26 Business combinations
(No corresponding financial statement number)

Specification business combinations

Company name	Segment	Month aquired	% owner	Acquisition cots	Goodwill on acquistion
LIT Cargo	Express	February	100.0%	39	17
Expresso Araçatuba	Express	April	100.0%[1]	49	37
HIM Holtzbrinck	Mail	October	50.0%	5	8
Other acquisitions (including contingent consideration)				22	17
Total				**115**	**79**

1– Reflects economic ownership, legally shareholding amounts to 51%
(in € millions)

Goodwill arising from the acquisitions of interest in newly acquired group companies and from extending TNT's interest in group companies amount to €79 million (2008: 7). The total acquisition costs amount to €115 million (2008: 5) of which €86 million was paid in cash (2008: 5). The acquisition costs of €115 million include an amount payable of €25 million relating to the acquisition of Expresso Araçatuba, acquired cash for an amount of €5 million and an amount of €9 million for contingent considerations. The other acquisitions of €22 million relates to smaller acquisition of which €12 million for the step up acquisition in G3 Worldwide Mail N.V., €4 million in Cendris Print Management B.V. (minority buy out), €2 million in TNT Post Billing & Document Solutions B.V., €2 million in Micropakket Nederland B.V., €1 million in Turbo P.O.S.T GmbH (minority buy out) and Mail Express GmbH for €1 million.

The pre-acquisition balance sheets and the opening balance sheets of the acquired business is summarised in the tables below:

Balance sheets

	Pre-acquisition	Post-Acquisition
Goodwill		79
Other non-current Assets	30	67
Total non-current Assets	**30**	**146**
Total current Assets	32	31
Total assets	**62**	**177**
Equity	11	112
Non-current liabilities	22	24
Current liabilities	**29**	**41**
Total Liabilities and Equity	62	177

The larger acquisitions in 2009 relate to Lit cargo S.A., Expresso Araçatuba and HIM Holtzbrinck GmbH. On these acquisitions an amount of goodwill of €62 million was recognised.

Balance sheets

	LIT Cargo		Expresso Araçatuba		HIM Holtzbrinck GmbH	
	Pre-acquisition	Post-Acquisition	Pre-acquisition	Post-Acquisition	Pre-acquisition	Post-Acquisition
Goodwill		17		37		8
Other non-current Assets	21	38	7	27	2	2
Total non-current Assets	**21**	**55**	**7**	**64**	**2**	**10**
Total current Assets	11	10	17	17	4	4
Total assets	**32**	**65**	**24**	**81**	**6**	**14**
Equity	8	39	6	51	(3)	5
Non-current liabilities	13	15	4	4	5	5
Current liabilities	**11**	**11**	**14**	**26**	**4**	**4**
Total Liabilities and Equity	32	65	24	81	6	14

(in € millions)

LIT Cargo S.A. is a leading express delivery company in Chile. The acquisition gives TNT 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 TNT's 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.

HIM Holtzbrinck GmbH provides a network which covers 40% the distribution of letter mail items of all German households. TNT acquired a 50% share in regional mail companies of HIM Holtzbrinck publishing group.

Acquiree's results

The total acquiree's net income attributable to shareholders accounted within TNT, since acquisition date, amounts to -€1 million. This relates to LIT Cargo for an amount of €1 million, Expresso Araçatuba for an amount of -€2 million and HIM Holtzbrinck of €0 million.

Pro-forma results

The following represents the pro-forma results of TNT 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 TNT.

Pro-forma results

Year ended at 31 December	Pro-forma results (unaudited) 2009	As reported 2009
Total revenues	**10,455**	**10,402**
Profit for the period from continuing operations	287	289
Profit attributable to the equity holders of the parents	279	281
Earnings per ordinary share (in € cents)	76.2	76.7
Earnings per diluted ordinary share (in € cents)	75.6	76.2

(in € millions, except per share data)

In 2008, TNT entered into two small Mail acquisitions being Idomail GmbH&Co KG (51%) and Sierra Nova B.V. (35%) with a total acquisition cost of €2 million.

27 Commitments and contingencies

(No corresponding financial statement number)

Specification off-balance sheet commitments

At 31 December	2009	2008
Guarantees	**0**	22
Rent and operating lease	**959**	914
Capital expenditure	**18**	19
Purchase commitments	**81**	112

(in € millions)

Of the total commitments indicated above €377 million are of a short term nature (2008: 372).

Guarantees

In 2009, TNT has no outstanding guarantees (2008: 22) for the benefit of investments which are not consolidated and third parties. The 2008 guarantee of €22 million expired in 2009.

On behalf of TNT subsidiaries various corporate and bank guarantees have been issued. However, this does not result in a 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.

Rent and operating lease contracts

In 2009 operational lease expenses (including rental) in the consolidated income statement amounted to €447 million (2008: 419). Future payments on non-cancellable existing lease contracts mainly relating to real estate, computer equipment and other equipment were as follows:

Repayment schedule of rent and operating leases

At 31 December	2009	2008
Less than 1 year	**278**	254
Between 1 and 2 years	**196**	202
Between 2 and 3 years	**135**	139
Between 3 and 4 years	**97**	91
Between 4 and 5 years	**74**	66
Thereafter	**179**	162
Total	**959**	914
of which guaranteed by a third party/ customers	**16**	34

(in € millions)

Capital expenditure

Commitments in connection with capital expenditure are €18 million (2008: 19) related to property, plant and equipment. These commitments primarily related to projects within the operations of the Express division.

Purchase commitments

At 31 December 2009 TNT had unconditional purchase commitments of €81 million (2008: 112) which were primarily related to various service and maintenance contracts. These contracts for service and maintenance relate primarily to information technology, security, salary registration, cleaning and aircraft.

Contingent tax liabilities

Multinational groups of the size of TNT are exposed to varying degrees of uncertainty related to tax planning and regulatory reviews and audits. TNT accounts for its income taxes on the basis of its own internal analyses, supported by external advice. TNT continually monitors its global tax position, and whenever uncertainties arise, TNT 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. TNT 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 people living around Liège airport to stop night flights and seek indemnification from the Walloon Region, Liège airport and its operators (including TNT). On 29 June 2004 the Liège Court of Appeal rejected the plaintiffs' claims on the basis of a substantiated legal reasoning. Thereupon, the plaintiffs lodged an appeal with the Belgian Supreme Court, which did cancel the 2004 judgement of the Liège Court of Appeal on 4 December 2008. The matter has been sent to the Brussels Court of Appeal for new submissions and pleadings. A new decision is not expected before at least two years. A similar claim has now been lodged before the Civil Court of Liège by the town of Riemst. It is unlikely that the outcome of this proceeding will be different from the night flights case mentioned above.

Court case with OPTA

TNT Post is involved in a court case with OPTA relating to the "starting-rates" for the universal postal services that should have been set by OPTA as of 1 October 2009. A court session is scheduled on 16 April 2010. See also note 35 under Tariff Regulation.

28 Financial risk management

(No corresponding financial statement number)

TNT's 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 TNT utilises a variety of financial derivatives.

The following analyses provide quantitative information regarding TNT's 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 also for example 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.

TNT 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 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 TNT's borrowings and leases are against floating interest rates. These floating interest rates may fluctuate substantially and could have a material adverse effect on TNT's 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. TNT's 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, deprecation and amortisation. At 31 December 2009, TNT's gross interest bearing borrowings, including finance lease obligations, totalled €2,016 million (2008: 2,241), of which €1,934 million (2008: 1,977) was at fixed interest rate.

Although, TNT 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 2009, 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 €8 million higher (2008: 2). The profit before income taxes is more sensitive to interest rate movements compared to 2008 due to an increase in cash and a decrease in floating interest bearing debt. Equity would be impacted by €15 million (2008: 11), due to the outstanding interest rate swap(s) with a nominal value of US$251 million and €30 million, as well as the €8 million (2008: 2) impact on profit before income taxes (see also note 29).

Foreign currency exchange risk

TNT 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, TNT's functional and reporting currency. TNT's 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 main two currencies of TNT's external hedges are the British pound and US dollar of which the 2009 exchange rates against to euro are shown below:

Principal exchange rates

	Year end closing[1]	Annual Average[2]
British pound	**0.88810**	0.89030
US dollar	**1.44060**	1.39600

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. TNT 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 2009, 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 €1 million higher (2008: 1). The net income sensitivity to movements in EUR/USD exchange rates compared to 2008 has not changed. Equity would have been impacted by €0 million (2008: -3).

At 31 December 2009, 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 (2008: 0). The net income sensitivity to movements in EUR/GBP exchange rates compared to 2008 has not changed. Equity would have been positively impacted by €26 million (2008: 17).

Credit risk

Credit risk represents the loss that the company would incur if counterparties with whom TNT 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. TNT 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 TNT account for 3% of the outstanding trade receivables as per 31 December 2009.

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, TNT attempts to maintain flexibility in funding by keeping committed credit lines available. A downgrade in TNT's credit rating may negatively affect its ability to obtain funds from financial institutions 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. Furthermore, other non TNT specific adverse market conditions could also turn out to have a material adverse effect on the company's funding ability.

TNT has the following undrawn committed facilities:

Committed facilities

At 31 December	2009	2008
Multicurrency Revolving Credit Facility	**1,000**	1,000
Total commited facilities	**1,000**	1,000

(in € millions)

The table below analyses TNT's 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.

Liquidity risk schedule

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Thereafter	Bookvalue
Outgoing flows based on the financial liablities 2009					
Euro Bonds	88	177	177	1,829	1,527
Other loans	19	40	54	4	95
Financial leases	24	42	39	146	213
Interest rate and cross currency swaps – outgoing	67	450	116	871	124
Foreign exchange contracts – outgoing	640				7
Short term bank debt	57				57
Trade accounts payable	470				470
Other current liabilities	249				249
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	**919**	**294**	**277**	**2,050**	**2,742**
Outgoing flows based on the financial liablities 2008					
Euro Bonds	86	172	172	1,870	1,489
Other loans	349	2	2	3	351
Financial leases	25	44	34	162	230
Interest rate and cross currency swaps – outgoing	65	122	360	792	135
Foreign exchange contracts – outgoing	766				43
Short term bank debt	36				36
Trade accounts payable	414				414
Other current liabilities	169				169
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	**1,096**	**245**	**238**	**2,164**	**2,867**

(in € millions)

Capital structure management

It is TNT's objective 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. TNT's capital structure is managed along the following components: (I) maintain an investment grade credit rating at BBB+; (2) an availability of at least €500 million of undrawn committed facilities (via a bank facility of €600 million until 2012 and €400 million until 2015); (3) structured funding via a combination of public and bank debt, with a risk weighted mix of fixed and floating interest; (4) cash pooling systems facilitating optimized cash requirements for the group and (5) a tax optimal internal and external funding focused at optimizing the cost of capital for the group, within long term sustainable boundaries.

A downgrade in TNT's credit rating 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 TNT's returns for shareholders and benefits for other stakeholders.

The terms and conditions of TNT's 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. See also chapter 2, 3 and the risks described in chapter 20.

29 Financial instruments

(No corresponding financial statement number)

Summary financial instruments

The accounting policies for financial instruments have been applied to the following line items:

Impact financial instruments on assets

At 31 December	Note	Loans and receivables	Financial assets at fair value through profit and loss	Held to maturity investments	Available for sale	Total
Assets as per balance sheet 2009						
Other loans receivable	3	6				6
Other financial fixed assets	3	21	2			23
Accounts receivable	5	1,591				1,591
Prepayments and accrued income	6	227	9			236
Cash and cash equivalents	7	910				910
Total		**2,755**	**11**	**0**	**0**	**2,766**
Assets as per balance sheet 2008						
Other loans receivable	3	5				5
Other financial fixed assets	3	21	12			33
Accounts receivable	5	1,574				1,574
Prepayments and accrued income	6	257	41			298
Cash and cash equivalents	7	497				497
Total		**2,354**	**53**	**0**	**0**	**2,407**

(in € millions)

Impact financial instruments on liabilities

	Note	Financial liabilties measured at amortised costs	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per balance sheet 2009					
Long term debt	12	1,801	124		1,925
Trade accounts payable		470			470
Other current liabilities	13	340	7		347
Total		**2,611**	**131**	**0**	**2,742**
Liabilities as per balance sheet 2008					
Long term debt	12	1,710	135		1,845
Trade accounts payable		414			414
Other current liabilities	13	565	43		608
Total		**2,689**	**178**	**0**	**2,867**

(in € millions)

The fair value of financial instruments is based on foreign exchange and interest rate market prices. TNT 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.

Eurobond

The total €1,050 million (2008: 1,050) and £450 million (2008: 450) of Eurobonds is measured at amortised cost of €1,527 million (2008: 1,489), being the nominal value corrected for the costs and issuance under par ('at a discount') that are still to be amortised. The book value is equal to the amortised cost value. The foreign exchange exposure on the £450 million Eurobond is hedged via the £450/€568 cross currency swap.

For the outstanding Eurobonds, see the table below:

Overview of Eurobonds

At 31 December	Nominal value	Costs / discount to be amortised	Hedge accounting	Fair value adjustment	Carrying value	Fair value
3.875% Eurobond 2015	400	20	No		380	396
5.375% Eurobond 2017	650	4	No		646	680
7.500% Eurobond 2018 (GBP)[1]	568	5	Yes		501	570
Total outstanding Eurobonds 2009	**1,618**	**29**			**1,527**	**1,646**
3.875% Eurobond 2015	400	23	No		377	347
5.375% Eurobond 2017	650	4	No		646	583
7.500% Eurobond 2018 (GBP)[1]	568	5	Yes		466	449
Total outstanding Eurobonds 2008	**1,618**	**32**			**1,489**	**1,379**

(in € millions)

1 – The difference between the nominal value and the carrying value mainly relates to movements in the GBP/EUR exchange rate. The difference between the carrying value and the fair value relates to changes in the relevant interbank interest rates.

Finance leases

Total debt on finance leases consist of financial lease contracts on buildings (depots), trucks and airplanes.

For the outstanding finance leases, see the table below:

Overview of finance leases

	Nominal value	Fixed / floating interest	Hedge accounting	Carrying value	Fair value
Boeing 747 ERF	174	floating	Yes	174	165
Other leases	39	floating/fixed	No	39	38
Total outstanding Finance leases 2009	**213**			**213**	**203**
Boeing 747 ERF	189	floating	Yes	189	158
Other leases	41	floating/fixed	No	41	43
Total outstanding Finance leases 2008	**230**			**230**	**201**

(in € millions)

Interest rate swaps

TNT has USD 251 million (2008: 262) and EUR 30 million (2008: 0) of interest rate swaps outstanding for which TNT 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.

As all prior 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 €2 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 (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 (2008: 0).

An overview of interest rate and cross currency swaps is presented below:

Overview of interest rate and cross currency swaps

At 31 December Nominal	Forward Starting	Currency	Outstanding	Pay	Receive	Hedge	Fair value	Settlement amount
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/Euro**	**Yes**	**floating**	**floating**	**fair value**	**(19)**	
568[1]	**No**	**GBP/Euro**	**Yes**	**floating**	**fixed**	**cash flow**	**(88)**	
26	**No**	**SEK/Euro**	**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
500	No	Euro	No	floating	fixed	fair value		
Cross currency swaps 2008								
250	No	USD/EUR	Yes	floating	floating	fair value	(9)	
568[1]	No	GBP/EUR	Yes	floating	fixed	cash flow	(95)	

(in € millions)

1 – Please also see under explanatory text relating foreign exchange contracts.

Foreign exchange contracts

TNT 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. The other outstanding cross currency swaps are fair value hedges on inter company positions.

The details relating to outstanding foreign exchange contracts are presented below:

Outstanding foreign exchange contracts

	Note	At 31 December Carrying value	Fair value	Nominal value	Hedge	Amount in equity
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	
Liability	13	(43)	(43)	766	Fair value	

(in € millions)

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 2009 amount to €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 (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 (2008: 0).

30 Earnings per share

(No corresponding financial statement number)

To compute diluted earnings per share, the average number of shares outstanding is adjusted for the number of all potentially dilutive shares. At 31 December 2009 TNT had potential obligations under stock option and share grants to deliver 5,664,403 shares (2008: 3,788,712). There was no difference in the income attributable to shareholders in computing TNT's basic and diluted earnings per share.

For calculating basic earnings per share, an average of 366,322,316 ordinary shares is taken into account. For calculating diluted earnings per share an average number of 368,966,939 ordinary shares is taken into account.

The following table summarises the outstanding shares for TNT's computation related to earnings per share:

Outstanding shares information

	2009	2008
Number of issued and outstanding ordinary shares	**370,988,519**	360,021,821
Shares held by the company to cover share plans	**488,691**	1,059,931
Average number of ordinary shares per year	**366,322,316**	363,566,403
Diluted number of ordinary shares per year	**2,644,623**	1,138,342
Average number of ordinary shares per year on fully diluted basis in the year	**368,966,939**	364,704,745

31 Joint ventures

(No corresponding financial statement number)

The company accounts for joint ventures in which TNT and another party have equal control according to the proportionate consolidation method. TNT's most significant joint venture as at 31 December 2009 is the 50% interest in Postkantoren B.V. with Postbank N.V. to operate post offices in the Netherlands. In addition, TNT holds 50% interest in HIM Holtzbrinck joint ventures and a joint venture Sabena Technics S.A. which provides maintenance activities of TNT's aircraft. TNT's share in equity in these joint ventures is limited as per 31 December 2009.

Key pro rata information regarding all of TNT's joint ventures in which TNT has joint decisive influence over operations is set forth below and includes balances at 50%:

Key pro rata information on joint ventures

	2009	2008
Non-current assets	**32**	45
Current assets	**170**	195
Equity	**47**	28
Non-current liabilities	**73**	119
Current liabilities	**82**	93
Net sales	**302**	359
Operating income	**15**	(16)
Profit attributable to the shareholders	**9**	(19)
Net cash provided by operating activities	**29**	30
Net cash used in investing activities	**(3)**	(5)
Net cash used in financing activities	**8**	(30)
Changes in cash and cash equivalents	**34**	(5)

(in € millions)

32 Related party transactions and balances

(No corresponding financial statement number)

The TNT group companies have trading relationships with a number of joint ventures as well as with unconsolidated companies in which TNT holds minority shares. In some cases there are contractual arrangements in place under which TNT companies source supplies from such undertakings, or such undertakings source supplies from TNT.

During 2009, sales made by TNT companies to its joint ventures amounted to €5 million (2008: 14). Purchases of TNT from joint ventures amounted to €69 million (2008: 134). The net amounts due to the joint venture entities amounted to €88 million (2008: 69). As at 31 December 2009, no material amounts were payable by TNT to associated companies.

Related party transactions with TNT's pension fund and the Board of Management and Supervisory Board are presented in note 10 and 18 respectively.

33 Segment information

(No corresponding financial statement number)

The presentation of segment information in the consolidated financial statements is presented from a product perspective. The Board of Management receives operational and financial information on a monthly basis which is primarily based on the different products and customer solutions TNT offers. In addition, segment information from a geographical perspective has been presented to give an overview of the main markets. TNT has the following three reportable segments:

- Express business. The Express business provides demand door-to-door express delivery services for customers sending documents, parcels and freight.
- Mail business. The Mail business provides services for collecting, sorting, transporting and distributing domestic and international mail.
- Other network business. The Other network business provides time-critical deliveries to individually agreed delivery point for business customers during the night.

Although the Other network business does not meet the quantitative thresholds as required by IFRS 8, management concluded that this segment should be reported, as this segment has its own network apart from the Express and Mail business and falls under the responsibility of the chief financial officer.

The measure of profit and loss and assets and liabilities is based on the TNT Group Accounting Policies which are compliant with IFRS. The pricing of intercompany sales is done at arms' length.

Segmentation – results

In the table below a reconciliation is presented of the segment information relating to the income statement of the reportable segments:

Segment information relating to the income statement

Year ended at 31 December 2009	Express	Mail	Other networks	Inter-company	Non-allocated	Total
Net sales	5,850	4,180	248			**10,278**
Inter-company sales	10	11	2	(23)		
Other operating revenues	96	25	3			**124**
Total operating revenues	5,956	4,216	253	(23)	0	**10,402**
Other income	(2)	37			2	**37**
Depreciation/impairment property, plant and equipment	(163)	(94)	(2)		(3)	**(262)**
Amortisation/impairment intangibles	(67)	(159)	(1)			**(227)**
Total operating income	193	472	7		(24)	**648**
Net financial income/(expense)						**(161)**
Results from investments in associates						**(19)**
Income tax						**(179)**
Profit/(loss) from discontinued operations						
Profit for the period						**289**
Attributable to:						
Minority interests						**8**
Equity holders of the parent						**281**
Number of employees	78,030	79,912	1,355		366	**159,663**

(in € millions, except employees)

Taxes and net financial income are dealt at 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.

The material exceptional non cash items in the 2009 income statement are impairment charges of €168 million of which €146 million within Mail and €22 million within Express. The impairment charge consists of goodwill of €118 million, software and other intangible assets of €23 million, property plant and equipment of €11 million and other value adjustments of €9 million.

Furthermore the following exceptional non cash items can be identified:

- restructuring charges of €65 million of which €37 million for Express and €28 million for Mail;
- book profits on the sale of property, plant and equipment of €19 million;
- book gain on sale Spring Aspac of €20 million;
- fair value adjustment on Logispring of €10 million;
- impairment of associates of EMN Germany of €3 million.

Segment information relating to the income statement

Year ended at 31 December 2008	Express	Mail	Other networks	Inter-company	Non-allocated	Total
Net sales	6,515	4,199	269		0	10,983
Inter-company sales	6	12	1	(19)		
Other operating revenues	132	34	3			169
Total operating revenues	6,653	4,245	273	(19)		**11,152**
Other income	7	26	2			35
Depreciation/impairment property, plant and equipment	(208)	(95)	(3)		(2)	(308)
Amortisation/impairment intangibles	(53)	(36)	(1)		(1)	(91)
Total operating income	376	633	11		(38)	**982**
Net financial income/(expense)						(147)
Results from investments in associates						(33)
Income tax						(242)
Profit/(loss) from discontinued operations						0
Profit for the period						**560**
Attributable to:						
Minority interests						4
Equity holders of the parent						**556**
Number of employees[1]	75,537	76,892	1,385		271	154,085

1 The number of employees for Mail has been restated to align with the 2009 definition.
(in € millions, except employees)

Non-allocated operating income

Year ended at 31 December	2009	2008
Business initiatives	**(17)**	(14)
World Food Programme/Planet Me	**(6)**	(9)
Other costs	**(1)**	(15)
Total	**(24)**	(38)

(in € millions)

In 2009, non-allocated operating costs amounted to €24 million (2008: 38). Included in these costs is €17 million (2008: 14) for business initiatives, which mainly relate to investigations to redefine TNT's strategy and costs relating to an initiative to further drive value "below the line".

Costs made to support the World Food Programme (WFP) and Planet Me amounted to €6 million (2008: 9). Included in the cost for WFP are costs for knowledge transfer, hands on support, raising awareness and funds for the World Food Programme including cash donations. Planet Me is a TNT initiative to have an active contribution to reduce CO_2 emission to avoid further global warming. The other costs were €1 million (2008: 15).

Balance sheet information

Below a reconciliation is presented of the segment information relating to the balance sheet of the reportable segments:

Segment information relating to the statement of financial position

At 31 December	Express	Mail	Other networks	Non-allocated	Total
Goodwill paid in the year	54	27			**81**
Intangible assets	1,801	209	50	1	**2,061**
Capital expenditure on property, plant and equipment	122	73	1		**196**
Property, plant and equipment	1,059	541	6	4	**1,610**
Investments in associates	1	4		57	**62**
(Trade) accounts receivable	1,075	454	31	31	**1,591**
Total assets[1]	**4,382**	**1,437**	**92**	**1,784**	**7,695**
Total liabilities	**1,669**	**1,047**	**24**	**2,875**	**5,615**

(in € millions)

1 – Identifiable assets used for multiple segments have been allocated on the basis of estimated usages.

The balance sheet information at 31 December 2008 is as follows:

Segment information relating to the statement of financial position

At 31 December	Express	Mail	Other networks	Non-allocated	Total
Goodwill paid in the year	3	4			**7**
Intangible assets	1,700	312	50	1	**2,063**
Capital expenditure on property, plant and equipment	214	70	1	4	**289**
Property, plant and equipment	1,045	576	7	6	**1,634**
Investments in associates	1	7		56	**64**
(Trade) accounts receivable	991	521	33	29	**1,574**
Total assets[1]	**4,189**	**1,691**	**96**	**1,209**	7,185
Total liabilities	**1,492**	**1,066**	**23**	**2,847**	5,428

(in € millions)

1 – Identifiable assets used for multiple segments have been allocated on the basis of estimated usages.

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 TNT goodwill arising from the acquisition of TNT Ltd/GD Express Worldwide which is not allocated to other countries or regions but to the Netherlands.

Geographical information relating to total net sales

Year ended at 31 December	2009	2008
Europe		
The Netherlands	**3,496**	3,579
United Kingdom	**1,284**	1,445
Italy	**770**	857
Germany	**992**	1,098
France	**674**	725
Belgium	**294**	332
Rest of Europe	**994**	1,188
Americas		
USA and Canada	**47**	50
Brazil	**297**	259
South & Middle America	**62**	35
Africa & the Middle East	**120**	123
Australia & Pacific	**438**	486
Asia		
China and Taiwan	**533**	510
India	**72**	74
Rest of Asia	**205**	222
Total net sales	**10,278**	10,983

(in € millions)

Geographical information relating to the total assets and capital expenditures

Year ended at 31 December	Intangible assets	Property, plant and equipment	Financial fixed assets	Pension assets	Trade receivable	Other currents assets	**Total assets**[1]	Capital expenditures assets
Europe								
The Netherlands[2]	1,021	578	75	884	265	975	**3,798**	89
United Kingdom	174	261	1		172	75	**683**	41
Italy	4	34	37		236	48	**359**	13
Germany	79	77	61		108	42	**367**	16
France	287	68	7		100	22	**484**	6
Belgium	32	296	10		61	69	**468**	9
Rest of Europe	42	88	29		155	51	**365**	25
Americas								
USA and Canada		3	38		6	3	**50**	1
Brazil	227	67	3		49	24	**370**	27
South & Middle America	34	23	1		17	10	**85**	2
Africa & the Middle East	3	8	1		25	16	**53**	7
Australia & Pacific	22	70	53		51	9	**205**	5
Asia								
China and Taiwan	111	23	1		74	42	**251**	12
India	23	2	2		16	11	**54**	1
Rest of Asia	2	12	5		35	22	**76**	4
Total	**2,061**	**1,610**	**324**	**884**	**1,370**	**1,419**	**7,668**	**258**

(in € millions)

1 – Total assets exclude assets held for sale.
2 – Including the goodwill arising from the acquisition of TNT Ltd/GD Express Worldwide.

Geographical information relating to the total assets and capital expenditures

Year ended at 31 December	Intangible assets	Property, plant and equipment	Financial fixed assets	Pension assets	Trade receivable	Other currents assets	**Total assets**[1]	Capital expenditures assets
Europe								
The Netherlands[2]	1,010	617	80	726	274	591	**3,298**	97
United Kingdom	168	280	5		174	96	**723**	92
Italy	48	41	35		253	59	**436**	23
Germany	135	81	60		115	38	**429**	18
France	287	75	8		100	24	**494**	17
Belgium	31	314	15		73	33	**466**	14
Rest of Europe	69	80	20		150	85	**404**	46
Americas								
USA and Canada		3	35		6	4	**48**	1
Brazil	130	37	2		22	15	**206**	16
South & Middle America	1	2	1		9	5	**18**	1
Africa & the Middle East	3	3	1		27	14	**48**	2
Australia & Pacific	21	64	38		40	7	**170**	18
Asia								
China and Taiwan	131	22			72	48	**273**	8
India	28	3	2		16	9	**58**	3
Rest of Asia	1	12	5		39	32	**89**	7
Total	2,063	1,634	307	726	1,370	1,060	**7,160**	363

(in € millions)

1 – Total assets exclude assets held for sale.
2 – Including the goodwill arising from the acquisition of TNT Ltd/GD Express Worldwide.

Geographical information relating to the employees

At 31 December	Express	Mail	Other networks	Non-allocated	2009	2008
Europe						
The Netherlands	2,833	62,360	193	283	**65,669**	62,562
United Kingdom	11,339	911			**12,250**	13,018
Italy	3,078	1,454			**4,532**	4,627
Germany[1]	4,212	4,969	1,005		**10,186**	10,432
France	4,646	20			**4,666**	4,767
Belgium	2,357	606	45		**3,008**	3,127
Rest of Europe	7,965	9,412	112		**17,489**	18,403
Americas						
USA and Canada	776	50			**826**	862
Brazil	9,116				**9,116**	6,312
South & Middle America	1,158				**1,158**	546
Africa & the Middle East	1,340	9		83	**1,432**	1,787
Australia & Pacific	4,823				**4,823**	5,112
Asia						
China and Taiwan	18,974	116			**19,090**	16,768
India	2,014				**2,014**	2,192
Rest of Asia	3,399	5			**3,404**	3,570
Total	**78,030**	**79,912**	**1,355**	**366**	**159,663**	**154,085**

1 – The comparative number for Germany has been restated to align with the 2009 definition.

34 Subsequent events

(No corresponding financial statement number)

On 13 January 2010, a joint venture between the Styria Media Group AG and TNT Post in Austria, decided to create value by focussing on the regional delivery of newspapers and terminates its addressed mail business and part of its unaddressed mail business.

On 20 January 2010, TNT Post Holding Deutschland GmbH has signed an agreement with Verlagsgruppe Georg von Holtzbrinck GmbH & Co. KG, CITIPOST-Verbund-GmbH and Logistic-Mail-Factory (a company of Mediengruppe Pressedruck, Augsburg) to establish "mail alliance" in Germany. With this new alliance, TNT Post strengthens the existing co-operation with the mail distribution companies of leading German publishers. The "mail alliance" will be operational as of 25 January 2010. The "mail alliance" offers a solution for regional customers with nationwide volumes. The partners of the "mail alliance" will create a unique platform to exchange their interregional mail volumes. In this way, customers will get a better solution for their mail deliveries in Germany via alternative networks.

On 20 January 2010, TNT signed an agreement to sell, with immediate effect, its German unaddressed mail business (TNT Direktwerbung) to its current management team. TNT Direktwerbung, a part of TNT Post Germany, is a leading unaddressed mail delivery operator, with a nationwide coverage and facilities in Berlin, Bleicherode, Magdeburg, Löhne, Hamburg, Rostock, Chemnitz and Holzgerlingen. It employs about 300 people. The sale of TNT Direktwerbung is in line with TNT's strategy to manage its European Mail Networks business (EMN) for value realisation through partnerships and sale, as announced during the company's Analyst Meeting on 3 December 2009.

On 22 January 2010, TNT has signed an agreement to sell DomiCall s.r.o., a Czech telemarketing company to a private enterprise active in the call centre business. DomiCall, based in Prague, Czech Republic, is part of European Mail Networks and provides call centre/telemarketing services mainly to the automotive and insurance sectors. The sale of DomiCall is in line with TNT's strategy to manage its European Mail Networks business (EMN) for value realisation through partnerships and sale, as announced during the company's Analyst Meeting on 3 December 2009.

On 28 January 2010, the Federal Administrative Court in Leipzig, Germany, ruled that the ordinance on the postal minimum wage of EUR 9.80 is null and void. The basis for this decision is that the German State failed to give TNT Post in Germany the opportunity to make written comments prior to the issuance of the ordinance, as required by law.

On 29 January 2010, TNT and the trade unions have reached an in-principle agreement on the collective labour agreement (CLA) and the social plan. This agreement satisfies the starting points of the talks of both the trade unions and TNT Post. The TNT CLA will run from 1 April 2009 to 31 December 2011. All TNT employees in the Netherlands will receive a 0.7% pay rise as of 1 January 2010. A differentiation will be made from 1 April 2010 in the form of separate CLAs to be agreed for the entities

TNT Post, TNT Express and TNT Post Parcel Service. A 1% rise has been agreed as of 1 January 2011 and 0.2% as of 1 October 2011 for the TNT Post entities (excluding TNT Post Parcel Service). New negotiations will shortly commence on separate CLAs for TNT Express and TNT Post Parcel Service to take effect on 1 April 2010. TNT Post and the trade unions will also set up a joint working group to explore a future-proof pension scheme for TNT Post.

On 8 February 2010, TNT expanded its e-commerce activities with the acquisition of e-fulfillment specialist TopPak. The parties signed an agreement to this effect. With this acquisition, through its Parcel Service business, TNT is strengthening its position as market leader in the distribution market and adding an important link to its e-fulfillment service chain.

35 Postal regulation and concession

(No corresponding financial statement number)

Postal regulation in the Netherlands
Since 1 April 2009 the key legislation regulating TNT's mail activities is the Dutch Postal Act 2009. This Act requires a designated postal provider to perform the universal postal services in the Netherlands. By separate decree, Koninklijke TNT Post B.V. (TNT Post) has been designated as provider of the universal postal services. The Postal Act 2009 sets the requirements on these universal postal services. In connection with the Dutch Postal Act 2009, the parliamentary Postal Decree 2009 specifies the services that constitute the universal postal services and deals, among other things, with damages. As of 1 April 2009, TNT's exclusive right to convey domestic and inbound international letters with a maximum individual weight of 50 grammes ceased to exist.

Furthermore, there is the Postal Regulation 2009, which specifies regulation on tariffs of the universal postal services and the transparency of the financial accounting of these services according to the EU Postal Directive. It also contains obligations concerning a specific report on postal outlets, quality of domestic universal postal services and costs and revenues of the universal postal services.

The Dutch Postal Act 2009 also includes obligations for other postal operators, as well as obligations for postal operators vis-à-vis each other. In practice, these latter obligations, such as accessibility of P.O. boxes and postal codes, sets requirements for TNT Post only.

OPTA, the independent Supervisory Authority for Post and Telecommunications established by the government, supervises the postal market as well as TNT Post's performance of the universal postal services. The responsibility for postal policy remains under the authority of the Minister of Economic Affairs.

The universal postal services

Scope

The domestic universal postal services consist of the conveyance against payment of standard single rates of the following postal items:

- letters (including reply items) and printed matter with a maximum individual weight of two kilogrammes;
- postal parcels with a maximum individual weight of 10 kilogrammes; and
- registered, registered insured and registered value declared items.

The Dutch Postal Act 2009 does not require TNT to offer services for the delivery of bulk letters, bulk printed matter such as advertising, magazines and newspapers or unaddressed mail items.

For international inbound and outbound mail, based on the Dutch Postal Act 2009 and in accordance with the rules of the United Postal Union ("UPU"), universal postal services mainly comprise the conveyance against payment of both postal items at standard single rates and of bulk mail items at other than standard single rates with a maximum individual weight of two kilogrammes and of postal parcels with a maximum individual weight of 20 kilogrammes. In addition, universal postal services cover the postal services regulated by the UPU.

Regulatory conditions for the provision of universal postal services

Regarding universal postal services the Dutch Postal Act 2009 imposes various regulatory conditions on TNT Post with respect to service provision, such as the number and spread of postal outlets, and tariffs. The Postal Regulation 2009 mainly deals with cost and revenue accounting, detailed tariff regulation, financial administration and reporting. Other than the universal postal services, none of TNT's postal services is subject to governmental control.

With respect to service levels, the Dutch Postal Act 2009 requires TNT Post to provide nationwide services and to perform a delivery round every day, except for Sundays and public holidays. TNT Post is required to deliver not less than 95% of all standard single rated domestic letters the day after the day of posting, excluding Sundays and public holidays. TNT Post is required to maintain a network of service points (letter boxes, post offices and agents) for the access of the general public to the services.

Tariff regulation

With respect to rates and conditions, OPTA had to set rates for the universal postal services as of 1 October 2009 based on information and recommended rates provided by TNT Post. Further, based on the financial report of the universal postal services for the first full year of liberalisation, OPTA is to set more definite postal rates in 2010. OPTA has not yet set the "starting"-rates, but rather ordered TNT Post to provide OPTA with more detailed cost allocation, threatening with a penalty of €1 million. After a preliminary injunction at the court of Rotterdam, initiated by TNT Post, the order was adjusted. TNT Post subsequently provided OPTA with additional information, but OPTA judged the information was still unsatisfactory and demanded payment of the €1 million. Furthermore, OPTA issued a second order under penalty of €5 million. After a second preliminary injunction TNT Post provided OPTA with more detailed information on cost allocation in November. However, on 16 December 2009 OPTA still concluded that the information was insufficient and demanded payment of the additional penalty of €5 million. Further, OPTA submitted new questions to TNT on 18 January 2010, which parties discussed on 28 January 2010. Further questions were discussed on 18 February 2010.

TNT Post started legal proceedings on the merits concerning the first order for incremental payment as well as in relation to OPTA's omission to timely set new starting tariffs. A court session on both issues is scheduled on 16 April 2010.
In 2010 the junior Minister of Economic Affairs will adjust the Postal Regulation to regulate in detail the second rate setting by OPTA. The Dutch Second Chamber of Parliament will debate on this adjustment.

Following each OPTA rate setting, TNT Post is allowed to set rates and associated conditions which have to be transparent, non-discriminatory and uniform. TNT Post is required to submit these rate changes to OPTA, which has to assess whether the proposed changes are in accordance with the price cap system.
The price cap system limits tariff developments in two different categories of services, i.e. letters and parcels, to the development of the general Consumer Price Index. The letter category comprises single rate letters, both domestic and abroad. The parcel category comprises single rate parcels, also domestic and abroad. The price cap system uses a weighing factor for each service in these categories.

Accounting and other financial obligations
TNT Post's obligations on reporting include a financial report on TNT Post's performance of the universal postal services. Further, TNT Post is required to maintain separate financial accounts within its internal financial administration for universal postal services. Every year, TNT Post must submit to OPTA a declaration of an independent auditor, designated by OPTA, that its financial accounting system complies with these obligations.

Underlying this accounting system and the financial reports to OPTA is a system for allocating cost and revenues to the different types of services. This system complies with the accounting rules laid down in the EU Postal Directive and the Postal Regulation 2009.

Evaluation of universal postal services obligations
As a result of the Dutch Postal Act 2009 the scope of the universal postal services has become much smaller and the former reserved area for TNT Post no longer exists. Therefore, TNT as well as the junior Minister of Economic Affairs are cautious of the effects of the Dutch Postal Act 2009. Hence, the junior Minister has announced an evaluation of the universal postal service in 2011.

Value added tax on postal services
At present, TNT is not allowed to charge value added tax (VAT) on postal items forming part of the universal postal services. Consequently, TNT cannot deduct the VAT amounts paid on its purchases of services and goods related to the universal postal services. TNT is required to charge VAT on all services not included in the universal postal services. Competitors are required to charge VAT on those items as well. Therefore, in the Netherlands there is a level playing field for competitors and TNT on these services. In most other Member States of the EU the scope of universal postal services is very large, resulting in a VAT exemption being given to national postal operators over a considerable part of the postal market in these countries, including for services with individually negotiable prices. According to the European Commission, this distorts the functioning of the internal market for postal services. It has launched an infringement procedure against Sweden, Germany and the United Kingdom on this VAT issue in order to resolve it.

Competitors and their labour conditions

Based on the Dutch Postal Act 2009 the junior Minister of Economic Affairs has issued an Order in council (AMvB) that requires postal operators to offer employment agreements to their postal deliverers. Every postal operator has to work on the basis of 100% employment agreements, unless it has joined a collective labour agreement which contains the following development in the minimum number of employment agreements: 10% per 1 April 2010, 30% per 1 April 2011, 60% per 1 April 2012, and 80% per 1 October 2012. Not only enables this Order in council the postal deliverers to earn a fair income, it also provides for fair competition on employment conditions. The collective labour agreement in which competitors currently participate does not contain such a clear development path. However, competitors successfully instituted summary proceedings concerning the Order in council. The judge decided that the legal requirements for an Order in council were not met. The Dutch cabinet has lodged an appeal against this decision. At the same time, an adjustment in the Order in council is under construction. It is unclear whether this adjustment will come into force irrespective of the outcome of the appeal.

Mutual services

According to article 13 of the Dutch Postal Act 2009, TNT Post is obliged to give its competitors access to its P.O. boxes. This service has to be delivered against reasonable, objectively justifiable and non-discriminatory conditions and remunerations. To date these conditions and remunerations are negotiated results between parties. Based on article 12 of the Dutch Postal Act 2009 a similar arrangement is made with TNT Post's competitors with regard to return-to-sender items of competitors that enter TNT Post's processes through the collection boxes.

TNT N.V. CORPORATE BALANCE SHEET / CORPORATE INCOME STATEMENT

TNT N.V. Corporate balance sheet

At 31 December

Before proposed appropriation of profit	Notes	2009	variance %	2008
ASSETS				
Non-current assets				
Investments in group companies		3,484		5,633
Investments in associates		49		56
Financial fixed assets at fair value		-		11
Deferred tax assets		5		0
Total financial fixed assets	(36)	3,538	(37.9)	5,700
Pension asset	(37)	958	21.3	790
Total non-current assets		4,496	(30.7)	6,490
Current assets				
Accounts receivable from group companies		3		4
Other accounts receivable		1		1
Cash and cash equivalents		1		1
Total current assets		5	(16.7)	6
TOTAL ASSETS		4,501	(30.7)	6,496
LIABILITIES AND EQUITY				
Equity	(9) (38)			
Issued share capital		178		173
Additional paid in capital		871		876
Cumulative translation adjustment		(146)		(212)
Hedge reserves		(43)		(35)
Other reserves		953		497
Unappropriated profit		247		434
Total shareholders' equity		2,060	18.9	1,733
Non-current liabilities				
Euro Bonds	(12)	1,527		1,489
Other long term liabilities		37		
Total non-current liabilities		1,564	5.0	1,489
Current liabilities				
Accounts payable to group companies		648		3,131
Short term provision		28		33
Other current liabilities		173		73
Accrued current liabilities		28		37
Total current liabilities		877	(73.2)	3,274
TOTAL LIABILITIES AND EQUITY		4,501	(30.7)	6,496

(in € millions, except percentages)

TNT N.V. Corporate income statement

Year ended at 31 December	2009	2008
Results from investments in group companies/associates after taxes	218	547
Other income and expenses after taxes	63	9
Profit attributable to the shareholders	281	556

(in € millions)

NOTES TO THE CORPORATE BALANCE SHEET AND INCOME STATEMENT

ACCOUNTING POLICIES FOR VALUATION AND DETERMINATION OF RESULT TNT N.V.

The corporate financial statements for the year ended 31 December 2009 have been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code. TNT has applied the option in Article 362 (8) to use the same principles of valuation and determination of result for the corporate financial statements as the consolidated financial statements. As a result TNT's investments in group companies are stated using the equity method. For the principles of valuation of assets and liabilities and for the determination of results reference is made to the notes to the consolidated balance sheet and income statement.

36 Total financial fixed assets: 3,538 million (2008: 5,700)

Statement of changes in financial fixed assets

	Investments in group companies	Investments in associates	Deferred tax assets	Financial fixed assets at fair value	Total
Balance at 31 December 2007	**4,250**	**77**	**1**	**11**	**4,339**
Changes in 2008					
Results	579	(32)			**547**
Acquisitions/additions to capital	3,041	11			**3,052**
Disposals/dividend	(2,108)		(1)		**(2,109)**
Exchange rate differences	(129)				**(129)**
Total changes	1,383	(21)	(1)	0	**1,361**
Balance at 31 December 2008	**5,633**	**56**		**11**	**5,700**
Changes in 2008					
Results	231	(13)			**218**
Acquisitions/additions to capital	737	6	5		**748**
Disposals/dividend	(3,183)			(3)	**(3,186)**
Exchange rate differences	66			-	**66**
Other changes				(8)	**(8)**
Total changes	(2,149)	(7)	5	(11)	**(2,162)**
Balance at 31 December 2009	**3,484**	**49**	**5**		**3,538**

(in € millions)

37 Pension asset: 958 million (2008: 790)

TNT N.V. is the sponsoring employer for two Dutch pension plans, which are externally funded and are covering 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 other group companies recognise the costs equal to the contribution payable for the period in their financial statements. For TNT N.V. the contributions received from other group entities offset the pension expense. The impact of the contributions is represented as participant contributions in the table below.

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 for the TNT N.V. sponsored group pension plans.

Pension disclosures

	2009	2008
Change in benefit obligation		
Benefit obligation at beginning of year	(3,549)	(4,010)
Service costs	(74)	(95)
Interest costs	(218)	(231)
Actuarial (loss)/gain	(266)	681
Benefits paid	111	106
Benefit obligation at end of year	**(3,996)**	(3,549)
Change in plan assets		
Fair value of plan assets at beginning of year	4,057	4,721
Actual return on plan assets	716	(674)
Participant contributions	174	116
Benefits paid	(111)	(106)
Fair value of plan assets at end of year	**4,836**	4,057
Funded status as per 31 December		
Funded status	840	508
Unrecognised net actuarial loss	94	253
Unrecognised prior service costs	24	29
Pension assets	**958**	790
Components of employer pension expense		
Service costs	(74)	(95)
Interest costs	(218)	(231)
Expected return on plan assets	293	373
Amortisation of actuarial loss	(7)	(5)
Participant contributions	174	116
Total post employment benefit income/(expenses)	**168**	**158**
Weighted average assumptions as at 31 December		
Discount rate	5.6%	6.1%
Expected return on plan assets	7.1%	7.1%
Rate of compensation increase	2.0%	2.0%
Rate of benefit increase	1.2%	1.2%

(in € millions, except percentages)
For additional details on the Dutch pension plans, see note 10.

38 Equity: 2,060 million (2008: 1,733)

Statement of changes in equity

	Issued share capital	Additional paid in capital	Translation reserve	Hedging reserve	Other reserves	Retained earnings	Attributable to equity holders of the parent
Balance at 31 December 2007	**182**	**982**	**(82)**	**(22)**	**0**	**871**	**1,931**
Profit for the period						556	556
Gains/(losses) on cashflow hedges, net of tax				(13)			(13)
Currency translation adjustment			(129)				(129)
Total recognised income for the year			(129)	(13)		556	414
Final dividend previous year						(202)	**(202)**
Appropriation of net income					669	(669)	
Interim dividend current year						(122)	**(122)**
Repurchases and cancellations of shares	(9)	(106)			(191)		(306)
Share based compensation					16		**16**
Other			(1)		3		**2**
Total direct changes in equity	(9)	(106)	(1)	0	497	(993)	(612)
Balance at 31 December 2008	**173**	**876**	**(212)**	**(35)**	**497**	**434**	**1,733**
Profit for the period						281	281
Gains/(losses) on cashflow hedges, net of tax				(8)			(8)
Currency translation adjustment			66				66
Total recognised income for the year			66	(8)		281	339
Stock dividend previous year	4	(4)					
Appropriation of net income					434	(434)	-
Interim dividend current year	1	(1)				(34)	**(34)**
Repurchases and cancellations of shares							
Share based compensation					18		**18**
Other					4		**4**
Total direct changes in equity	5	(5)			456	(468)	(12)
Balance at 31 December 2009	**178**	**871**	**(146)**	**(43)**	**953**	**247**	**2,060**

(in € millions)

The translation and hedge reserves are legal reserves, the total amount of these legal reserves amount to -€189 million (2008: -247) which limits the dividend distribution for this amount. For additional details on equity, see note 9.

39 Wages and salaries

(No corresponding financial statement number)

Besides the Board of Management TNT N.V. does not have any employees. Hence no salary and social security costs were incurred other than disclosed in note 18. In accordance with IAS 19.34 the net defined benefit cost shall be recognised in the corporate financial statements of TNT N.V. For further information on defined benefit pension costs, see note 37. For the remuneration of the Board of Management and Supervisory Board, see note 18.

40 Commitments not included in the balance sheet

(No corresponding financial statement number)

Declaration of joint and several liability

As at 31 December 2009 TNT N.V. has issued a declaration of joint and several liability for some of its group companies in compliance with article 403, Book 2 of the Netherlands Civil Code. Those group companies are:

Koninklijke TNT Post B.V.
TNT Holdings B.V.
TNT Express Holdings B.V.
TNT Head Office B.V.
TNT Finance B.V.
TNT Real Estate B.V
TNT Real Estate Development B.V
Cendris Customer Contact B.V.
Cendris Dataconsulting B.V.
TNT Post Billing & Document Solutions B.V.
Euro Mail B.V.
Netwerk VSP B.V.
Netwerk VSP Geadresseerd B.V.
TNT Express Worldwide N.V.
TNT Express Road Network B.V.

TNT Innight B.V.
TNT Skypak Finance B.V.
TNT Skypak International (Netherlands) B.V.
TNT Transport International B.V.
TNT Fashion Group B.V.
TNT Express Nederland B.V.
TNT Mail Holding B.V.
TNT Post Marketing & Sales B.V.
TNT Post Pakketservice Benelux B.V.
TNT Post Retail B.V.
TNT Post Shared Services B.V.
TNT Post Transport B.V.

Fiscal unity in the Netherlands

TNT N.V. forms a fiscal unity with several Dutch entities for Corporate Income Tax and VAT purposes. The full list of Dutch entities which 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 Netherlands 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.

Guarantees

TNT N.V. has provided parental support in the form of specific guarantees to various subsidiaries, in addition to the declaration of joint and several liability in compliance with article 403, Book 2 of the Netherlands Civil Code: €1,000 million for a revolving current credit facility, several loan and guarantee facilities including a €1,000 million commercial paper programme and a €175 million cash pooling credit facility as well as various guarantees included in International Swaps and Derivatives Association (ISDA) agreements with banks for the trading of financial derivatives.

Furthermore, guarantees of €69 million (2008: 39) were issued for credit and foreign exchange facilities to its indirect subsidiaries TNT China Holdings Co. Ltd., TNT Express Worldwide (China) Ltd. and Mach++ Express Worldwide Ltd. Legal entities for which TNT N.V. is liable under article 403, Book 2 of the Netherlands Cival Code may also have issued guarantees (see note 27), TNT N.V. has no guarantees outstanding (2008: €22 million) for the benefit of subsidaries and third parties.

Parental support in the form of an indemnity has been provided by TNT N.V. to its indirect subsidiary TNT Holdings (UK) Ltd. and its subsidiaries in connection with the acquisition of TNT PTY Ltd. in 1996 and the financing of this acquisition and as a result of the restructuring of the group in the course of 1997 as a direct consequence of this acquisition.

41 Subsidiaries and associated companies at 31 December 2009

(No corresponding financial statement number)

The full list containing the information referred to in article 379 and article 414, Book 2 of the Netherlands Civil Code is filed at the office of the Chamber of Commerce in Amsterdam.

Amsterdam, 22 February 2010

BOARD OF MANAGEMENT
M.P. Bakker (Chairman)
C.H. Van Dalen
H.M. Koorstra
M.C. Lombard

SUPERVISORY BOARD
P. Klaver (Chairman)
R.J.N. Abrahamsen
P.M Altenburg
M. Harris
V. Halberstadt
R. King
W. Kok
S. Levy
G. Ruizendaal

TNT N.V.
Neptunusstraat 41-63
2132 JA Hoofddorp
P.O Box 13000
1100 KG Amsterdam
The Netherlands

OTHER INFORMATION

To the General Meeting of Shareholders of TNT N.V.

AUDITOR'S REPORT

Report on the financial statements

We have audited the financial statements over 2009 of TNT N.V., Amsterdam, set out on pages 51–114. These financial statements consist of the consolidated financial statements and the corporate financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The corporate financial statements comprise the corporate balance sheet as at 31 December 2009, the corporate income statement for the year then ended and the notes.

Board of Management's responsibility

The Board of Management of the company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Report of the Board of Management set out on pages 10–49, pages 117–125 and pages 150–151 in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board of Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements, set out on pages 51–109 give a true and fair view of the financial position of TNT N.V. as at 31 December 2009, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the corporate financial statements

In our opinion, the corporate financial statements, set out on pages 110–114 give a true and fair view of the financial position of TNT N.V. as at 31 December 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the report of the Board of Management set out on pages 10–49, pages 117–125 and pages 150–151 is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 22 February 2010
PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs. M. de Ridder RA

EXTRACT FROM THE ARTICLES OF ASSOCIATION ON APPROPRIATION OF PROFIT

Under TNT's current articles of association, the dividend specified in article 35, paragraph 1 will first be paid on the preference shares B if outstanding. Subject to the approval of TNT's Supervisory Board, the Board of Management will determine thereafter which part of the profit remaining after payment of dividend on any preference shares B will be appropriated to the reserves (article 35, paragraph 2). The remaining profit after the appropriation to reserves shall be at the disposal of the general meeting of shareholders (articles 35, paragraph 3). No dividend shall be paid on shares held by TNT in its own capital (article 35, paragraph 6). Preference shares B have not been issued.

APPROPRIATION OF PROFIT

The Board of Management, with the approval of the Supervisory Board, has appropriated an amount of €117 million out of profit to the reserves. Following this appropriation, there remains an amount of €164 million of the profit that is at the disposal of the annual general meeting of shareholders. Subject to the adoption of TNT's financial statements by the annual general meeting of shareholders, the proposed 2009 dividend has been set at €53 cents per ordinary share of €48 cents nominal value. After adjusting for the 2009 interim dividend of €18 cents per ordinary share as paid out partly in cash and shares in August 2009 and based on the outstanding number of 370,988,519 ordinary shares as per 31 December 2009, the final dividend will be €35 cents per ordinary share. It is proposed that, at the election of the shareholder, the final dividend will be made available in cash or in ordinary shares. To the extent the final dividend is paid out in shares, the shares issued as stock dividend are paid up from additional paid in capital, free from withholding tax in the Netherlands. Where shareholders have opted to receive their dividend in shares, the corresponding cash value of €35 cents per share will be deducted from the profit attributable to shareholders and added to the reserves.

The conversion rate of the stock dividend to that of the cash dividend will be determined on 26 April 2010, after close of trading on NYSE Euronext by Euronext Amsterdam ('Euronext'), based on the volume weighted average price ('VWAP') of all TNT shares traded on Euronext over a three trading day period from 22 April 2010 to 26 April 2010 inclusive. The value of the stock dividend, based on this VWAP, will, subject to rounding, be targeted at but not lower than 2% above the cash dividend. There will be no trading in the stock dividend rights.
The final dividend represents a total value of € 130 million, ignoring the premium for stock election.

The ex-dividend date will be 12 April 2010, the record date 14 April 2010 and the dividend will be payable as from 29 April 2010.

Upon approval of this proposal, profit will be appropriated as follows, whereby the final dividend represents a cash dividend under the assumption of 100% cash election.

Appropriation of profit

	2009
Profit attributable to the shareholders	281
Appropriation in accordance with the articles of association:	
Reserves adopted by the Board of Management and approved by the Supervisory Board (article 35, par.2)	117
Dividend on ordinary shares	**164**
Interim dividend paid	34
Final dividend	**130**

(in € millions)

GROUP COMPANIES OF TNT N.V.

The list containing the information referred to in article 379 and article 414 of book 2 of the Dutch Civil Code is filed at the office of the Chamber of Commerce in Amsterdam.

SUBSEQUENT EVENTS

Information relating to subsequent events is disclosed in note 34 to the financial statements.

Chapter 7 Board of Management compliance statement

The management of risks, internal control, integrity and compliance forms an integral part of the business management within TNT and is embedded into TNT's business objectives setting processes and its operations and is continuously strengthened and improved.

RISK MANAGEMENT, INTERNAL CONTROL, INTEGRITY AND COMPLIANCE SYSTEMS

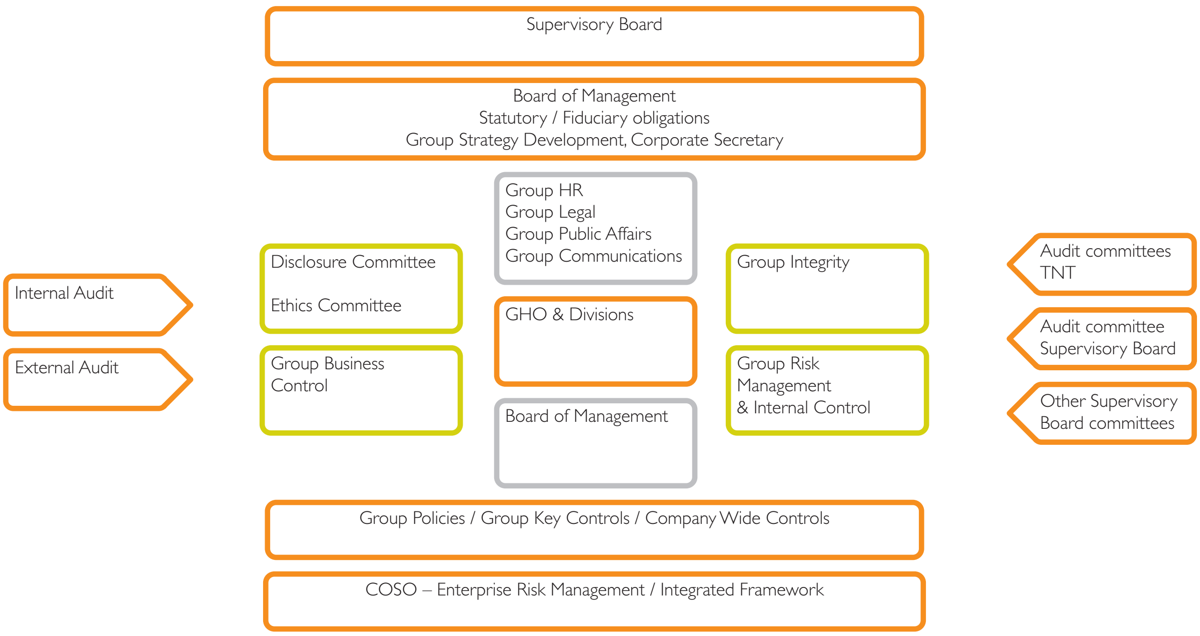
This section provides an overview of TNT's approach to risk management, internal control, integrity and compliance. It also documents the necessary disclosures as required by the Board of Management under current best practice provisions of the Dutch corporate governance code and the EU Transparency Directive as incorporated in chapter 5.1a of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*). The nature and, where possible, the extent of TNT's exposure to risks is described in chapter 20.

THE TNT APPROACH TO RISK MANAGEMENT, INTERNAL CONTROL, INTEGRITY AND COMPLIANCE

A pictorial and narrative description of TNT's risk management, internal control, integrity and compliance framework and its structure is provided below.

The risk management, internal control, integrity and compliance framework shows that the Board of Management is supported in developing and achieving its strategic, operational and financial objectives by group and divisional functions in the areas of risk management,

Risk Management, Internal Control, Integrity and Compliance Framework



control, integrity, reporting, tax, treasury, legal and corporate secretary, HR, public affairs and communications. These supporting functions are responsible for ensuring that the legal and regulatory compliance objectives are achieved and that decision making is facilitated and supported by transparent and accurate information. The Board of Management and the related group and divisional functions have ensured that the framework is established primarily around eight business cycles of group policies, procedures and internal controls covering Revenue, Procurement, HR, Financial Reporting, Treasury, Tax, Legal and Compliance, and Information Systems. Independent and internal monitoring and oversight functions provide a second and third line of control and assurance in addition to that provided by the line functions.

TNT has embedded the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Enterprise Risk Management (ERM) – Integrated Framework (2004) as the foundation of its risk management, internal control, integrity and compliance systems. Built upon this framework is a comprehensive portfolio of group policies and key controls which direct and instil discipline in the company's business operations. The Board of Management has created a structure to support the development and implementation of these policies and controls, thus facilitating the discharge of statutory and fiduciary obligations. The Supervisory Board, its audit committee and other designated committees perform an oversight role, whilst the TNT internal audit function and the company's external auditors support the Board of Management and the Supervisory Board in monitoring the effectiveness and efficiency of the risk management, internal control, integrity and compliance framework.

GENERAL COMPLIANCE

TNT's group policies and procedures reflect and define "the tone at the top" and the group's way of doing business. Group policies have been reviewed and where necessary revised to strengthen existing internal controls. The Board of Management will continue to focus on this area in the coming year to ensure that there are effective and efficient group policies as the foundation of TNT's risk management, internal control, integrity and compliance systems.

Strategies have been established for the group and translated into clear objectives, among other things with regard to business, markets, financial results, human resources and sustainability. The objectives are reviewed in the annual strategic review and the budget process for the group and at the level of TNT's operational units. Performance and compliance are monitored regularly in discussions between the appropriate management and the Board of Management, through the Letter of Representation (signed by all managing and finance directors of TNT's group entities, and divisional and group level employees that report directly to the Board of Management), by internal audits carried out by the corporate audit services function, and by the monitoring duties of TNT's divisional audit committees.

RISK MANAGEMENT

The impact of the global macroeconomic downturn accompanied by significant uncertainty within the financial markets, has created an environment in which risk management processes have had to adapt to the changing and evolving situation. TNT recognises that risk is an intrinsic component of doing business; however a structured risk management process facilitates management to identify, manage and prepare for risks in an informed, controlled and transparent manner. TNT's enterprise-wide risk management systems are therefore designed to identify specific and inherent key strategic, operational, legal and regulatory, and financial risks facing the group in the pursuit of its Vision 2015 strategy outlined in chapter 2.

The development of TNT's new business strategy and the supporting financial and corporate responsibility strategies is not without risk. Indeed any new strategy automatically attracts a high level of execution risk and strong change management capabilities are needed to manage these risks. The Board of Management however believes that these strategies contain manageable execution risks as they are based on TNT's core strengths. As described in the introduction of this chapter of the annual report, TNT's comprehensive and mature risk management, internal control, integrity and compliance framework has been designed to identify and prioritise principal key risks and to develop mitigating actions.

Whilst continuous emphasis has been placed on the identification of risks at all levels of the organisation and to develop mitigating actions, the uncertainty which remains in the environment has made it challenging to keep abreast of the rapidly evolving situation. TNT management has reviewed the risk profile regularly throughout the year and will continue to do so regularly during 2010. For those risks deemed to be material, comprehensive mitigating action plans are developed and reviewed regularly by the Board of Management. All operational units worldwide continued to participate in the comprehensive risk identification process, the outcome of which is reported to the relevant divisional, group and functional management. In addition, regular status reports of risk mitigating actions are provided to the Board of Management to further strengthen the company's risk management processes. The outcome of the risk management process is shared and discussed with the audit committee of the Supervisory Board and the Supervisory Board. During 2009 it was observed that the speed of onset of many risks is a significant risk in itself. The volatility of the past 18 months has emphasised the need for TNT to be able to develop risk action plans that can be accelerated if the underlying causes of key risks occur with little or no warning. The Board of Management has therefore continued to invest time and resources into an evaluation of the effectiveness of the risk management systems and have approved enhancements to the programme that should improve the quality and management of risks going forward. Specifically, in 2010 the frequency of formal risk identification sessions will increase and work is underway to re-define the methodology used to identify and prioritise risks and in particular how the speed of onset of risks can be better managed. In addition, TNT has created a Risk Council as an advisory body to the Board of Management. This council, composed of senior managers from all aspects of the TNT business, is tasked with advising the Board of Management on strategic and emerging risks and evaluating the most appropriate action to address risks identified.

The risks to TNT's strategic, operational, legal and regulatory, and financial objectives are outlined in chapter 20. Chapter 20 also sets out the specific and inherent risks facing the execution of TNT's Vision 2015 strategy and the impact the current economic situation is having on TNT and its operations and financial performance. Chapter 20 also outlines and where possible describes the extent of the mitigating actions which are either in progress, have been realised or are in preparation. In addition, key risks have been classified by risk category and further classified into specific risks and inherent risks facing the group. Specific risks are risks that the Board of Management believes could negatively impact TNT's short to medium term objectives, whilst inherent risks are those risks that are constantly present in the business environment but which are considered sufficiently material to require disclosure and management. The specific key risks which the Board of Management believes require focused and decisive management attention in 2010 are:

– Continued (sharp and rapid) declines in the weight per consignment and shifts in customer preferences from premium to economy products in TNT Express and/or pressure on yield and prices, which are among other things directly related to the macroeconomic situation, could lead to the need to further rationalise TNT's express operations and might impact results negatively.
– TNT may not achieve the required cost savings from the renegotiation of the Dutch collective labour agreement which would have a significant impact on TNT's profitability and cash flow ambitions.
– Another downturn in the capital markets and/or a decline in interest rates may decrease the coverage ratio below 105% of TNT's defined benefit pension fund obligations in the Netherlands, which in turn could require significant, multi-year additional funding by TNT.
– Changes in the universal service obligation conditions, if imposed by the Ministry of Economic Affairs (as a result of OPTA investigations), might have a significant negative impact on TNT's profitability and cash flow ambitions TNT's profitability and cash flow ambitions.
– The loss of key suppliers, particularly in the subcontractor and commercial linehaul sectors, due to insolvency/bankruptcy in a worsening macroeconomic environment or significant further decline in volumes could have a significant impact on TNT's cash flows and operational capabilities.

In addition to the key risks above, cash management will continue to be a key focus area in 2010. The Board of Management believes that cash will be the key resource in the coming still economically vulnerable period and the effective and efficient management of cash generation and cost savings remains a top priority.

For the mentioned key risks mitigation actions were defined.

The Board of Management believes that this approach to risk management and the disclosure of both specific and inherent risks is comprehensive and prudent given the shift seen over 2008 and 2009 with many inherent risks, particularly finance risks which have a direct correlation with macroeconomic factors, becoming specific.

INTERNAL CONTROL OVER FINANCIAL REPORTING

TNT's Board of Management has been and remains committed to continuing to provide a high standard of corporate governance, information and disclosure, in line with the current Dutch corporate governance code and regulatory requirements. The Board of Management is focused on continuously strengthening TNT's internal control over financial reporting (ICFR), whereby the positive elements of TNT's former obligations under the Sarbanes-Oxley Act continue to form a key part of TNT's approach to governance, internal control and reporting. The Board of Management fully believes that this approach and investment will continue to support a solid platform for sustainable value creation for the group. TNT's Board of Management has chosen to expand the scope of the internal controls over financial reporting framework beyond the minimum requirements that would have been mandatory according to the Sarbanes-Oxley Act, to include certain smaller entities as well as some of the newly acquired entities in the emerging platforms.

TNT's specific approach to internal control over financial reporting continues to be generally based on section 404 of the Sarbanes-Oxley Act 2002 and the associated guidance to management issued by the United States Securities and Exchange Commission in May 2007 as well as the principles outlined in the Auditing Standards (AS) 2 and taking into account certain elements of the AS 5 as promulgated by the Public Companies Accounting Oversight Board (PCAOB). However, this does not imply an assessment of the adequacy and effectiveness of TNT's internal control and risk management processes over financial reporting under section 404 of the Sarbanes-Oxley Act, nor is there an assessment by TNT's external auditor to that extent.

Chapter 7
BOARD OF MANAGEMENT COMPLIANCE STATEMENT CONTINUED

Throughout 2009, TNT continued to invest the necessary time and resources required to document and evaluate the design of internal controls over financial reporting as well as continuing the comprehensive programme of testing the operational effectiveness of the company's internal control over financial reporting. TNT has also further refined its system of entity level controls which are applicable to all entities worldwide. This latter system includes an integrity awareness and training programme (see below) and a robust portfolio of group policies and procedures. In 2009 the Board of Management continued to engage TNT's external auditor to perform specific agreed upon procedures on the internal control over financial reporting in all entities in scope for TNT's ICFR programme. The Board of Management believes that this approach adds significant value to the discipline needed to maintain and embed internal control over financial reporting across the TNT Group. The factual findings of the external auditor are reported to the Board of Management and the audit committee of the Supervisory Board.

INTEGRITY

In January 2006, TNT's Board of Management launched the TNT Integrity Programme. TNT's Integrity Programme became ingrained following the 2006 Annual Senior Management Meeting (ASMM). At that meeting, TNT's top-200 managers collectively agreed that the Integrity Programme was essential to TNT and that they must take active responsibility for rolling it out.

Guidance is set out in the TNT Business Principles, which, together with other integrity-related group policies and procedures, are published on TNT's corporate website. These group policies deal with topics such as compliance with laws and regulations, accurate and timely disclosure of information, transparency, equal opportunities, fair treatment, conflict of interest, corruption, fair competition, and social responsibility. The TNT Business Principles are aligned with the UN Global Compact (since 2002) and the Partnering Against Corruption Initiative principles (since 2008). TNT's integrity-related group policies and procedures include the TNT Group Procedure on Whistleblowing, the TNT Group Policy on Fraud Prevention, the TNT Group Policy on Gifts and Entertainment and the TNT Group Policy on Disciplinary Actions. The last of these policies, makes clear that non-compliance with TNT's group policies is not tolerated.

Awareness and compliance are enhanced by integrity-related communication and web-based and in-person training. Interactive integrity workshops have been and continue to be held for senior and higher management in all parts of the world. Subsequently, senior managers are cascading this training and communication down into their business units using the "train the trainer" model, thus fulfilling their responsibility for the roll-out of the Integrity Programme. TNT facilitates and monitors this process.

Furthermore, TNT developed a web-based training on the TNT Business Principles, fraud prevention and fraud detection, which is used to train key management as well as a large group of other managers and employees. Key Management is trained every other year via a web-based programme. In 2009, Group Integrity trained 790 managers and employees via in-person and/or web-based training, after which many more managers and staff were trained through the "train the trainer" model.

The TNT Business Principles and related group policies continue to be embedded in TNT's strategic and operational decision-making processes. Integrity is part of TNT's Group Policy on Mergers and Acquisitions, and integrity due diligence as well as an integrity post-acquisition review have become part of TNT's Mergers and Acquisitions process. New TNT employees are required to certify their acknowledgement and understanding of the TNT Business Principles when they enter employment.

The TNT Integrity Programme is monitored in several ways: (i) senior management sign-off in a Letter of Representation every half year, (ii) internal audits, and (iii) yearly engagement surveys. The TNT Integrity Programme is part of the entity level controls, and compliance is self-assessed annually by management.

Another important monitoring tool is the TNT Group Procedure on Whistleblowing. Under this procedure, employees are encouraged to report promptly any breach or suspected breach of any law, regulation, the TNT Business Principles or other company policies and procedures, or any other alleged irregularities. Employees can report the (suspected) breach directly to their line manager or to Group Integrity. In 2009, 116 reports were received (in 2008: 140). Approximately 18 percent of these complaints involved employment related matters (in 2008: 19 percent). Whilst the number of reports received has decreased year-on-year, the relative severity of cases has increased. The financial impact of the substantiated cases is not material and appropriate remedial actions have been taken.
In 2007, 2008 and 2009, TNT scored 100% in the area 'codes of conduct and compliance' in the super sector Industrial Goods and Services section of the Dow Jones Sustainability Index. TNT is proud of this recognition, but at the same time will continuously aim to improve and will further roll out its Integrity Programme in order to enhance its strong ethical culture.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER DUTCH CORPORATE GOVERNANCE CODE

The Dutch corporate governance code under best practice provision II.1.4 requires the Board of Management to examine strategic, operational, legal and regulatory, financial and financial reporting risks.

The Board of Management confirms that it is responsible for TNT's risk management, internal control, integrity and compliance systems and has reviewed the operational effectiveness of these systems for the year ended 31 December 2009. The outcome of this review and analysis has been shared with the audit committee and the Supervisory Board and has been discussed with TNT's external auditors.

The Board of Management believes to the best of its knowledge based on the outcome of the TNT-specific approach to risk management, internal control, integrity and compliance as outlined above, that TNT's risk management and internal control over financial reporting have worked effectively over the year ended 31 December 2009 and provide a reasonable assurance that the financial reporting is free from material inaccuracies or misstatement.

The above however does not imply that TNT can provide certainty as to the realisation of business and financial strategic objectives, nor can TNT's approach to internal control over financial reporting be expected to prevent or detect all misstatements, errors, fraud or violation of law or regulations.

In view of the above, the Board of Management believes that it is in compliance with best practice provision II.1.4 and II.1.5 of the Dutch corporate governance code.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER DUTCH FINANCIAL MARKETS SUPERVISION ACT

In conjunction with the EU Transparency Directive as incorporated in chapter 5.1a of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) the Board of Management therefore confirms to the best of its knowledge that:

- the annual financial statements for the year ended 31 December 2009 give a true and fair view of the assets, liabilities, financial position and profit and loss of TNT and its consolidated companies,
- the additional management information disclosed in the annual report gives a true and fair view of TNT and its related companies as at 31 December 2009 and the state of affairs during the financial year to which the report relates, and
- the annual report describes the principal risks facing TNT. These are described in detail in chapter 20.

Hoofddorp, 22 February 2010

Peter Bakker – Chief Executive Officer
Henk van Dalen – Chief Financial Officer
Harry Koorstra – Group Managing Director Mail
Marie-Christine Lombard – Group Managing Director Express

Chapter 8 View on 2010 and longer term objectives

TNT'S AGENDA IN 2010 HAS FOUR KEY ELEMENTS. First, TNT will continue its customer focus in all operations. Second, TNT will achieve the roll-out of Vision 2015, which centres on unlocking value-creation opportunities in EMN and implementing recommendations of the project groups driving the five focus areas: European Parcels, Freight, Special Delivery Solutions, Emerging Platforms and Mail Netherlands. Third, TNT will maintain focus on cash and, fourth, implement further cost savings initiatives.

OUTLOOK 2010

The first six weeks in 2010 show a continuation of the improving trend in Express volumes started in the third quarter of 2009, albeit against a weak prior-year comparison.

Although TNT assumes a somewhat improving business environment in 2010, it is still uncertain how the global economy will develop over the year. The trend in Express volumes in the first quarter of 2010 will be important to determine TNT's view on the underlying strength of the economic recovery. Mail expects a significant volume decline in the Netherlands in 2010.
In this context, TNT will continue to focus on costs and cash and announces a target for 2010 of €200 million structural savings.

The focus on costs and cash will continue to be key and managed within the context of certain ratios and restraints aimed at maintaining TNT's BBB+ credit rating. Free cash flow for 2010 will be below that of 2009 because of higher taxes paid, higher capital expenditure and lower contributions from working capital.

For 2010, the IFRS profit and loss account charge for pensions, predominantly as a result of the improved coverage ratio, is expected to be around €20 million (2009: €60 million). The total cash contributions are expected to be around €287 million (2009: €286 million), of which around €260 million relates to the main pension plan and transitional plans in the Netherlands (2009: €260). It is also expected that increasing longevity, based on recent statistical studies performed by the Central Bureau of Statistics in the Netherlands, might result in a drop of around 4% in the coverage ratio as at the end of December 2009 if the main Dutch pension fund decides to apply the new mortality outlook.

It is envisaged that, in order to align the EBITDA of the Mail activities more closely to the cash EBITDA from 2010 onwards, the allocation of the IFRS pension charges will follow the statutory entity allocation under the IAS 19.34a Group Plan definition. This means that the Dutch legal entities, for which TNT N.V. is the pension plan sponsoring employer, will recognise the cost equal to the contribution payable for the period. For TNT N.V. as part of the non-allocated segment the contributions received from the other group entities offset the pension expense.

If such allocation for pension cost would have been applied in 2009 the negative impact for Mail would have been €126 million and for Express €13 million offset by a positive impact of €139 million under non-allocated, The revised allocation does not impact the allocation of the cost for the transitional defined benefit plans. Hence the difference between the IFRS based cost for the transitional defined benefit plans and the actual cash contributions for such plans will remain.

TNT assumes a somewhat improving business environment in 2010. However, it is still uncertain how the global economy will develop over the year. The focus on costs and cash will continue to be key. TNT will continue the implementation of Vision 2015.

In Express, TNT expects single-digit volume growth with some limited recovery of weight per consignment, supported by lower costs per kilo and consignment. Most growth is expected from international, especially Economy Express. However, pressure because of price/mix, wage increases and cost inflation, influencing the magnitude of the improvement in results is also expected.

In Mail, TNT expects a volume decline in the Netherlands of 7-9%, due to the first full year effect of liberalisation combined with normal substitution. Master Plan savings of €75 million are targeted.

Volumes and prices 2010 assumptions

Express

- Single-digit volume growth with some limited recovery of weight per consignment, supported by lower costs per kilo and consignment.
- Most growth is expected from international, especially Economy Express.
- Pressure expected because of price/mix, wage increases and cost inflation.

Mail

- Volume decline in the Netherlands of 7-9%, due to the first full year effect of liberalisation combined with normal substitution.
- Master Plan implementation.

With respect to other financial indicators in 2010, TNT expects: structural cost savings of around €200 million, capex of around €400 million, cash contributions to defined benefit pension plans of approximately €287 million of which €260 million for the main Dutch plans and the transitional arrangements, net financial expense of around €160 million and taxes paid of around €300 million, including delayed payment (preliminary tax refund of €175 million from the Dutch tax authorities).

MEDIUM AND LONG TERM OBJECTIVES

FINANCIALS VISION 2015

TNT aims to realise its business objectives as outlined under Vision 2015 in chapter 2 primarily through organic growth complemented by selected acquisitions and strategic partnerships, whilst maintaining a solid BBB+ investment grade credit rating. The following chart presents the resulting financial objectives in more detail.

Vision 2015 key performance indicators 2009 - 2015

Actuals 2009 regrouped

	Revenues 2009 € million	Annual average revenue growth 2010 - 2015	Underlying EBITDA as % of revenues 2009	Vision 2015 target EBITDA
Parcels & Freight	**~ 4,350**	7-9 %	**~ 10 %**	13-16 %
Emerging Platforms *Australia, Asia, South America, and MEA (including international flows)*	**~ 1,710**	10-15 %	**~ 3 %**	7-10 %
SDS *Innight, Fashion, Delivery+, Storeapart, VAS UK and E-commerce*	**~ 690**	14-18 %	**~ 12 %**	10-14 %
Mail NL *Mail NL and related business and Dutch/Belgian activities of EMN*	**~ 2,780**	(4)-(6) %	**Cash EBITDA* ~ 16%**	Cash EBITDA* ~ 16%
EMN *Rest of european activities of EMN and Spring*	**~ 1,095**	**Realisation value opportunities**		

All figures are based on current management estimates and are of indicative nature only.

* Cash EBITDA is based on reported EBITDA adjusted for provision charges for restructuring and including cash payments on restructuring and pensions.

The operational assumptions underpinning these financial objectives are detailed in the following table.

Operational assumptions vision 2015

Risks	Base assumptions		Upside	
– Pressure on yield – Higher cost inflation – Economic cycle	**Parcels and Freight** – Mature business annual revenue growth +5%, based on historic correlation GDP and volumes – Cost increase below rate of inflation (excluding fuel) – Price increases in line with inflation as of 2011 – Additional growth Standard Parcels **Emerging Platforms** – Annual revenue growth ~15% – Intercontinental flows increasing – Full turn-around within planning period **SDS** – Normal growth for established SDS businesses – Rapid growth supply chain services a.o. Storapart and Delivery+ – E-commerce related activities grow to € 350 million	– GDP getting back to pre-'08 levels – Oil at USD 70	– Various commercial and operational initiatives – Prices/Yield – Volumes	€100 - 400 million EBIT
– Volume decline / price pressure – Regulatory impact USO	**Mail NL & Related** – Volume decline ~6% per year, higher in earlier years – Master Plan savings € 450 million cumulative versus 2009 – Lower pension payments – Real estate to contribute € 40 million cash annually as of 2011		– Moderate volume decline – More positive price development – Accelerated Master Plan savings	

Ranges

Chapter 8
VIEW ON 2010 AND LONGER TERM OBJECTIVES CONTINUED

CORPORATE RESPONSIBILITY 2010 – 2020

During 2010 TNT will continue the detailed deployment of the Phase I elements of the TNT CR strategy as described in chapter 2 of this annual report. All TNT businesses will be incentivised to deliver improved outcomes for employees, the environment and selected stakeholders whilst continuing to support TNT's innovative partnership with the UN WFP.

Phase I

As part of Phase I (2010) execution of the CR strategy following key areas will receive attention and will be monitored regularly during 2010.

Employees

TNT has set objectives to increase the percentage of FTEs certified for OHSAS 18001. TNT will also continue to place significant efforts to reduce the number of fatal accidents as a result of TNT's owned operations, and seeks to eliminate workplace and blameworthy road traffic fatal accidents. TNT's objective is to significantly lower the lost time accidents ratio and to reduce absenteeism. Furthermore, TNT aims to reduce the blameworthy road traffic incident ratio. New and more reliable reporting mechanisms have been developed to monitor this ambition.

Under the umbrella of human rights and diversity, TNT completed a human right audit based on the Ruggie report with the UN Global Compact and will align the audit findings in 2010. This includes the objective to increase the number of FTEs certified to SA 8000 standard in non-OECD countries. TNT has the objective to increase the number of women in management positions.

For 2010 TNT also has the objective to increase the number of TNT employees working in entities that are certified to the Investor in People standard. TNT will execute its global employee engagement survey in 2010 and has the ambition to increase the percentage of positively engaged employees compared to the last engagement survey in 2008.

Due to the economic situation and the changing mail market TNT will continue to be confronted with lower volumes and the need to restructure its organisation and workforce. Unfortunately this is not possible without consequences for employees and therefore a high priority is given to mitigate the social consequences of redundancies.

Environment

As with all other internally recognised standards used by TNT as the foundation of its CR strategy, TNT has set objectives to increase the scope and coverage of ISO 14001 across the group. Key to TNT's CR strategy for the environment has been the development of the carbon efficiency index and the deployment of more accurate and reliable metrics for the management of carbon. TNT's long term objective is to improve CO_2 efficiency of its owned operations (buildings, road and air fleets) by 45% by 2020 relative to the baseline of 2007. As part of the carbon management programme which has been designed to deliver this objective, TNT has also set objectives to increase the percentage of sustainable electricity used to heat and power its business.

Air quality remains a key focus area in the coming year and TNT aims to increase the percentage of clean operational vehicles by increasing the number of vehicles under five years old and by progressively increasing the number of alternative operational vehicles making up the fleet.

Other Stakeholders

As part of Phase I of the execution of the CR strategy, TNT will continue to place customers at the heart of the business and objectives have been set in both the express and mail businesses to improve customer satisfaction. This will be supported by focused increases in the number of TNT businesses certified for ISO 9001.

Within the Mail division increases in the percentage of turnover realised by "green services" have been set.

Voluntary contributions to society

TNT will continue to focus on the partnership with WFP while further developing new initiatives via its programme Moving the World. TNT will align its activities with WFP's strategy to shift from a food aid to a food assistance organisation. TNT has set objectives to increase the active involvement in Moving the World's activities of all countries with company-owned operations.

Phase II

Phase II (mid term) of the CR strategy is focused on TNT's subcontracted operations and on the supply chain in general. During 2010, TNT will invest in seeking new ways to work with its suppliers and subcontractors to improve the reliability of reported CR information. TNT will also develop agreed upon procedures for TNT and its subcontractors to reduce TNT's and its subcontractors' social and environmental footprint.

Whilst a lot of work still needs to be completed before objectives and other measures can be set for this important area, TNT envisages that it needs to develop and implement a global subcontractor and supplier strategy. This strategy will be underpinned by sound policies and metrics to encourage and facilitate the management of CR performance. In particular, TNT will seek to develop objectives and other measures, which encourages its key subcontractors to increase CR reporting and increase the number of suppliers and subcontractors certified to ISO 9001, 14001, SA 8000 and OHSAS 18001.

TNT'S AMBITION

If successful in realising its objectives by 2015, TNT will have grown substantially, profitably and responsibly to become a company focused on day-definite delivery for about over 85% of its €15-20 billion revenue. To realise this ambition, TNT will be based on a strong customer focus and cost leadership delivered by excellent platforms in Europe, Asia-Pacific, Middle East and Africa and South America, with strong intra-regional and intercontinental connectivity. At the same time, TNT aims to focus on sustaining its position as global CR leader in the industry. The transformation of TNT under the Vision 2015 strategy will enable all its stakeholders to derive value from the company's performance during the period of this strategy implementation.

Remuneration

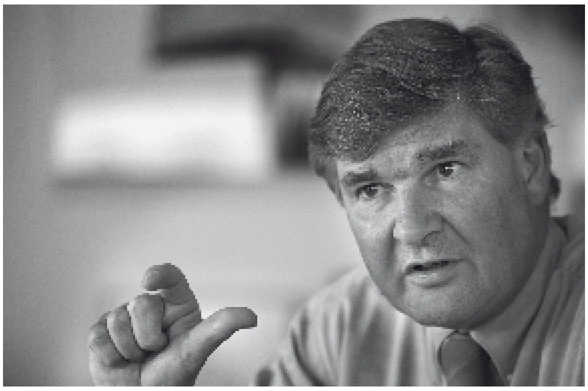
REMUNERATION POLICY BOARD OF MANAGEMENT ADJUSTED

Peter Bakker
CEO

Comparison of compensation packages	2010	2009
Base salary	918,000	918,000
Variable income (maximum value)	918,000	1,836,000
Total	1,836,000	2,754,000

Henk van Dalen
CFO

Comparison of compensation packages	2010	2009
Base salary	612,000	612,000
Variable income (maximum value)	612,000	1,009,800
Total	1,224,000	1,621,800



Harry Koorstra
Group Managing Director Mail

Comparison of compensation packages	2010	2009
Base salary	612,000	612,000
Variable income (maximum value)	612,000	1,009,800
Total	1,224,000	1,621,800

Marie-Christine Lombard
Group Managing Director Express

Comparison of compensation packages	2010	2009
Base salary	612,000	612,000
Variable income (maximum value)	612,000	1,009,800
Total	1,224,000	1,621,800

In the old compensation package the variable income consisted of a short term and a long term incentive scheme (which was capped in 2009). In the new compensation package these two schemes are merged into one variable pay scheme.

Chapter 9 Remuneration

The remuneration committee of the Supervisory Board is responsible for assessing and preparing the remuneration policy for the members of the Board of Management. The Supervisory Board approves the proposal and submits, in case of policy changes, the proposed remuneration policy to the general meeting of shareholders for adoption.

Following some general information with respect to the remuneration committee, the second part of this chapter outlines the remuneration policy with the different compensation elements as approved by TNT's annual general meeting of shareholders on 20 April 2007.

The third part of this chapter reflects the actual remuneration of the members of the Board of Management in 2009 whereas the fourth part outlines the proposed changes for a new 2010 remuneration policy for the members of the Board of Management. Finally, the remuneration of the members of the Supervisory Board is described.

REMUNERATION COMMITTEE

The remuneration committee prepares its proposal independently after careful consideration. The remuneration policy is prepared in accordance with all relevant Dutch legal requirements and is compliant with the Dutch corporate governance code. In preparing the remuneration policy, the remuneration committee also takes into account the remuneration of senior management reporting to the Board of Management. The remuneration committee has three members. In 2009, the remuneration committee members were Mr S. Levy (chairman as of 8 April 2009), Mr R. King and Mr P.C. Klaver. During 2009, the remuneration committee met six times. In 2009, none of the members of the remuneration committee was a member of the management board of another Dutch listed company or a member of the TNT audit committee.

The remuneration committee used professional internal and external advice. These advisors do not advise the members of the Board of Management personally on their remuneration.

CURRENT REMUNERATION POLICY

A remuneration policy's objective is to retain, motivate and attract qualified members of the Board of Management 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 Board of Management are rewarded accordingly and a large part of their remuneration is therefore based on the performance of the company. The remuneration structure for the Board of Management is designed to balance short term operational performance with the longer term objectives of the company and short and mid term value creation for its shareholders.

In order to consistently review the level and structure of the total remuneration, the remuneration components for the members of the Board of Management are benchmarked against a Dutch reference group. All comparisons are made on a euro basis.

2009 Dutch peer group (AEX companies)

Unilever; Ahold; Philips Electronics; Akzo Nobel; KPN; Heineken; DSM; Randstad; Reed Elsevier; Wolters Kluwer; ASML Holding; SBM offshore; USG people

The compensation of the members of the Board of Management contains three elements:

- short term compensation, consisting of base salary and bonus opportunity,
- long term compensation, consisting of performance shares,
- pension.

SHORT TERM COMPENSATION: BASE SALARY

Base salary for the members of the Board of Management is set at median level when compared to the peer group benchmark data. A check against the peer data is performed every two years. As a reference for annual increases a weighted average of collective labour agreement increases in TNT's key business areas is taken.

SHORT TERM COMPENSATION: BONUS

In accordance with the policy, the CEO receives an "at target" bonus opportunity equal to 80% of his base salary and 120% for "stretch" performance. The other members of the Board of Management receive an "at target" bonus opportunity equal to 70% of their base salary and 100% for "stretch" performance. For results below a minimum target, no bonus is paid. A threshold percentage to that extent is being set at 70% for the CEO and 60% for the other members of the Board of Management.

The bonus scheme for the members of the Board of Management rewards both financial performance and mission related non-financial performance. The actual achievements between the minimum target level and the stretch target lead to a pro-rated bonus. In calculating this pro-rata bonus, a sliding scale between the minimum bonus level and the stretch bonus level is used. In the determination of the bonus for non-financial performance, no stretch bonus level or sliding scale is used.
The Supervisory Board allocates the bonus based on the achievement of the targets of the individual members of the Board of Management and determines the associated pay-out.

The Supervisory Board sets the targets for the bonus scheme at the beginning of each financial (calendar) year. The following financial and non-financial targets can apply:

Financial targets:
- group and/or divisional EBIT,
- expenses, and
- cash flow.

Depending on the tasks and responsibilities of each individual member of the Board of Management, the financial targets are more or less related to group and/or divisional performance.

Mission related non-financial targets:
- general targets related to the implementation of TNT's strategy,
- people: continuous improvement in engaging TNT's staff, which is measured through employee engagement surveys, and ensuring high health and safety standards,
- environment: implementing the agreed standards on responsible corporate citizenship and realising other measurable targets in relation to TNT's CR ambitions, and
- customers: continued improvements in TNT's relations with customers, which are measured through customer satisfaction surveys and by assessing the relationship with its customers in person.

The realisation of each financial or non-financial target can independently result in bonus payments. In 2009, 3/10 of the bonus opportunity at target level related to non-financial targets.

TNT does not disclose the actual targets set, as this qualifies as commercially sensitive information.

LONG TERM COMPENSATION: PERFORMANCE SHARES

In order to align the objectives of the Board of Management with the longer term value-creation objectives of shareholders, members of the Board of Management are awarded conditional rights on TNT shares under the TNT Performance Share Plan. Shares granted to the Board of Management via the Performance Share Plan are granted without financial consideration and must be retained for a period of at least five years after grant, being at least two years after vesting or until at least the end of employment, if this period is shorter. This is not necessary if it can be demonstrated that their sale is prompted by required tax payments with respect to these shares. These performance shares are inherently and significantly more open to market uncertainties than short term compensation elements. The grant is based on a value of 80% of base salary for the CEO and 65% of base salary for the other members of the Board of Management. This at target maximum number of shares is found by dividing this grant value by the IFRS value per share. This IFRS value is calculated on the basis of the average day-end share price of TNT shares in the month of January of the year of the grant. The maximum number of shares granted represents the 1.5 times the "at target" number.

The Performance Share Plan vests after a three-year period, and the actual number of shares that can vest varies between 0 and the above mentioned maximum. To determine the actual vesting percentage, the Performance Share Plan vests against a performance schedule in which the Total Shareholder Return (TSR) of the company is compared to the total shareholder return of peer group companies. This TSR peer group of companies consists of all AEX companies and TNT's direct competitors. The TSR is defined for this purpose as the return to shareholders from investing in shares, in terms of both share price appreciation and dividends, assuming reinvestment of dividends. The benchmark companies used for the purpose of TSR all have different risk profiles. TSR results are weighted against a risk factor to reflect these differences in profiles.

During the three-year vesting period, the TSR data and risk profiles are compiled and reported by an external data provider. After three years, the final performance of the company over the three years compared to the final performance of the peer group determines the number of shares to be vested.

The remuneration committee advises the Supervisory Board on the part of performance shares that vest: the vesting percentage that ranges between 0 and 1.5 times the "at target" level is based on a sliding scale using a performance zone that ranges between -20% and +20% TSR performance in comparison to the TSR peer group.

The performance schedule is designed in such a way that a TSR performance of the company at median level (half of the companies in the peer group deliver a higher TSR and half of the companies deliver a lower TSR) leads to a vesting of half of the maximum of granted rights on shares.

% difference company performance versus customised index	Factor of base allocation of performance shares that vest
≥ + 20%	1.5
+ 10%	1.125
+ 7%	1.0
0%	0.75
- 10%	0.375
≤ - 20%	0.0

PENSION
The pension scheme applicable to the Dutch members of the Board of Management is a career average scheme. The main features of the career average scheme are:
- retirement age at 65,
- 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,
- no employee contribution.

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

SEVERANCE
The contractual severance payments for the members of the Board of Management are summarised as follows:
- As policy, severance payments other than related to a change of control are one year base salary or a maximum of two years' base salary in the first four-year term if one year is considered to be unreasonable.
- Contracts entered into prior to 2004 remain unaltered. For members of the Board of Management who are not residents of the Netherlands, the company follows local market practice for that part of the base salary earned in the country of residence. The employment contract of TNT's CFO, effective since 1 April 2006, states that the severance payments other than related to a change of control will amount to twenty-four months base salary during the first four year term as a member of the Board of Management. During further terms as a member of the Board of Management, the severance payments are of twelve months 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 or non-resident members of the Board of Management.

The company does not grant loans, including mortgage loans, to the members of the Board of Management.

OTHER
The Supervisory Board introduced a "claw-back" clause, effective as of 2008, in the situation that the financial information on which the pay-out of variable remuneration was based is determined to be incorrect.

For all members of the Board of Management, in case of a change of control of the company, the Supervisory Board may in its discretion allow all or part of the allocations of performance shares and/or matching shares to vest on the date on which control of the company passes.

However, in case of a change of control, the proceeds of the 2009 performance share grant will be capped at the level of the sum of:
- the average of the closing prices of the TNT N.V. share according to the Official Price List for a period of five trading days prior to the date of the time the first announcement to make a public offer was made, and
- 50% of the difference between the ultimate share price paid by the buyer and the price as calculated under the previous bullet.

The Supervisory Board has the discretionary authority to decide on one-off payments to members of the Board of Management 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.

REMUNERATION IN 2009
The table below summarises the 2009 compensation elements of the members of the Board of Management as they have to be calculated under IFRS in the annual accounts. For detailed disclosure on the remuneration of individual members of the Board of Management, see note 18 of the consolidated financial statements of TNT N.V.

Total remuneration Board of Management

		Fixed remuneration	Variable remuneration				
	Financial year	Base salary	Accrued for short term incentive[1]	Accrued for long term incentive[2]	Other periodic paid compensation[3]	Pension costs[4]	**Total**
Peter Bakker Chief Executive Officer	**2009**	**918,000**	**519,390**	**466,052**	**159,268**	**86,674**	**2,149,384**
	2008	918,000	587,795	485,125	159,998	86,083	2,237,001
	2007	900,000	675,000	438,235	119,858	125,883	2,258,976
Henk van Dalen Chief Financial Officer	**2009**	**612,000**	**349,268**	**254,643**	**536,853**	**253,221**	**2,005,985**
	2008	612,000	336,784	212,617	525,459	254,616	1,941,476
	2007	600,000	450,000	128,195	530,227	403,324	2,111,746
Harry Koorstra Group Managing Director Mail	**2009**	**612,000**	**365,636**	**254,643**	**122,182**	**86,527**	**1,440,988**
	2008	612,000	439,722	248,304	143,302	84,315	1,527,643
	2007	600,000	450,000	221,197	107,503	117,865	1,496,565
Marie-Christine Lombard Group Managing Director Express	**2009**	**612,000**	**365,636**	**307,078**	**423,083**	**281,520**	**1,989,317**
	2008	612,000	195,840	353,173	501,958	281,520	1,944,491
	2007	600,000	450,000	323,099	471,840	276,000	2,120,939

1 – The accrued short term incentive consists of the accrued bonuses for the performance of the year reported and paid in cash in the next year and the costs relating to the bonus matching share plan.
2 – Accrued for long term incentive chargeable to the company in the financial year (i.e. cost in current financial year for performance shared granted in the current and previous years).
3 – 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 to Peter Bakker of €57,120; Harry Koorstra of €52,020 and Henk van Dalen of €24,000. Also included are periodic payments for French social taxes and French social security contributions for Marie-Christine Lombard, calculated on the full salary package i.e. base salary, bonus and performance shares. For Henk van Dalen it also includes the annual instalment of €325,000 of the total compensation of €1,300,000, to be equally contributed in four installments, for the loss of long term incentive rights at his former employer.
4 – Pension costs include the annual instalment of the actuarial value of a total compensation of €1,350,000 to be equally contributed in four instalments in accordance with the employment agreement of Henk van Dalen.
(in €)

In the context of severe economic environment and the sacrifices that all stakeholders have been asked to make during this economic crisis period, the Supervisory Board in agreement with the Board of Management has implemented caps on both short term and long term compensation in 2009. Those caps are more restrictive than the caps applied in 2008. The level of base salary has also been frozen in 2009, which means that since 2003, the base salary has only been increased once by 2% in 2008. For the CEO the short term incentive cap was set at €460,000 and for the other members of the Board of Management at €325,000.
The value of the granted shares for the CEO was capped at an at target grant value of €460,000 and for the other members of the Board of Management at €325,000.
As a result of these caps, the 2009 CEO's remuneration was between 25% (at target) and 35% (at stretch) below the 2007 approved policy levels. For the other members of the Board of Management total 2009 remuneration decreased by between 15% (at target) and 24% (at stretch) compared to the 2007 approved policy levels.

REMUNERATION POLICY FOR 2010

In the 2008 annual report the Supervisory Board announced its intention to review the TNT's Board of Management compensation policy. This intention was confirmed in the annual general meeting of shareholders of 8 April 2009.

The review of TNT's current Board of Management remuneration policy reflects an increasing number of questions and concerns resulting among other factors from a new market and corporate governance context with regard to a balanced top executive remuneration.

The remuneration committee recommended to the Supervisory Board the introduction of a new remuneration policy in 2010 based on principles of transparency and consistency with emerging practice in the market. The Supervisory Board in agreement with the Board of Management adopted these recommendations. The proposals for a new Board of Management remuneration policy will be submitted for adoption to the 2010 annual general meeting of shareholders.

CONSIDERATIONS REMUNERATION COMMITTEE

In its discussions, the remuneration committee has focused on the absolute level of compensation and on the way the different compensation elements work and stimulate well balanced management behaviour.
The remuneration committee acknowledges that a new remuneration policy should be:

- supportive to the sustainable development of the company,
- aligned with stakeholder's interest and introducing a multi- stakeholders approach,
- responsible and risk controlling,
- performance related for reasonable variable compensation,
- reflecting a commitment to value creation,
- motivating and transparent.

The above considerations have resulted in a proposal for a new remuneration policy for the Board of Management. The remuneration should consist of a package of base pay and variable pay with a distribution of 100% base salary and 100% variable income with in addition pension provisions.

2010 REMUNERATION POLICY – BASE SALARY

Base salary remains set at median level when compared to the peer group benchmark data. The composition of the peer group as described in the *2009 Dutch peer group* table remains unchanged and a check against the peer data is now performed every three years. The reference rule for annual increase remains a weighted average of collective labour agreement increases in TNT's key business areas. In principle the level of base salary for the coming three years (2010-2012) will remain frozen at 2009 actual level.

2010 REMUNERATION POLICY – VARIABLE INCOME

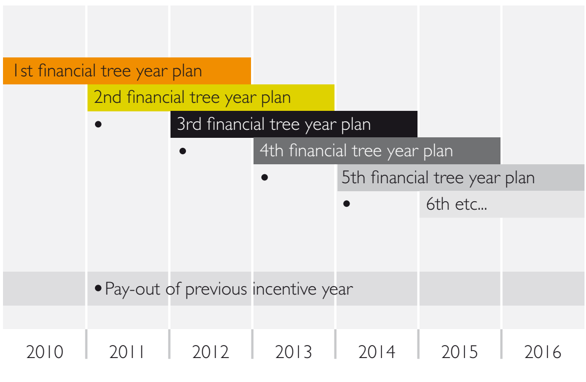
A variable compensation scheme with the following characteristics is recommended:

1. The total variable income potential amounts to 100% of base salary per year. There is no longer a stretch opportunity.
2. It is a combined short term and long term incentive three-year plan in which the members of the Board of Management have the opportunity to earn an incentive, based on annual targets derived from three year plans.
3. The proposed variable income scheme represents a multi-stakeholder approach. Four focus areas are being proposed:
   - 50% financials with 35% being EBIT, adjusted net cash flow from operating activities, ROIC and 15% TSR, backward looking to previous three years,
   - 15% employees, being management development and engagement survey objectives,
   - 15% environment, being $CO_{2\ efficiency}$ improvements and health and safety objectives,
   - 20% customers by measuring customer focus through customer satisfaction surveys.

   All targets and objectives are quantitative. The actual targets / objectives are to be defined based on three-year strategic plans of the company. The Supervisory Board may amend the targets / objectives set in case of a substantial adjustment of the strategic plan. Taking into account the different nature of the targets / objectives, different measurement techniques are used.
4. The variable income scheme is a rolling plan for the financial targets, except for the cash flow target which is considered as a yearly target by nature and shall be measured on an annual basis and for the TSR part of the financial targets which is measured as a backward looking target. The plan is a sequential plan for the non-financial targets.
5. The eligible participants are rewarded with immediate (yearly) payment of the realised incentive with a deferred element for 50% of that cash value. This 50%, after income tax, is delivered as TNT shares. The shares delivered are banked and are restricted shares held for a total period of five years, in accordance with the Dutch corporate governance code provisions.
6. The principles of the variable income scheme will also apply to the senior management population. The shares delivered under the variable income scheme, however, are restricted shares to be held for a total period of three years.

ROLLING PLAN EXAMPLE

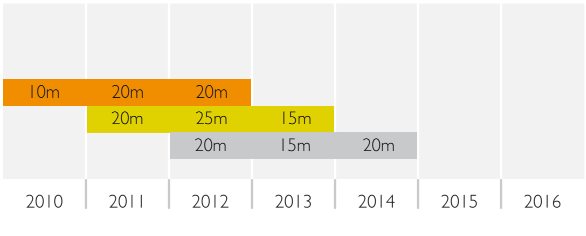
A rolling plan implies the start of a new three-year plan every year while keeping the original plan in place. This means in practice that at a certain point in time there are a maximum of three plans in place. As of the third year, in the below example as of 2012 , the scheme will be complete with three rolling plans in place each delivering one third of the target for financial results. This can be made visual as follows:



At the start of 2010 the financial targets for 2010, 2011 and 2012 are set. At the start of 2011 again financial targets are set for 2011, 2012 and 2013 and so on.

This means that, as of 2012, the incentive relating to the financial results – excluding TSR – is calculated by setting the actual results of 2012 against the targets set in the three existing plans which are in place for that particular year.

For example, in 2012 there are three rolling plans in place: the 2010 – 2012 plan, the 2011 – 2013 plan and the 2012 – 2014 plan. Each of these plans has an EBIT target (targets for explanation purposes only). It is illustrated in the below table and, again, the example is for elucidation purposes only.



In that particular year 2012 TNT has three plans in place:
– The 2010 – 2012 plan with an target EBIT in 2012 of €20 million,
– The 2011 – 2013 plan with a target EBIT in 2012 of 25 million and
– The 2012 – 2014 plan with a target EBIT in 2012 of 20 million.

Assuming a realisation in 2012 of €20 million EBIT, it means that
– the 2012 €20 million target from the 2010 – 2012 plan is met,
– the 2012 €25 million target from the 2011-2013 plan is not met and
– the 2012 €20 million target of the 2012 – 2014 plan is met.

In case the EBIT target is linked to an incentive opportunity of 10%, 2 x 1/3 of this incentive opportunity is paid (2 x 3.3% = 6.6%) over 2012.

In the first two years 2010 and 2011 a transitional rule will apply reflecting the presence of one 3-year plan respectively two 3 year plans which are in place.

BOARD OF MANAGEMENT REMUNERATION 2010 NEW VERSUS OLD POLICY

The total remuneration package of the Board of Management can be summarised as follows when compared to the current policy levels:

Compensation package 2010

		CEO		Board members
	new	old[1]	new	old[1]
Base salary	918,000	918,000	612,000	612,000
Variable income (maximum value)	918,000	1,836,000	612,000	1,009,800
Total	**1,836,000**	**2,754,000**	**1,224,000**	**1,621,800**
Pension	No change		No change	
Severance	No change		No change	
Other	No change		No change	

1 – These figures represent the current policy potential remuneration pay-out level. In 2009 both the shortterm and long term incentive were each capped at at €460,000 for the CEO and €325,000 for the other Board members.

Scenario analyses and internal pay relation analyses have been performed in conformity with provision II.2.2 of the Dutch corporate governance code.

MEMBERS OF THE BOARD OF MANAGEMENT

TERM OF EMPLOYMENT

Members of the Board of Management have entered 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 Board of Management requires a notice period of six months.

For the non-Dutch members of the Board of Management, local legislation is applicable.

TERM OF APPOINTMENT

Members of the Board of Management are appointed to the Board of Management for a period of four years. On expiry of the four-year term, a member of the Board of Management may be reappointed for successive terms of four years each. Details on each member's appointment are set out below.

Appointment details

	Employed since	Term of employment	Board member since	Year of (re) appointment	Term of appointment
Peter Bakker	October 1991	Indefinite	1998	2008	Four years
Henk van Dalen	April 2006	Indefinite	2006	2006	Four years
Harry Koorstra	October 1991	Indefinite	2000	2009	Four years
Marie-Christine Lombard	December 1999	Indefinite	2004	2008	Four years

REMUNERATION MEMBERS OF THE SUPERVISORY BOARD

The remuneration of the members of the Supervisory Board comprises base compensation and variable compensation linked to attendance of the meetings of the committees of the Supervisory Board. The members of the Supervisory Board do not receive any compensation related to performance and/or equity and do not accrue any pension rights with the company. The members of the Supervisory Board do not receive any severance payment in the event of termination. TNT does not grant loans, including mortgage loans, to any member of the Supervisory Board. The remuneration of the Supervisory Board has not changed since 2006. TNT is currently considering revising the Supervisory Board remuneration structure.

Remuneration of the Supervisory Board

		Base fee
	Chairman	60,000
	Member	45,000
Committees		**Meeting fee**
Audit & Remuneration	Chairman	2,500
	Member	1,500
Nominations & Public Affairs	Chairman	1,500
	Member	1,000

(in €)

Report of the Supervisory Board

TNT'S SUPERVISORY BOARD

Mr P. C. Klaver, Chairman
Nationality: Dutch
Appointed: April 2008
Term expires: 2012
Committee membership:
Nominations (chair), remuneration, public affairs

Mr S. Levy, Vice-Chairman
Nationality: French
Appointed: April 2005
Term expires: 2013
Committee membership:
Remuneration (chair)

Mr PR.J.N. Abrahmsen
Nationality: Dutch
Appointed: May 2000
Term expires: 2012
Committee membership:
Audit (chair), nominations

Ms P.M. Altenburg
Nationality: Dutch
Appointed: April 2009
Term expires: 2013
Committee membership:
Audit, public affairs

Mr V. Halberstadt
Nationality: Dutch
Appointed: June 1998
Term expires: 2010
Committee membership:
Public affairs (chair), nominations

Ms M.E. Harris
Nationality: British
Appointed: April 2007
Term expires: 2011
Committee membership:
Audit

Mr R. King
Nationality: American
Appointed: April 2006
Term expires: 2010
Committee membership:
Remuneration

Mr W. Kok
Nationality: Dutch
Appointed: April 2003
Term expires: 2011
Committee membership:
Nominations, public affairs

Mr G.J. Ruizendaal
Nationality: Dutch
Appointed: April 2008
Term expires: 2012
Committee membership:
Audit

Chapter 10 Report of the Supervisory Board

In this chapter the Supervisory Board of TNT reports on its activities in 2009 and on the information required to be provided under the Dutch corporate governance code published on 10 December 2008 (the "Code").

Composition Supervisory Board and committees as per 1 January 2010

Name	Nationality	Appointed	Term expires	Committee membership
Mr P. C. Klaver	Dutch	April 2008	2012	Nominations (chair), remuneration, public affairs
Mr S. Levy	French	April 2005	2013	Remuneration (chair)
Mr R.J.N. Abrahamsen	Dutch	May 2000	2012	Audit (chair), nominations
Ms P.M. Altenburg	Dutch	April 2009	2013	Audit, public affairs
Mr V. Halberstadt	Dutch	June 1998	2010	Public affairs (chair), nominations
Ms M.E. Harris	British	April 2007	2011	Audit
Mr R. King	American	April 2006	2010	Remuneration
Mr W. Kok	Dutch	April 2003	2011	Nominations, public affairs
Mr G.J. Ruizendaal	Dutch	April 2008	2012	Audit

MEETINGS OF THE SUPERVISORY BOARD

In 2009, the Supervisory Board held 15 (mostly evening and next day morning) meetings, of which 13 with the Board of Management present as well. The chairman had frequent meetings with the CEO, whereby a number of meetings were also attended by the vice-chairman, and from time to time with other members of the Board of Management, in between the Supervisory Board meetings. Market developments and the results and positions in various market segments within Express and Mail as well as strategic, business and corporate social responsibility issues were discussed in every meeting.

The Supervisory Board held a number of meetings by telephone. Most meetings were attended by the full Supervisory Board. There was no frequent absence of any of the members of the Supervisory Board.

In February, the Supervisory Board approved the targets over 2008 as well as the remuneration package for the Board of Management for 2009. The management letter by TNT's auditors, PricewaterhouseCoopers Accountants N.V., and the 2008 corporate responsibility report were discussed. The 2008 annual report, the TNT Reserve and Dividend Guidelines 2009 and the agenda for TNT's annual general meeting of shareholders of 8 April 2009 were approved. An update on the integrity programme (including the 2008 fraud and whistleblower report) was provided. The outcome of the risk management process was shared and discussed with the Supervisory Board.

The fourth quarter results 2008 were discussed. The Supervisory Board approved TNT's financial statements. Discussions were held on the business outlook for 2009 and the availability and mix of dividend over the financial year 2008. This resulted in the approval by the Supervisory Board of the decision of the Board of Management to propose to the annual general meeting of shareholders a distribution of a stock dividend (as pro forma final dividend over 2008) to be paid out of the distributable reserves of one share for every 40 shares, which, based on the volume weighted average share price of 11–13 February 2009 (€14.66), equalled €37 cents per share.

In April, the Supervisory Board reappointed Mr Koorstra as member of the Board of Management for another four year term. The nomination for reappointment of Mr Levy and the nomination for appointment of Ms Altenburg as member of the Supervisory Board were approved by the annual general meeting of shareholders. The first quarter results were discussed.

In June, the Supervisory Board held the annual strategy meeting together with the Board of Management, reviewing both the business strategies of the Mail and Express divisions as well as the group strategies, including financial strategies. The portfolio mix and transformation, defining area's for growth, area's for deeper focus and value development were discussed. See for more information the section below on strategy.

In July, the half-year results and second quarter results were discussed. The Supervisory Board approved the 2009 interim dividend and discussed the health and safety reporting. An update on the integrity programme (including the half-year 2009 fraud and whistleblower report) was provided. A further strategy meeting was held. The outline of a new remuneration policy for the Board of Management was discussed.

In October, the third quarter results were discussed. The policies and by-laws of the company that required amendment due to the (new) Dutch corporate governance code were approved.

In December, the Supervisory Board discussed the 2009 preliminary budget plan with the Board of Management. The new corporate responsibility strategy for 2010 onwards was discussed. The investor relations context was discussed.

In the December meeting, the Supervisory Board evaluated with the CEO the functioning of the Board of Management and its individual members. Subsequently, the Supervisory Board discussed in a private session the functioning of the CEO, its own functioning as supervisory board and that of its individual members, its profile, composition and competence and the functioning of its committees. This evaluation has been carried out based on elaborate self-assessment.

COMPLIANCE

The Supervisory Board confirms that in 2009 no decisions were taken by the Supervisory Board that did not comply with its by-laws.

STRATEGY

In June, July, October, November and December the Supervisory Board together with the Board of Management discussed the strategy for the period 2010–2015. Customary for this process all strategic options open for the development of the group and its business were discussed.

As a result of the reflection on various alternatives, the Vision 2015 strategy was approved by the Supervisory Board in November and further implementation was discussed in the December meeting. The strategy discussion started with a review of TNT's position necessary due to the impact of the economic downturn and the persisting trends in Mail and Express visible throughout the period. The business challenges in Mail, among other factors the decline in volumes in Mail Netherlands, the negotiations for the collective labour agreement and the regulatory environment, and in Express, such as continuing price pressure, customers shift from air to road and the balance of short term investments versus long term profitability, necessitated a response unlocking upside potential and controlling downside risk in both divisions. Vision 2015 translates business challenges and opportunities into inter alia the establishment of five focus areas: European Parcels, Freight, Emerging Platforms, Special Delivery Services (SDS) and Mail Netherlands. Cost leadership will be at the basis through continuing cost optimisation, growth of volume through scale and density increase by sector focus. Customer focus will be retained through a portfolio of networks in Europe and emerging markets, customer solutions through Special Delivery Services, and an integrated sales and customer service approach.

The strategic and business context of TNT requires in the opinion of the Supervisory Board a transformation towards a business portfolio more focused on day definite delivery business rather than an abrupt and disruptive change of the portfolio. The Supervisory Board in this decision has taken a full view on all stakeholder positions in a balanced way.

RISKS

TNT's risk management process is described in chapter 7 and the principle key risks facing TNT's strategic, operational, legal and regulatory compliance and financial objectives going forward are outlined in chapter 20. The outcome of the risk management process, the principle key risks identified and the mitigation plans in place to manage these risks in the short to mid term are shared and discussed with the audit committee of the Supervisory Board and the Supervisory Board.

MEETINGS OF THE COMMITTEES OF THE SUPERVISORY BOARD

AUDIT COMMITTEE

In 2009, the audit committee met six times. All meetings were attended by the CFO, the group director Internal Audit and the group director Financial Reporting Consolidation and Accounting. One meeting was attended by the CEO and five meetings were attended by the external auditor PricewaterhouseCoopers Accountants N.V. and by the group director Business Control.

The audit committee discussed with TNT's external auditor the full year 2008 and half-year 2009 management letters as well as TNT's 2008 annual results and the 2009 first quarter, half-year and third quarter results. It also reviewed press releases and compliance with TNT's Group Policy on Auditor Independence & Pre Approval, as well as internal control over financial reporting. The reports of TNT's internal audit function were discussed each quarter. The audit committee further reviewed the TNT Reserves and Dividend Guidelines 2009 and proposals for the 2008 full year dividend and the 2009 interim dividend.

In February, the risk management process was reviewed. The external audit fee proposal for 2009 was approved.

In July, the risk profile was shared and discussed. In October, the new role of the audit committee to advise on and monitor the integrity of the corporate responsibility reporting was discussed and agreed by the audit committee. In December, the audit committee reviewed the preliminary budget plan 2010 and internal audit plan 2010. The SUN project, which comprises key initiatives to optimise the fiscal, legal, accounting and treasury structure of the organisation and its subsidiaries, was discussed. The entering into of a €100 million revolving credit facility was discussed and approved. The potential impact of the economic downturn on TNT's financial position and on the position of the pension fund's coverage ratio was discussed during every meeting of the audit committee.

The financials behind Vision 2015 were discussed in detail, including the view on development of the business, continuation of the dividend policy, focus on cost savings, possible restraints on investments, strict management of working capital and cash.

REMUNERATION COMMITTEE

In 2009, the remuneration committee held six meetings. The remuneration committee is responsible for assessing and preparing the remuneration policy applicable to the members of the Board of Management. In the course of 2009, the remuneration committee reviewed the current Board of Management remuneration policy. The remuneration committee proposed a new remuneration policy which was supported by the Supervisory Board. Provided it will be approved by the annual general meeting of shareholders in April, the new remuneration policy will become effective in 2010.

See chapter 9 for further details on remuneration for the Board of Management and the Supervisory Board, including a further explanation of the remuneration policy and actual remuneration and the relation between remuneration and performance of members of the Board of Management for 2009.

NOMINATIONS COMMITTEE

The nominations committee held four meetings in 2009. The Supervisory Board (re)appointments were discussed as well as the reappointment of Mr Koorstra to the Board of Management. The outside positions of the members of the Board of Management were discussed. Succession planning relating to the Supervisory Board for the years 2010 and 2011 were discussed as well as the composition of the committees of the Supervisory Board. The profile of the Supervisory Board and the aspect of diversity in the composition of the Supervisory Board were discussed.

PUBLIC AFFAIRS COMMITTEE

The public affairs committee met eight times in 2009. The committee discussed national and international postal regulatory developments, including the effects of the new Dutch postal law and the status and various related subjects of the liberalisation of the European postal market. The committee reviewed TNT's 2008 corporate responsibility report and the proposed new corporate responsibility strategy for 2010 onwards. The committee reviewed and discussed the cost saving initiatives for the Dutch mail operations (the Master Plans), health and safety issues (including fatalities) and Planet Me initiatives. The negotiations with the trade unions on the new collective labour agreement in the Netherlands were discussed as well as the collective labour agreement for the postal sector. Also specific Express issues, for example landing rights and regulatory framework within which Express operates in Europe, were included on the agenda of the committee. Discussed were the OPTA developments, the large company regime and the role of the public affairs committee in the monitoring of the integrity of the corporate responsibility reporting.

AUTHORITIES, COMPOSITION AND WORKING OF THE SUPERVISORY BOARD

The Supervisory Board is charged with supervising the Board of Management and the general course of action of TNT, as well as assisting the Board of Management by providing advice. The Supervisory Board evaluates the main organisational structure and the control mechanisms established by the Board of Management. Members of the Supervisory Board may take positions different from those of the Board of Management.

In performing its duties the Supervisory Board is charged with acting in accordance with the interests of TNT. It shall take into account the relevant interests of the company's stakeholders, and, to that end, consider all appropriate interests associated with the company. Members of the Supervisory Board perform their duties without mandate and independent of any particular interest in the business of the company. The Supervisory Board is responsible for the quality of its own performance and for this purpose annually reviews its performance. The responsibility for proper performance of its duties is vested in the Supervisory Board as a whole. See chapter 11 for further information on the Supervisory Board.

COMPOSITION OF THE SUPERVISORY BOARD

TNT's articles of association determine that the Supervisory Board should consist of a minimum of seven and a maximum of twelve members. The Supervisory Board determines the number of its members. At present, TNT's Supervisory Board consists of nine members.

The Supervisory Board has prepared a profile of its size and composition, taking account of the nature of TNT's business and activities and the desired expertise and background of the members of the Supervisory Board. The Supervisory Board evaluates the profile annually and discusses the profile with the general meeting of shareholders and TNT's central works council when any amendments to the profile are made.

The Supervisory Board amended its profile relating to the aspects of diversity in the compositions of the Supervisory Board to align it with the Dutch corporate governance code. The new profile was discussed in the general meeting of shareholders in 2009 and with the central works council.

According to the by-laws and the profile of the Supervisory Board, a person may be appointed to the Supervisory Board for a maximum of three terms of four years. Also, TNT's articles of association provide that members of the Supervisory Board shall retire periodically in accordance with a rotation plan drawn up by the Supervisory Board in order to avoid, as far as possible, a situation in which appointments and/or reappointments occur simultaneously. Both profile and rotation plan can be viewed on TNT's corporate website, group.tnt.com.

In accordance with the Dutch corporate governance code the members of the Supervisory Board will not hold more than five memberships in supervisory boards of Dutch listed companies (including TNT). In this respect, a chairmanship counts twice.

The composition of the Supervisory Board changed in 2009. At the annual general meeting of shareholders held on 8 April 2009, Ms G. Kampouri Monnas, Mr S. Levy and Mr J.H.M. Hommen resigned from the Supervisory Board due to expiration of their respective terms. Only Mr Levy was available for reappointment.

Ms Kampouri Monnas was a member of the Supervisory Board since 7 April 2005. The Supervisory Board is grateful for the advice, wisdom and dedication of Ms Kampouri Monnas as member of the Supervisory Board.

Mr Hommen was chairman of the Supervisory Board from April 2005 to December 2009 and a member since 1998. The Supervisory Board is greatly indebted to Mr Hommen for his leadership in the Supervisory Board and major contributions to TNT.

Mr Klaver was elected by the Supervisory Board as its new chairman.

Mr S. Levy was reappointed by the annual general meeting of shareholders of 8 April 2009 for an additional four year term.

Ms P.M. Altenburg was appointed as a member of the Supervisory Board by the annual general meeting of shareholders of 8 April 2009. Ms Altenburg has become a member of the public affairs committee and the audit committee.

Mr R. King is due for reappointment in 2010. Mr Halberstadt will step down as a member of the Supervisory Board at the annual general meeting of shareholders of 8 April 2010 due to the attainment of the maximum of three four-year terms as prescribed by the Dutch corporate governance code. Mr Halberstadt has been a member since 1998.

Mr J. Wallage has been nominated as new member of the Supervisory Board. His appointment will be decided on by the annual general meeting of shareholders of 8 April 2010. His nomination is supported by the central works council.

The Supervisory Board discussed the changes in composition as part of the succession policy of its members, and in relation to the profile of the Supervisory Board.

COMMITTEES OF THE SUPERVISORY BOARD

TNT's Supervisory Board has formed an audit committee, a remuneration committee, a nominations committee and a public affairs committee from among its members. The committees operate pursuant to terms of reference established by the Supervisory Board according to the rules and regulations of the Dutch corporate governance code. The terms of reference of these committees can be viewed on TNT's corporate website. The powers of the committees are based on a mandate from the Supervisory Board which mandate does not include the right to decision making.

AUDIT COMMITTEE

The audit committee is charged with assisting the Supervisory Board in advising on and monitoring, inter alia, the integrity of TNT's financial and corporate responsibility reporting and reporting process, its financing and finance-related strategies, its system of internal control and financial reporting and its system of risk management, a review of the independence of the external auditor and the functioning of internal audit, its tax planning and compliance with relevant primary and secondary legislation and codes of conduct. The audit committee has the authority to retain independent advisors as it deems appropriate. TNT will bear these costs.

The audit committee consists of at least three members. All members of the audit committee must be members of the Supervisory Board who are determined by the Supervisory Board to be independent within the meaning of its by-laws and the applicable corporate governance rules. A member of the audit committee may not simultaneously serve on the audit committees of more than two other companies unless the Supervisory Board determines that this simultaneous service would not impair the ability of such member to serve effectively on the audit committee. The audit committee and the remuneration committee may not consist of the same members.

Each member of the audit committee must be financially literate and at least one member of the audit committee must have accounting or related financial management expertise.

REMUNERATION COMMITTEE

The remuneration committee is appointed by the Supervisory Board to propose the remuneration of the individual members of the Board of Management for adoption by the Supervisory Board. The remuneration committee also proposes a remuneration policy, including schemes under which rights to shares are granted, for members of the Board of Management, and prepares a proposal for the remuneration of the individual members of the Supervisory Board, of which the former is submitted for adoption to the general meeting of shareholders. Furthermore, the remuneration committee prepares the allocation by the CEO after approval by the Supervisory Board of rights to shares in TNT's share capital to other senior management within TNT.

NOMINATIONS COMMITTEE

The nominations committee is appointed by the Supervisory Board to draw up selection criteria and appointment procedures for members of the Supervisory Board and members of the Board of Management, to set up procedures to secure adequate succession of members of the Board of Management and the assessment of such candidates, and to assess the size and composition of the Supervisory Board and the Board of Management. It makes proposals for the profile of the Supervisory Board, assesses the functioning of individual members of the Supervisory Board and the Board of Management and reports this to the Supervisory Board. Finally, the nominations committee makes proposals for nominations, appointments and reappointments. At least annually the size and composition of the Supervisory Board and the Board of Management and the functioning of the individual members are assessed by the nominations committee and discussed in the full Supervisory Board.

PUBLIC AFFAIRS COMMITTEE

The public affairs committee is appointed by the Supervisory Board to act as a sounding board and advisory committee for the Board of Management with respect to (i) formulating, developing and monitoring TNT's public affairs policy governing the relationships between TNT and national and international (semi) public bodies, including but not limited to governments, ministries, parliaments, industry supervising authorities (e.g. OPTA), works councils, trade unions and antitrust authorities and (ii) formulating and developing on TNT's social and environmental policies.

REPORTING BY COMMITTEES

Each committee reported its findings and conclusions on a regular basis, both verbally and in writing, to the full Supervisory Board. Minutes of the audit committee meetings were prepared over-night, being available in draft to the full Supervisory Board the next morning prior to the regular Supervisory Board meeting.

The information on the composition and functioning of the Supervisory Board and its subcommittees will be included in the corporate governance statement as of financial year 2010 pursuant to the Decree dated 23 December 2004 (as amended on 20 March 2009) implementing further accounting standards for the content of annual reports.

INDUCTION AND TRAINING

As new member of the Supervisory Board, Ms Altenburg attended a full-day induction programme on 10 and 11 June 2009. Senior corporate directors informed her of the strategic, financial, legal, reporting, integrity and compliance affairs of TNT. Ms Altenburg also visited Mail and Express facilities.

INDEPENDENCE OF MEMBERS OF THE SUPERVISORY BOARD

The Supervisory Board confirms that all members of the Supervisory Board are independent in the sense of best practice provision III.2.2 of the Dutch corporate governance code.

DIVERSITY WITHIN THE SUPERVISORY BOARD

The recommendations issued by the Corporate Governance Code Monitoring Committee on diversity in the composition of supervisory boards of companies listed on Euronext Amsterdam are supported by the Supervisory Board and have led to an amendment in the profile of the Supervisory Board.

TNT adheres to best practice III.1.3 of the Dutch corporate governance code, which states that information must be given in the annual report on the members of the Supervisory Board themselves. The Supervisory Board has explicitly included in the information given on its members the number of women in the Supervisory Board together with information on nationality, age, expertise and social background.

The Supervisory Board consists of nine members. Of these nine members, two are female (22%). With respect to nationality, 33% of the board members are non-Dutch. Four nationalities are represented. The average age is 62; the ages range between 44 and 71. The majority of the members has a university degree or the equivalent thereof. The field of expertise ranges from (public) finance to members who are experienced in consultancy and marketing to members who have general management experience in the United States, the Far East and/or Europe.

The profile of the Supervisory Board is such that each member must be capable of assessing the broad outline of the overall policy and should have the specific expertise required for the fulfilment of the duties assigned to the role designated to him or her within the framework of the profile. Each member should have sufficient time available for the proper performance of his or her duties. The Supervisory Board has ensured the composition of its board to fit the profile and thus to be as independent and diverse as possible. The Supervisory Board feels the quality of its functioning has greatly benefited from this approach.

CHAIRMAN AND CORPORATE SECRETARY

The chairman of TNT's Supervisory Board determines the agenda and presides over meetings of the Supervisory Board. The chairman is responsible for the proper functioning of TNT's Supervisory Board and its committees. Furthermore, the chairman arranges for the induction and training programme for the members of TNT's Supervisory Board and initiates the evaluation of the performance of the members of the Supervisory Board and the Board of Management. The chairman of TNT's Supervisory Board may not be a former member of TNT's Board of Management.

TNT's Supervisory Board is assisted by TNT's corporate secretary. All members of the Supervisory Board have access to the advice and services of the corporate secretary, who is responsible for ensuring that Supervisory Board procedures are followed and that the Supervisory Board acts in accordance with its statutory obligations under the articles of association. The corporate secretary is appointed and dismissed by the Board of Management, after the approval of the Supervisory Board has been obtained.

At TNT, the corporate secretary has been appointed as secretary to the Board of Management and the Supervisory Board and as central officer as mentioned in the TNT Group Policy on prevention of insider trading which policy can be found on TNT's corporate website, group.tnt.com.

There is an agreed procedure for members of the Supervisory Board to obtain independent professional advice at TNT's expense, if so required.

MEMBERS OF THE SUPERVISORY BOARD IN 2009

P.C. (PIET) KLAVER (1945, DUTCH)

Mr Klaver was appointed as a member of the Supervisory Board on 11 April 2008. His current term expires in 2012. He has been chairman of the Supervisory Board as of 1 January 2009. Mr Klaver is chairman of the supervisory boards of the Utrecht School of Arts, Dekker Hout Groep B.V., Jaarbeurs Holding B.V. and Credit Yard Group B.V. Furthermore, he is a member of the supervisory boards of ING Group N.V., SHV Holdings N.V. and Dura Vermeer Groep N.V. He is a member of the board of African Parks Foundation. Formerly, Mr Klaver held various positions at SHV Holdings N.V., lastly as chairman of the executive board of directors.

S. (SHEMAYA) LEVY (1947, FRENCH)

Mr Levy was appointed as a member of the Supervisory Board on 7 April 2005. His current term expires in 2013. He is vice-chairman of the Supervisory Board as of 1 January 2009. Mr Levy is a member of the supervisory boards of Safran, Segula Technologies 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.

R.J.N. (ROBERT) ABRAHAMSEN (1938, DUTCH)

Mr Abrahamsen was appointed as a member of the Supervisory Board on 9 May 2000. His current term expires in 2012. Mr Abrahamsen is chairman of the supervisory board of Optimix Vermogensbeheer N.V. Mr Abrahamsen is a member of the supervisory boards of Fluor Daniel B.V., PON Holdings B.V., Havenbedrijf Rotterdam B.V., ANP, Royal BAM Group, Vitens N.V., and Bank Nederlandse Gemeenten. He was a member of the management board and chief financial officer of KLM Royal Dutch Airlines N.V. and was senior executive vice-president of ABN AMRO Bank N.V.

P.M. (NELLY) ALTENBURG (1952, DUTCH)

Ms Altenburg was appointed as a member of the Supervisory Board on 8 April 2009. Her current term expires in 2013. Ms Altenburg is a member of the supervisory boards of MSD B.V., Art and Culture Pension- and Life insurance Maatschappij N.V., KONI B.V. and M&N Services. Furthermore, she is a member of the board of the Zuiderzee Museum, chairperson of the Committee Verstrekkings- en Indicatiegeschillen van het College voor Zorgverzekeringen and vice-chairperson of the Nederlands Instituut van Psychologen. Formerly, Ms Altenburg held various positions at the trade union FNV and was member of the board of ABVAKABO FNV. She was member of the boards of Dutch pension funds ABP and PGGM.

V. (VICTOR) HALBERSTADT (1939, DUTCH)

Mr Halberstadt was appointed as a member of the Supervisory Board on 28 June 1998. His current term expires in 2010. Mr Halberstadt is professor of public finance at Leiden University, international advisor of The Goldman Sachs Group Inc., and non-executive director of PA Consulting Group Ltd. Furthermore, he is a member of the supervisory board of Het Concertgebouw N.V. Mr Halberstadt previously served among other things as president of the International Institute of Public Finance, Crown-member of the Social and Economic Council, chairman of the Daimler Chrysler international advisory board and member of the supervisory board of Royal KPN N.V.

M.E. (MARY) HARRIS (1966, BRITISH)

Ms Harris was appointed as a member of the Supervisory Board on 20 April 2007. Her current term expires in 2011. 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 on 20 April 2006. His current term expires in 2010. Mr King is non-executive director of Arrow Electronics, Inc. (USA) and Orient Overseas International Limited (Hong Kong). 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 and Director of the Center for Asian Family Business and Entrepreneurship Studies at Hong Kong University of Science and Technology. 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.

W. (WIM) KOK (1938, DUTCH)

Mr Kok was appointed as a member of the Supervisory Board on 1 April 2003. His current term expires in 2011. Mr Kok is a non-executive director of Royal Dutch Shell plc and member of the supervisory board of KLM Royal Dutch Airlines N.V. Furthermore, Mr Kok is the chairman of the board of trustees of the National Ballet and the Antoni van Leeuwenhoek Hospital "Netherlands Cancer Institute". He is a member of the board of trustees of Het Muziektheater, member of the board of Stichting Start Foundation, and chairman of the Anne Frank Foundation. Mr Kok was formerly Prime Minister of the Netherlands, Minister of Finance, Member of Parliament, chairman of the Confederation of Dutch Trade Unions and the European Trade Union Confederation, member of the supervisory board of ING Group N.V., and vice-chairman of the board of trustees of the Rijksmuseum.

G.J. (GERARD) RUIZENDAAL (1958, DUTCH)

Mr Ruizendaal was appointed as a member of the Supervisory Board on 11 April 2008. His current term expires in 2012. Mr Ruizendaal is a member of the group management committee of Royal Philips Electronics N.V. He held various positions at Philips, among other things as group controller, and was vice-chairman of the supervisory board and member of the audit committee of Atos Origin.

J.H.M. (JAN) HOMMEN (1943, DUTCH)

Mr Hommen was appointed as a member of the Supervisory Board on 28 June 1998. He was chairman of the Supervisory Board from April 2005 until end of December 2008. His term as a member of the Supervisory Board expired in 2009. Mr Hommen was not available for reappointment and he stepped down as a member of the Supervisory Board on 8 April 2009.

G. (GIOVANNA) KAMPOURI MONNAS (1955, GREEK)

Ms Kampouri Monnas was appointed as a member of the Supervisory Board on 7 April 2005. Her term as a member of the Supervisory Board expired in 2009. Ms Kampouri Monnas was not available for reappointment and she stepped down as a member of the Supervisory Board on 8 April 2009.

FINANCIAL STATEMENTS

This annual report and the 2009 consolidated financial statements, audited by PricewaterhouseCoopers Accountants N.V., were presented to the Supervisory Board in the presence of the Board of Management and the external auditor. PricewaterhouseCoopers Accountants N.V.'s report can be found on page 115 of chapter 6.

The members of the Supervisory Board have signed the financial statements pursuant to their statutory obligation under article 2:101(2) of the Dutch Civil Code. The members of the Board of Management have signed the financial statements pursuant to their statutory obligation under article 2:101(2) of the Dutch Civil Code and article 5:25c (2)(c) of the Financial Markets Supervision Act (*Wet op het financieel toezicht*). See also chapter 7 on page 121.

The Supervisory Board recommends that the general meeting of shareholders adopts the 2009 consolidated financial statements of TNT. The annual general meeting of shareholders will be asked to release the members of the Board of Management and of the Supervisory Board from liability for the exercise of their duties. The appropriation of profit approved by the Supervisory Board can be found on page 116.

The Supervisory Board endorsed TNT's Board of Management's view on 2010. The Supervisory Board therefore approved the decision of the Board of Management to propose a dividend over 2009 at €53 cents per ordinary share of which €18 cents was already paid as an interim dividend (at the election of the shareholder in cash or in stock) in August 2009. In addition, the Supervisory Board approved the decision by the Board of Management to propose to the annual general meeting of shareholders a distribution of an optional final dividend 2009 of €35 cents per ordinary share.

The Supervisory Board wishes to thank the Board of Management and all employees of TNT for their outstanding contributions in 2009.

Supervisory Board –
Hoofddorp, 22 February 2010

Governance, regulations and investor relations

Share data

TNT is included in the AEX index, which normally consists of the top 25 companies in the Netherlands, ranked on the basis of their turnover in the stock market and free float.

Number of shares traded on Euronext Amsterdam

464 m

2008: 642 m

Stock price high

€21.50

2008: €27.92

Stock price low

€10.57

2008: €12.95

Stock price close

€21.50

2008: €13.76

Earnings per outstanding share

€76.7 cents

2008: €152.9 cents

Stock market capitalisation

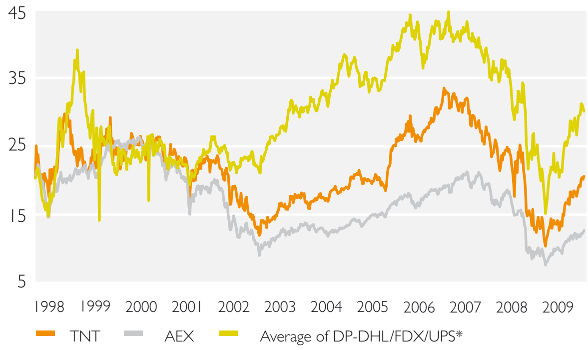
€7,976 m

2008: €4,954 m

INVESTOR RELATIONS

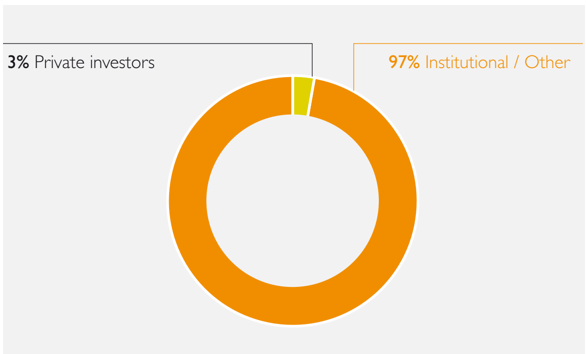
TNT's policy is to provide shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence the share price. The contacts between the Board of Management on the one hand and the press and analysts on the other are carefully handled and structured.

Relative performance next to Euronext Amsterdam (AEX) and peers

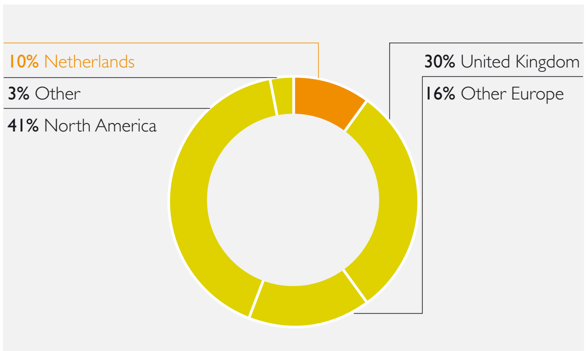


*Deutsche Post started trading as a publicly-listed company in 2000 and UPS in 1999.

Shareholders by sector



Shareholders by country



Source: Thomson Reuters

CORPORATE GOVERNANCE

Under the rules of the large company regime, a company is required to adopt a two-tier system of corporate governance, comprising a board of management entrusted with the executive management under the supervision of an independent supervisory board. Certain resolutions of the board of management require the prior approval of the supervisory board.

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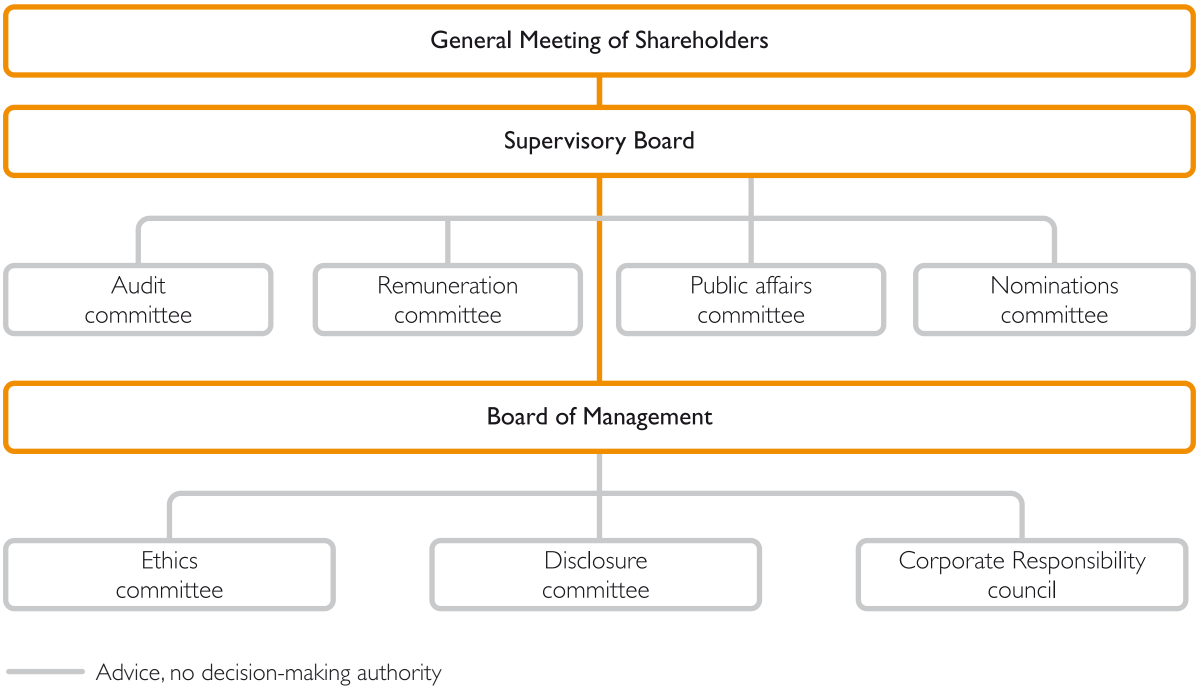
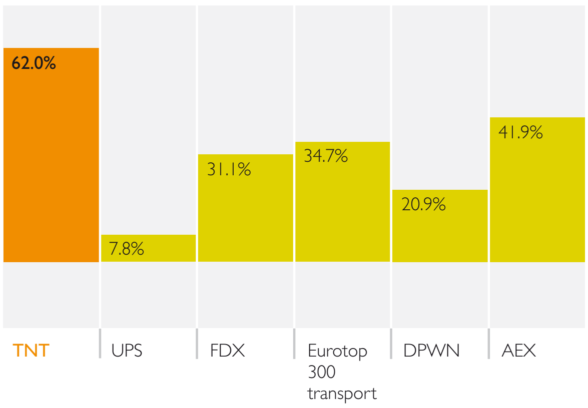
Corporate governance overview

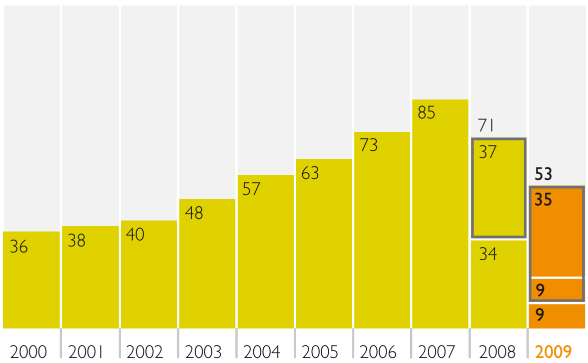


Total shareholder return
2009



Source: Bloomberg Professional (own currency based).

Dividend TNT per share
(in € cents)



The highlighted section of the 2008 and 2009 bars relates to (optional) stock dividend.

Chapter 11 Corporate governance

GENERAL

Under the rules of the large company regime, a company is required to adopt a two-tier system of corporate governance, comprising a board of management entrusted with the executive management under the supervision of an independent supervisory board.

Pursuant to the Enabling Act as it was formulated until 31 March 2009, TNT was subject to the full Dutch large company regime. Since 1 April 2009 the Enabling Act no longer prescribes the applicability of the large company regime to TNT at group level. Consequently and pursuant to article 154(4) of book 2 of the Dutch Civil Code the Board of Management with the approval of the Supervisory Board will submit a proposal to the annual general meeting of shareholders to either continue the large company regime at the level of TNT N.V. or to discontinue the large company regime at that level. A discontinuation would mean implementation of the large company regime at a lower level within the TNT group.

Under the large company regime certain resolutions of the board of management require the prior approval of the supervisory board. Both the supervisory board and the board of management are accountable to the general meeting of shareholders for the performance of their duties. Members of the board of management are appointed and can be suspended or dismissed by the supervisory board. The decision of the supervisory board to dismiss a member of the board of management can only be taken after the general meeting of shareholders has been consulted on the intended dismissal.

On 10 December 2008 the Corporate Governance Monitoring Committee published a revised Dutch corporate governance code (the "Code"). TNT incorporated the principles and best practices of the Code and reports on how it complied with these principles and best practices in this annual report.

BOARD OF MANAGEMENT

The Board of Management is responsible for setting TNT's mission, vision and strategy and execution of its implementation, and takes responsibility for TNT's overall results. The Board of Management consists of four members: the CEO, the CFO and the two group managing directors of the Mail and Express divisions.

The group managing director of each of TNT's two divisions is primarily responsible for the development and execution of the business strategy and operations of the division within the framework set by TNT's corporate strategy. The Board of Management is collectively responsible for the management of TNT as a whole and for all decisions taken in this respect.

TNT's reporting structure in 2009 was in line with the management structure of the two divisions. In 2010 certain amendments will be made in the structure following TNT's implementation of Vision 2015.

DUTIES OF THE BOARD OF MANAGEMENT

The Board of Management is charged with the management of TNT, which means among other things that it is responsible for establishing and achieving TNT's objectives and strategy and managing the associated risks, the development of results, as well as addressing the corporate responsibility issues relevant to TNT.

The Board of Management acts in accordance with the interests of TNT and is to that end required to consider all appropriate interests associated with the company. The Board of Management is firmly committed to managing the company in a structured and transparent fashion. TNT aims to provide stakeholders with a clear view on corporate decisions and decision-making processes. Value-based management provides TNT with an additional framework for decision making within the company, based on objective criteria. Day-to-day decisions in the divisions are decentralised within established standards, processes, requirements and guidelines.

TNT's Board of Management is responsible for complying with all relevant primary and secondary legislation, the risk profile associated with the strategy, the corporate responsibility issues relevant to the company, its financing, and for its external communications. TNT's Board of Management is required to report developments on the abovementioned subjects to, and discusses the internal risk management and control systems with, TNT's Supervisory Board and its audit committee.

TNT's Board of Management has formed the following bodies to assist with compliance with applicable corporate governance requirements: a disclosure committee, an ethics committee and a CR Council.

The disclosure committee advises and assists TNT's Board of Management to ensure that TNT's disclosures in all reports are full, fair, accurate, timely and understandable and that they fairly present the condition of the company in all material respects. The disclosure committee provides oversight of the design, development, implementation and ongoing effectiveness of TNT's disclosure controls and procedures.

The ethics committee is appointed to advise and assist in developing and implementing group policies and procedures aimed at enhancing integrity and ethical behaviour and preventing fraud throughout TNT worldwide, and monitoring compliance with integrity and ethical behaviour standards. The ethics committee oversees and coordinates investigations resulting from complaints via the TNT Group Procedure on Whistleblowing and/or the TNT Group Policy on Fraud Prevention, and it advises and makes recommendations with regard to guidelines for disciplinary actions. The ethics committee also advises and makes recommendations to the Board of Management and line-management on the mitigation of fraud risk and on ethical and anti-corruption matters. The ethics committee reports regularly to the Board of Management and every six months to the Supervisory Board.

The CR council advises and assists the Board of Management to deploy the CR strategy, to provide guidance on the CR direction, issues and opportunities and to integrate CR in the daily operations. The Board of Management is also supported in developing and achieving its CR strategic objectives by group and divisional functions and departments. These functions and departments, CR reporting, Group Integrity, Procurement, Human Resources and Group Communications, are responsible for ensuring that the legal and regulatory compliance objectives are achieved.

The by-laws of the Board of Management and the terms of reference of the disclosure committee can be viewed on TNT's corporate website, group.tnt.com.

The Board of Management performs its activities under the supervision of the Supervisory Board. The Board of Management provides the Supervisory Board in a timely manner with the information necessary for the proper performance of its duties. In addition, the Board of Management is required to provide the necessary means, allowing the Supervisory Board and its individual members to obtain all information necessary to be able to function as the supervisory body of TNT. In its communication with the Supervisory Board the Board of Management seeks full transparency.

Under the large company regime members of the Board of Management are appointed by the Supervisory Board after having notified the general meeting of shareholders of its intention to do so. The Supervisory Board can dismiss a member of the Board of Management after having consulted the general meeting of shareholders of the intended dismissal. For further details on the appointment and dismissal of members of the Board of Management see article 21 of TNT's articles of association.

SUPERVISORY BOARD

The Supervisory Board is charged with supervising the Board of Management and the general course of affairs of TNT, as well as assisting the Board of Management by providing advice. The Supervisory Board evaluates the main organisational structure and the control mechanisms established by the Board of Management. Members of the Supervisory Board may take positions different from those of the Board of Management.

In performing its duties the Supervisory Board is charged with acting in accordance with the interests of TNT. It shall take into account the relevant interest of the company's stakeholders, and, to that end, consider all appropriate interests associated with the company. Members of the Supervisory Board perform their duties without mandate and independent of any particular interest in the business of the company. TNT's Supervisory Board is responsible for the quality of its own performance and for this purpose annually reviews its performance. The responsibility for proper performance of its duties is vested in the Supervisory Board as a whole.

Share ownership is not required to qualify as a member of the Supervisory Board. Under the large company regime members of the Supervisory Board are appointed by the general meeting of shareholders following nomination by the Supervisory Board. The general meeting of shareholders can, furthermore, dismiss the Supervisory Board as a whole by an absolute majority of the votes cast representing at least one-third of the issued capital. For further details on the appointment and dismissal of (members of) the Supervisory Board see articles 28 and 29 of TNT's articles of association.

The Supervisory Board and the public affairs committee of the Supervisory Board perform an oversight role with respect to corporate responsibility issues (CR). TNT's internal audit function and the company's external auditors support the Board of Management and the Supervisory Board in monitoring the CR governance structure and reporting. Please refer to chapter 19 for a comprehensive overview of the roles of internal audit and the assurance services provided by the external auditor.

TNT's articles of association and the by-laws of the Supervisory Board can be viewed on TNT's corporate website, group.tnt.com.

CONFLICT OF INTEREST OF BOARD MEMBERS

The Supervisory Board is responsible for deciding how to resolve a conflict of interest between members of the Board of Management, members of the Supervisory Board and/or the external auditor on the one hand and the company on the other hand.

A member of the Board of Management or a member of the Supervisory Board is required to report immediately and provide all relevant information to the chairman of the Supervisory Board and to the other members of the Board of Management (if it concerns a member of that board) on any conflict of interest or potential conflict of interest that may be of (material) significance to the company and/or to the relevant member. If the chairman of the Supervisory Board has a conflict of interest or potential conflict of interest that is of material significance to the company and/or to him, he is required to report this immediately to the vice-chairman of the Supervisory Board and provide all relevant information. In both situations, this includes information concerning a spouse, registered partner or other life companion, foster child or relatives by blood or marriage up to the second degree.

In the event of a conflict between TNT and a member of its Board of Management, the company will be represented by another member of the Board of Management or a member of the Supervisory Board appointed by the Supervisory Board for this purpose.

A decision to enter into a transaction involving a conflict of interest with a member of the Board of Management or a member of the Supervisory Board that is of (material) significance to the company or to the relevant member requires the approval of the Supervisory Board. No such transactions were entered into in 2009, therefore compliance with best practice provisions II.3.2 to II.3.4 and III.6.1 to III.6.3 inclusive of the Code did not come up for discussion. The same applies to provision III.6.4 of the Code.

The by-laws of the Board of Management and the Supervisory Board also include a provision that a member of the Board of Management or of the Supervisory Board shall not take part in any discussion or decision making that involves a subject or transaction in relation to which such member has a conflict of interest with the company.

SHAREHOLDERS AND THEIR RIGHTS

GENERAL MEETINGS OF SHAREHOLDERS

Annual general meeting of shareholders held on 8 April 2009

On 8 April 2009, TNT held its annual general meeting of shareholders at Schiphol-Rijk, the Netherlands. The attendance rate was 42% of the total outstanding share capital, compared to 48% in 2008.

During the annual general meeting of shareholders all proposed resolutions were adopted, including the extension of authority to issue shares. The annual general meeting of shareholders extended the then-current authority of the Board of Management to issue ordinary shares for another period of eighteen months to end on 8 October 2010. Ordinary shares up to a maximum of 10% of the issued share capital may be issued by resolution of the Board of Management. An additional 10% of the issued share capital may be issued that way when a share issue takes place in relation to a merger or acquisition.

The resolutions of the meeting, the agenda and the voting results for each resolution as well as the presentations given during the meeting can be found on TNT's corporate website. Minutes of the meeting can be found both in the Dutch and in the English language on TNT's corporate website.

Frequency and venue

TNT is required to hold an annual general meeting of shareholders within six months after the end of the financial year in order to, among other things, adopt the financial statements and to decide on any proposal concerning dividends. Further to Dutch law, the release from liability of the members of the Board of Management and the Supervisory Board for the performance of their respective duties during the financial year are also agenda items for this meeting. However, this release only covers liability for matters reflected in the financial statements or otherwise disclosed to the general meeting of shareholders prior to the adoption of the financial statements.

Other general meetings of shareholders are held as often as the Board of Management or the Supervisory Board deem necessary, and shall in principle be convened if the Board of Management proposes to take a decision that will result in a significant change in the identity or character of TNT or its business.

Furthermore, in the event shareholders jointly representing at least 10% of the outstanding share capital make a written request to convene a general meeting of shareholders to the Supervisory Board and the Board of Management, stating their proposed agenda in detail, a general meeting of shareholders shall in principle be convened.

General meetings of shareholders may only be held in Amsterdam, The Hague, Hoofddorp or in the municipality of Haarlemmermeer (Schiphol).

Agenda

One or more shareholders holding shares representing at least 1% of TNT's issued share capital or representing a value of €50 million according to the Official Price List of Euronext Amsterdam (Official Price List) has/have the right to request the Board of Management or the Supervisory Board to place items on the agenda of the general meeting of shareholders. Such a request has to be honoured by the Board of Management or the Supervisory Board provided that important company interests do not dictate otherwise and that the request is received by the Board of Management or the Supervisory Board in writing, at least sixty days before the date of the general meeting of shareholders.

In the event a request is made from one or more shareholders to either convene a meeting or to place an item on the agenda of a general meeting of shareholders that may result in a change in the company's strategy the Board of Management shall be given the opportunity to stipulate a reasonable period in which to respond, such period not to exceed 180 days.

Notice to convene

General meetings of shareholders are convened by at least 15 days' prior notice published in a nationally distributed daily newspaper and in the Official Price List.

Admission to and voting rights at the meeting

Each shareholder has the right to attend general meetings of shareholders, either in person or by written or electronic proxy, to address the meeting and to exercise voting rights, subject to the provisions of TNT's articles of association. An eligible shareholder has the aforementioned rights if registered as shareholder on the applicable record date as set by the Board of Management.

Each of the shares in TNT's share capital carries the right to cast one vote. Unless otherwise required by Dutch law or TNT's articles of association, resolutions are passed by a simple majority of votes cast by the shareholders present or represented at the meeting.

Under TNT's articles of association there are no limitations to the rights of Dutch, non-resident or foreign shareholders to hold or exercise voting rights in respect of TNT's securities, and TNT is not aware of any such restrictions under Dutch corporate law.

Liquidation rights

In the event of TNT's dissolution and liquidation, the assets remaining after payment of all debts and liquidation expenses are to be distributed in the following order of preference: first, to the holders of all outstanding preference shares B (if any) the nominal amount paid up on these shares plus accumulated dividends for preceding years which have not yet been paid; and second, to holders of the ordinary shares in proportion to their shareholdings.

Changes to the rights of shareholders

Rights of shareholders may change pursuant to an amendment of the articles of association, a statutory merger or demerger within the meaning of book 2 of the Dutch Civil Code or dissolution of the company. A resolution of the general meeting of shareholders is required to effect these changes. Under TNT's articles of association, such resolution may only be adopted upon a proposal of the Board of Management that has been approved by the Supervisory Board.

Major shareholders

To TNT's knowledge TNT is not directly or indirectly owned or controlled by another corporation or by any government. TNT does not know of any arrangements the operation of which might, at a subsequent date, result in a change of control, except as described under "Foundation Protection TNT and preference shares B" below.

The Financial Markets Supervision Act (*Wet op het financieel toezicht*) imposes a duty to disclose percentage holdings in the capital and/or voting rights in the company when such holding reaches, exceeds or falls below 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Such disclosure must be made to the Netherlands Authority for the Financial Markets (AFM) without delay. The AFM then notifies the company.

ARTICLES OF ASSOCIATION, SHARE ACQUISITION, REDUCTION AND INCREASE OF ISSUED SHARE CAPITAL

Amendments to the articles of association

Amendments to TNT's articles of association can take place upon a proposal of the Board of Management approved by the Supervisory Board and adopted by the general meeting of shareholders. A proposal to amend the articles of association must be stated in a notice convening a general meeting of shareholders and announced by publication in a nationally distributed daily newspaper and in the Official Price List, or in such manner as shall be permitted by law at any time. The proposal shall be passed upon an absolute majority of the votes cast in the general meeting of shareholders.

Ability of the company to acquire its own shares

In order to execute share buy-back programmes, TNT must be allowed to acquire its own shares. Under its articles of association, TNT may acquire its own shares, provided that they are fully paid-up. If such shares are acquired for consideration, the following conditions apply:

– TNT's shareholders' equity less the purchase price may not fall below the sum of the paid¬-up capital and any reserves required to be maintained by Dutch law or

pursuant to the articles of association, and
- following the share acquisition, TNT may not hold shares with an aggregate nominal value exceeding one-tenth of its issued share capital.

The acquisition of shares in its capital may be effected by a resolution of the Board of Management, subject to the approval of the Supervisory Board.

In addition to the above, the Board of Management requires prior authorisation by the general meeting of shareholders to acquire shares in the company for consideration. This authorisation may be valid for a period not exceeding 18 months from the date of the meeting and must specify:
- the number of shares that may be acquired,
- the manner in which shares may be acquired, and
- the price limits within which shares may be acquired.

Authorisation by the general meeting of shareholders is not required if TNT's own shares are acquired for the purpose of transferring those shares to TNT employees pursuant to any arrangements applicable to such employees.

Reduction of issued share capital in general

Cancellation of shares following a repurchase is one of the ways to reduce the issued share capital. TNT's issued share capital may also be reduced by way of a reduction of the nominal value of its shares by amendment of TNT's articles of association. The general meeting of shareholders is the body competent to resolve to reduce TNT's issued share capital. Pursuant to TNT's articles of association, such resolution may be taken upon a proposal of the Board of Management that has been approved by the Supervisory Board. The latter requirement is more stringent than is required by Dutch law.

Increase of issued share capital by issuance of shares/ pre-emptive rights

TNT's Board of Management has been designated as the body competent to resolve to issue shares in TNT and to grant rights to subscribe for ordinary shares, including options and warrants. Pursuant to TNT's current articles of association, such resolution is subject to the approval of the Supervisory Board. The scope and duration of this authority of the Board of Management is determined by the general meeting of shareholders. Under TNT's articles of association the scope relates at most to all shares in its authorised share capital that have not been issued. The duration of the authority shall be for a period of five years at most.

Extension of the term of designation of the Board of Management as the body competent to issue shares may also be effected by amending TNT's articles of association to that effect. If no extension is given, the issue of shares or granting of rights to subscribe for ordinary shares requires a resolution of the general meeting of shareholders. Such resolution may only be taken upon a proposal of the Board of Management, which proposal requires approval of the Supervisory Board.

In principle, each holder of ordinary shares has a pre-emptive right to any issue of ordinary shares or the granting of rights to subscribe for these shares. Registered holders of American Depositary Shares (ADS) and holders holding their ADS through a broker or a nominee evidenced by American Depositary Receipts do not qualify as holders of ordinary shares in this respect.

Pursuant to TNT's articles of association shareholders' pre-emptive rights may be restricted or excluded by a resolution of the Board of Management, provided and as long as the Board of Management has been designated as the body competent to resolve to issue shares. Such resolution is subject to the approval of the Supervisory Board. Pursuant to TNT's articles of association the provisions with respect to the scope and duration of the authority to issue shares and grant rights to subscribe for ordinary shares are also applicable to the scope and duration of the authority to exclude or restrict pre-emptive rights.

FOUNDATION PROTECTION TNT AND PREFERENCE SHARES B

"Stichting Bescherming TNT" (Foundation Protection TNT) was formed to care for TNT's interests, the enterprises connected with TNT and all interested parties, such as shareholders and employees, by, among other things, preventing as much as possible influences which would threaten TNT's continuity, independence and identity contrary to such interests. Foundation Protection TNT is an independent legal entity and is not owned or controlled by any other legal person.

TNT's articles of association provide for protective preference shares B that can be issued to Foundation Protection TNT to serve these interests. The preference shares B have a nominal value of €0.48 and have the same voting rights as TNT's ordinary shares. There are currently no preference shares B issued, although Foundation Protection TNT has a call option to acquire a number of preference shares B not exceeding the total issued amount of shares minus one and minus any shares already issued to Foundation Protection TNT.

The exercise price with respect to the call option is the nominal value of €0.48 per preference share B, although upon exercise only €0.12 per preference share B is required to be paid. The additional €0.36 per preference share B is due at such time as TNT makes a call for payment by resolution of its Board of Management, which resolution is subject to the approval of the Supervisory Board. Foundation Protection TNT has credit facilities in place to enable it to pay the exercise price.

TNT and Foundation Protection TNT have entered into the call option agreement to prevent, delay or complicate unsolicited influence of shareholders, including an unsolicited take-over or concentration of power. The issue of preference shares B enables TNT to consider its position in the then-existing circumstances. The preference shares B will be outstanding no longer than strictly necessary. Once the reason for the placing of the preference shares B no longer exists, TNT shall propose to the general meeting of shareholders to cancel the preference shares B entirely as a class.

After six months have expired since the issuance of preference shares B, Foundation Protection TNT may require TNT to convene a general meeting of shareholders to discuss cancellation of the preference shares B. However, should Foundation Protection TNT within this period of six months receive a demand for repayment under the credit facilities referred to above, it may also require TNT to convene said meeting. In accordance with TNT's current articles of association a general meeting of shareholders shall be convened by TNT ultimately twelve months after the first date of issuance of any preference shares B to Foundation Protection TNT for the first time. The agenda for that meeting shall include a resolution relating to the repurchase and/or cancellation of the preference shares B.

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

The members of the board of Foundation Protection TNT are R. Pieterse (chairman), J.H.M. Lindenbergh, W. van Vonno and M.P. Nieuwe Weme. All members of the board of Foundation Protection TNT are independent from TNT. This means that Foundation Protection TNT is an independent legal entity in the sense referred to in section 5:71 paragraph 1 sub c of the Netherlands Financial Markets Supervision Act.

DIVIDEND

The Board of Management may determine, subject to the approval of the Supervisory Board, that any dividend on ordinary shares be paid wholly or partly in TNT's ordinary shares rather than in cash, or that any dividend in ordinary shares be paid by giving the shareholders the option to choose between dividend paid in TNT's ordinary shares or in cash (optional dividends).

If and when dividends are declared, TNT pays dividends out of profits or by exception out of the distributable part of its shareholders' equity as shown in TNT's financial statements. TNT is not allowed to pay dividends if the payment would reduce shareholders' equity below the sum of the paid-up capital and any reserves required by Dutch law or its articles of association.

The Board of Management may, subject to the approval of the Supervisory Board and subject to provisions of Dutch law, distribute one or more interim dividends.

No dividend shall be paid on shares held by TNT in its own capital. Such shares shall not be included for the computation of the profit distribution, unless the Board of Management resolves otherwise, which resolution is subject to the approval of the Supervisory Board.

Under TNT's articles of association, if preference shares B have been issued, TNT has to pay dividends on the paid-up portion of the nominal value of the preference shares B. Payment is made at a rate of the average 12-monthly EURIBOR (EURO Interbank Offered Rate), weighted to reflect the number of days for which the payment is made, plus a premium to be determined by the Board of Management, subject to the approval of the Supervisory Board, of at least one percentage point and at most three percentage points.

The Board of Management then determines, subject to the approval of the Supervisory Board, which part of the remaining profits shall be appropriated to reserves. The profit that remains after appropriation is at the disposal of the general meeting of shareholders.

The TNT Reserves and Dividend Guidelines 2009 can be viewed on TNT's corporate website. Any changes to these guidelines shall be explained as a separate agenda item at the annual general meeting of shareholders.

AUDITOR

TNT's external auditor, PricewaterhouseCoopers Accountants N.V., is appointed by TNT's general meeting of shareholders. TNT's audit committee has the sole authority, subject to confirmation by the Supervisory Board, to recommend to the general meeting of shareholders the appointment or replacement of the external auditor. The audit committee is directly responsible for the oversight of the work of the external auditor on behalf of the Supervisory Board (including resolution of disagreements between management and the external auditor regarding financial reporting).

At times TNT uses its external auditor to provide services in cases where these services do not conflict with the external auditor's independence. The TNT Group Policy on Auditor Independence & Pre-Approval governs how and when TNT may engage its external auditor.
The audit committee is required to pre-approve (supported by the Group Director Internal Audit) all services to be provided by the external auditor in order to assure that these do not impair the auditor's independence

from TNT. A general annual pre approval for certain routine services is granted by the audit committee. Significant non-audit services require a tender process, and certain services are prohibited outright. In its approval-granting process, the audit committee considers the applicable regulations and stock exchange rules on auditor independence. The audit committee also considers the ratio between the total amount of fees for audit and audit related services and the total amount of fees for non-audit services. See note 20 to the consolidated financial statements of TNT N.V. for the fees paid to PricewaterhouseCoopers Accountants N.V. and the distribution of the fees between audit related services and non-audit services.
The audit committee requires a formal written statement from the external auditor confirming its independence.

Except for some services in the aggregate amount of less than 1% of the total amounts paid to the external auditor, all services performed by the external auditor in 2009 followed the pre-approval process. While this is a small deviation, TNT is committed to ensure that the pre-approval process is followed in all cases.

(Potential) conflicts of interest between the external auditor and TNT are resolved in accordance with the terms of reference of the audit committee and in particular the annex thereto: the "TNT Group Policy on Auditor Independence & Pre-Approval", which can be viewed on TNT's corporate website.

The audit committee and the Board of Management are required once every three years to conduct a thorough assessment of the functioning of the external auditor within the various entities and in the different capacities in which the external auditor acts. The last assessment was held in 2007. The main conclusions of this assessment were communicated to the 2007 annual general meeting of shareholders. On the agenda of the 2010 annual general meeting of shareholders the main conclusions of the 2010 assessment will be communicated. The lead (signing) partner and the concurring (review) partner of the external auditor are rotated after a maximum period of seven years. In 2010 Mr M. de Ridder, who has been lead partner for seven years, will therefore be succeeded.

TNT's internal audit function operates under the responsibility of the Board of Management and is subject to monitoring by the Supervisory Board, assisted by the audit committee. The Board of Management is required to ensure that the external auditor and the audit committee are aligned in defining the tasks and plans of the internal audit function.

DUTCH CORPORATE GOVERNANCE CODE

TNT applies the principles and best practices of the Dutch corporate governance code published on 10 December 2008 and designated on 3 December 2009 as code of conduct as referred to in article 391 paragraph 5 of book 2 of the Dutch Civil Code, except for the following best practice provisions below that are not fully applied:

- provision II.2.5 Dutch corporate governance code inter alia states that shares granted without financial consideration to members of the Board of Management shall be retained for a period of at least five years or until at least the end of the employment, if this period is shorter.
  - *Since the start of TNT's equity programme, the process for the members of the Board of Management has been such that if and when vesting of the right on shares takes place (leading to the delivery of shares) which happens in any event not earlier than three years from grant of the right, enough of the shares are sold for the purpose of using the proceeds to pay for the tax relating to the grant of these shares. This process will not be discontinued as no loans will be granted to the members of the Board of Management. Reference is made to chapter 6 note 18 under bonus/matching share plan and vesting of the long term incentive.*
- provision II.2.8 Dutch corporate governance code states that the remuneration in the event of dismissal of members of the Board of Management may not exceed one year's salary (the "fixed" remuneration component). In case one year's salary would be manifestly unreasonable, the severance pay may not exceed twice the annual salary.
  - *severance payments other than related to a change of control for members of the Board of Management are one year base salary or a maximum of two years' base salary in the first four-year term if one year is considered to be unreasonable. The employment contract of TNT's CFO effective 1 April 2006 states that the severance payment other than related to a change of control will amount to twenty-four months base salary during the first four year term as a member of the Board of Management. During further terms as a member of the Board of Management, his severance payment amounts to twelve months base salary. As stated in chapter 9, contracts entered into prior to 2004 remain unaltered.*
  - *for members of the Board of Management who are not residents of the Netherlands, TNT follows local market practice for that part of the base salary earned in the country of residence. This is done to ensure that TNT can offer a competitive package to foreign members of the Board of Management commensurate with local practice.*
  - *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 or non-resident members of the Board of Management. TNT is of the opinion that such payment is realistic taking into account the special position of members of the Board of Management in a change of control situation. Also, the Supervisory Board may decide that the performance shares vest in whole or in part.*
- provision II.2.13(f) Dutch corporate governance code states that the remuneration overview in the remuneration report of the Supervisory Board shall in any event contain a description of the performance criteria on

which the performance-related component of the variable remuneration is dependent in so far disclosure would not be undesirable because the information is competition sensitive.

– *TNT discloses quantified financial and non-financial targets which are published in general terms. The actual targets are specific and thus contain competition-sensitive information, and are therefore not disclosed. See chapter 9 under Current remuneration policy.*

In the chapter sections referred to above, TNT explains why it deviates from these best practice provisions. Material future (corporate) developments might justify further deviations from the Dutch corporate governance code at the moment of occurrence.

Each substantial change in the corporate governance structure of the company and in the compliance of the company with the Dutch corporate governance code shall be submitted to the general meeting of shareholders for discussion.

The full text of the Code can be viewed on TNT's corporate website. The corporate governance statement pursuant to the Decree implementing further accounting standards for the content of annual reports dated 23 December 2004 (as amended on 20 March 2009) can be found on TNT's corporate website under Corporate Governance. As of the financial year 2010 the information on (i) the composition and functioning of the Board of Management, (ii) the composition and functioning of the Supervisory Board and its committees, (iii) the functioning of the general meeting of shareholders and its key capacities and (iv) the rights of shareholders and how these rights can be exercised will be included in the corporate governance statement only.

For the Board of Management's statement pursuant to chapter 5.1a of the Dutch Financial Markets Supervision Act please refer to chapter 7 - Directors' Responsibility Statement.

MEMBERS OF THE BOARD OF MANAGEMENT

M.P. (Peter) Bakker (1961, Dutch)
Chief Executive Officer

Peter Bakker has been CEO and chairman of the Board of Management since November 2001. He joined Royal TNT Post (then called PTT Post) in 1991 and was appointed financial director of its parcels business unit in 1993. He was appointed financial control director of TNT Post in 1996 and became a member of the board of management of TNT Post in 1997. Since the demerger of TNT N.V. (then called TNT Post Groep N.V.) from Royal PTT Nederland N.V. until his appointment as CEO, Mr Bakker was chief financial officer and a member of TNT's Board of Management. Before joining TNT Post, Mr Bakker worked for TS Seeds Holdings.

Mr Bakker's portfolio includes corporate strategy, corporate relations, general counsel, corporate responsibility, human resources and internal audit.

Mr Bakker is a member of the advisory board of World Press Photo and a member of the board of Foundation Moving the World.

C.H. (Henk) van Dalen (1952, Dutch)
Chief Financial Officer

Henk van Dalen has been CFO and a member of the Board of Management since April 2006. He started his career at DSM N.V. in 1976, where he held various human resources and general management positions. From 2000 until March 2006 Mr Van Dalen was a member of the board of management and CFO of DSM N.V.

Mr Van Dalen's portfolio includes financial reporting and accounting, risk management and internal control, corporate responsibility reporting, mergers and acquisitions, business control, treasury, tax, investor relations, and legal and integrity.

Mr Van Dalen is a member of the supervisory board of Macintosh Retail Group N.V. and NIBC Bank N.V. Furthermore, he is a board member of the "Nationaal Fonds 4 en 5 mei" and a member of the board of advisors of AIESEC Nederland and NEVIR (Nederlandse Vereniging voor Investor Relations). He is also treasurer of the Netherlands Olympic Committee (NOC*NSF).

H.M. (Harry) Koorstra (1951, Dutch)
Group Managing Director Mail

Harry Koorstra has been group managing director Mail and a member of the Board of Management since July 2000. Mr Koorstra joined Royal TNT Post (then called PTT Post) in 1991 as managing director of its then Media Service business unit and became a member of its board of management in 1997. Before joining the company, Mr Koorstra worked at VNU N.V. for 15 years, lastly as general director of its Admedia/VNU Magazine Group. Mr Koorstra is chairman of the supervisory board Postkantoren B.V. Mr Koorstra was reappointed as a member of the Board of Management by the Supervisory Board for another four year term in April 2009.

Mr Koorstra is chairman of the supervisory board of Hermans Investments B.V. and a member of the supervisory board of Royal Swets and Zeitlinger Holding N.V. He is also member of the executive committee and general board of the Confederation of Netherlands Industry and Employers (VNO-NCW) and a member of the advisory board of Boer & Croon.

M.C. (Marie-Christine) Lombard (1958, French)
Group Managing Director Express

Marie-Christine Lombard has been group managing director Express and a member of the Board of Management since January 2004. She joined Jet Services in France in 1993. Upon TNT's acquisition of Jet Services in 1999, Ms Lombard joined TNT (then called TNT Post Groep N.V.) 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 is a member of the supervisory board of METRO AG. Ms Lombard is also president of the "Lyon Ville de l'Entrepreneuriat" Business Network Group and advisor of Bridgepoint France. She served as a member of the supervisory board of Royal Wessanen N.V. until 22 April 2009.

The members of the Board of Management have no important outside board positions as defined in the Code other than those listed above.

SECURITIES OWNED BY BOARD MEMBERS

The members of the Supervisory Board and the Board of Management and TNT's other senior management are subject to the TNT Group Policy on prevention of insider trading, which contains rules of conduct to prevent trading in TNT's financial instruments when in possession of inside information.

TNT's Supervisory Board has adopted a policy concerning the ownership of and transactions in securities other than TNT's financial instruments by members of the Board of Management and the Supervisory Board. This policy is incorporated in the by-laws of the Board of Management and the by-laws of the Supervisory Board and requires that each member of the Board of Management and Supervisory Board gives periodic notice, at least quarterly, to TNT's corporate secretary, acting as central officer, of any changes in his or her holding of securities in Dutch listed companies. A member of the Board of Management or the Supervisory Board who invests exclusively in listed investment funds or who has transferred the discretionary management of his or her securities portfolio to an independent third party by means of a written mandate is exempted from compliance with these internal notification requirements.

The total number of shares held by each member of the Board of Management and the Supervisory Board, other than shares allocated under TNT's performance share plan, bonus/matching plan and/or share option plan, is tabled below.

TNT shares held by the members of the Board of Management and Supervisory Board[1]

As at 31 December	2009
Peter Bakker	**85,409**
Henk van Dalen	**18,350**
Harry Koorstra	**32,351**
Marie-Christine Lombard	**44,575**
Piet Klaver	**3,500**

1 – This table does not include any granted rights on shares and any share options allocated to the members of the Board of Management under TNT's performance share plan, bonus/matching plan and/or share option plan. See chapter 9, under Remuneration in 2009 for further information on these securities. The information in this table is publicly available at www.afm.nl.

Chapter 12 Regulatory environment

Due to the importance of postal services to society, regulation is a significant factor in TNT's mail business. Although to a lesser extent, TNT's express business is also affected by regulation.

MAIL SERVICES

INTERNATIONAL POSTAL REGULATION

Universal Postal Union

The Universal Postal Union (UPU) is a specialised agency within the United Nations framework. It is responsible for the regulation of cross-border postal services. Practically all nations are members of the UPU. The common rules applicable to cross-border postal services are laid down in the UPU Convention and its regulations. In the Convention, the UPU has established an international system for mutual payments for the delivery of cross-border letter mail, known as the terminal dues system. The purpose is to compensate the destination country's public postal operator for delivering international letter post. A different compensation scheme with similar purposes exists for parcel mail.

Since 1 January 2006 a terminal dues system applies under which "target" countries (mostly industrialised countries) pay each other country-specific rates linked to domestic postal tariffs. Over the subsequent four years the percentage of the domestic 20 grammes tariff paid has gradually increased from 60% to 68% in 2009. "Transition" countries (mostly developing countries) continue to pay each other and target countries a fixed kilogramme rate according to a per item and per kilogramme formula based on world average costs and on a world average weight. Transition countries, however, are expected to move towards the target system before 2014, at which time all exchanges will be based on country-specific compensation. The possible changes to the 2006 system were extensively discussed in many regional postal meetings worldwide. The UPU terminal dues system was further elaborated and decided upon by the 2008 UPU Congress. The result is satisfactory with moderate increases of terminal dues over the next four year cycle.

REIMS

Most European postal operators view the UPU target terminal dues system as inadequate for its purposes. As a consequence a significant majority of them are party to the separate, multilateral "REIMS III agreement" where terminal dues are related to a higher percentage of domestic tariffs and to a certain extent to service quality as well. TNT has not entered into the REIMS III agreement. TNT feels that this agreement does not contain a sufficiently strong incentive/penalty system that would guarantee improvement of the quality of service, and furthermore that REIMS III does not allow TNT to compete successfully in the current competitive environment in its home market. Instead, TNT has concluded commercially oriented bilateral agreements with most of the major European postal operators. TNT will continue its policy of negotiating bilateral agreements with European postal operators.

To make the REIMS agreement survive in a competitive environment, the REIMS parties have negotiated the terms of a new, REIMS IV, agreement. In view of increased competition on the Dutch domestic market and the markets for import and export of mail volumes, TNT decided not to become a party to this new agreement but to continue its policy of bilateral agreements.

EU POSTAL REGULATION

On the level of the European Union the current regulatory framework is set by the EU Postal Directive 2002/39/EC, amending Directive 97/67/EC with regard to the further opening to competition of the community postal services (EU Postal Directive). It includes a harmonised set of minimum obligations for the universal postal services (mandatory postal services), such as service levels, rates, and cost and revenue accounting principles as well as quality of service standards with which all Member States, including the Netherlands, must comply.

The EU Postal Directive also defines the maximum scope of postal services the EU Member States are permitted to reserve for national public postal operators (reserved postal services). Member States are permitted to reserve postal services for domestic and cross-border mail. As of 1 January 2006 this reservation is limited to a weight of up to 50 grammes per item of correspondence or a price of less or equal to two and a half times the public tariff for an item of correspondence in the first weight step of the fastest category. To the extent necessary to ensure the provision of the universal postal services, outgoing cross-border mail and direct mail may continue to be reserved within the same weight and price limits.

On 20 February 2008 the EU published a new Postal Directive 2008/6/EC to amend Directive 97/67/EC as amended by Directive 2002/39/EC. This latest Directive confirms liberalisation as of January 2011. Derogation is given to 11 Member States to open up their market as of January 2013. The reserved area as a financing mechanism for mandatory postal services is abolished, while allowing for a wide variety of other methods, such as tendering, public funds and compensation funds. The new Directive also leaves the Member States the discretionary powers to decide upon the scope of the universal postal services, as long as the defined minimum scope is assured.

POSTAL REGULATION IN THE NETHERLANDS

Since 1 April 2009 the key legislation regulating TNT's mail activities is the Dutch Postal Act 2009. This Act requires a designated postal provider to perform the universal postal services in the Netherlands. By separate decree, Koninklijke TNT Post B.V. (TNT Post) has been designated as provider of the universal postal services. The Postal Act 2009 sets the requirements on these universal postal services. In connection with the Dutch Postal Act 2009, the parliamentary Postal Decree 2009 specifies the services that constitute the universal postal services and deals, among other things, with damages. As of 1 April 2009, TNT's exclusive right to convey domestic and inbound international letters with a maximum individual weight of 50 grammes ceased to exist.

Furthermore, there is the Postal Regulation 2009, which specifies regulation on tariffs of the universal postal services and the transparency of the financial accounting of these services according to the EU Postal Directive. It also contains obligations concerning a specific report on postal outlets, quality of domestic universal postal services and costs and revenues of the universal postal services.

The Dutch Postal Act 2009 also includes obligations for other postal operators, as well as obligations for postal operators vis-à-vis each other. In practice, these latter obligations, such as accessibility of P.O. boxes and postal codes, sets requirements for TNT Post only.

OPTA, the independent Supervisory Authority for Post and Telecommunications established by the government, supervises the postal market as well as TNT Post's performance of the universal postal services. The responsibility for postal policy remains under the authority of the Minister of Economic Affairs.

The universal postal services

Scope

The domestic universal postal services consist of the conveyance against payment of standard single rates of the following postal items:

- letters (including reply items) and printed matter with a maximum individual weight of two kilogrammes,
- postal parcels with a maximum individual weight of 10 kilogrammes, and
- registered, registered insured and registered value declared items.

The Dutch Postal Act 2009 does not require TNT to offer services for the delivery of bulk letters, bulk printed matter such as advertising, magazines and newspapers or unaddressed mail items.

For international inbound and outbound mail, based on the Dutch Postal Act 2009 and in accordance with the rules of the UPU, universal postal services mainly comprise the conveyance against payment of both postal items at standard single rates and of bulk mail items at other than standard single rates with a maximum individual weight of two kilogrammes and of postal parcels with a maximum individual weight of 20 kilogrammes. In addition, universal postal services cover the postal services regulated by the UPU.

Regulatory conditions for the provision of universal postal services

Regarding universal postal services the Dutch Postal Act 2009 imposes various regulatory conditions on TNT Post with respect to service provision, such as the number and spread of postal outlets, and tariffs. The Postal Regulation 2009 mainly deals with cost and revenue accounting, detailed tariff regulation, financial administration and reporting. Other than the universal postal services, none of TNT's postal services is subject to governmental control.

With respect to service levels, the Dutch Postal Act 2009 requires TNT Post to provide nationwide services and to perform a delivery round every day, except for Sundays and public holidays. TNT Post is required to deliver not less than 95% of all standard single rated domestic letters the day after the day of posting, excluding Sundays and public holidays. TNT Post is required to maintain a network of service points (letter boxes, post offices and agents) for the access of the general public to the services.

Tariff regulation

With respect to rates and conditions, OPTA had to set rates for the universal postal services as of 1 October 2009 based on information and recommended rates provided by TNT Post. Further, based on the financial report of the universal postal services for the first full year of liberalisation, OPTA is to set more definite postal rates in 2010. OPTA has not yet set the "starting"-rates, but rather ordered TNT Post to provide OPTA with more detailed cost allocation, threatening with a penalty of €1 million. After a preliminary injunction at the court of Rotterdam, initiated by TNT Post, the order was adjusted. TNT Post subsequently provided OPTA with additional information, but OPTA judged the information was still unsatisfactory and demanded payment of the €1 million. Furthermore, OPTA issued a second order under penalty of €5 million. After a second preliminary injunction TNT Post provided OPTA with more detailed information on cost allocation in November. However, on 16 December 2009 OPTA still concluded that the information was insufficient and demanded payment of the additional penalty of €5 million. Further, OPTA submitted new questions to TNT on 18 January 2010, which parties discussed on 28 January 2010. Further questions were discussed on 18 February 2010.The outcome of the discussions is still unclear.

TNT Post started legal proceedings on the merits concerning the first order under penalty as well as in relation to OPTA's omission to timely set new starting tariffs. The Rotterdam court has combined the second order under penalty with these proceedings. A court session is scheduled for 16 April 2010.
In 2010 the junior Minister of Economic Affairs will adjust the Postal Regulation to regulate in detail the second rate setting by OPTA. The Dutch Second Chamber of Parliament will debate on this adjustment.

Following each OPTA rate setting, TNT Post is allowed to set rates and associated conditions which have to be transparent, non-discriminatory and uniform. TNT Post is required to submit these rate changes to OPTA, which has to assess whether the proposed changes are in accordance with the price cap system.

The price cap system limits tariff developments in two different categories of services, i.e. letters and parcels, to the development of the general Consumer Price Index. The letter category comprises single rate letters, both domestic and abroad. The parcel category comprises single rate parcels, also domestic and abroad. The price cap system uses a weighing factor for each service in these categories.

Accounting and other financial obligations

TNT Post's obligations on reporting include a financial report on TNT Post's performance of the universal postal services. Further, TNT Post is required to maintain separate financial accounts within its internal financial administration for universal postal services. Every year, TNT Post must submit to OPTA a declaration of an independent auditor, designated by OPTA, that its financial accounting system complies with these obligations.

Underlying this accounting system and the financial reports to OPTA is a system for allocating cost and revenues to the different types of services. This system complies with the accounting rules laid down in the EU Postal Directive and the Postal Regulation 2009.

Evaluation of universal postal services obligations

As a result of the Dutch Postal Act 2009 the scope of the universal postal services has become much smaller and the former reserved area for TNT Post no longer exists. Therefore, TNT as well as the junior Minister of Economic Affairs are cautious of the effects of the Dutch Postal Act 2009. Hence, the junior Minister has announced an evaluation of the universal postal service in 2011.

Value added tax on postal services

At present, TNT is not allowed to charge value added tax (VAT) on postal items forming part of the universal postal services. Consequently, TNT cannot deduct the VAT amounts paid on its purchases of services and goods related to the universal postal services. TNT is required to charge VAT on all services not included in the universal postal services. Competitors are required to charge VAT on those items as well. Therefore, in the Netherlands there is a level playing field for competitors and TNT on these services. In most other Member States of the EU the scope of universal postal services is very large, resulting in a VAT exemption being given to national postal operators over a considerable part of the postal market in these countries, including for services with individually negotiable prices. According to the European Commission, this distorts the functioning of the internal market for postal services. It has launched an infringement procedure against Sweden, Germany and the United Kingdom on this VAT issue in order to resolve it.

Competitors and their labour conditions

Based on the Dutch Postal Act 2009 the junior Minister of Economic Affairs has issued an Order in council (*AMvB*) that requires postal operators to offer employment agreements to their postal deliverers. Every postal operator has to work on the basis of 100% employment agreements, unless it has joined a collective labour agreement which contains the following development in the minimum number of employment agreements: 10% per 1 April 2010, 30% per 1 April 2011, 60% per 1 April 2012, and 80% per 1 October 2012. Not only enables this Order in council the postal deliverers to earn a fair income, it also provides for fair competition on employment conditions. The collective labour agreement in which competitors currently participate does not contain such a clear development path. However, competitors successfully instituted summary proceedings concerning the Order in council. The judge decided that the legal requirements for an Order in council were not met. The Dutch cabinet has lodged an appeal against this decision. At the same time, an adjustment in the Order in council is under construction. It is unclear whether this adjustment will come into force irrespective of the outcome of the appeal.

Mutual services

According to article 13 of the Dutch Postal Act 2009, TNT Post is obliged to give its competitors access to its P.O. boxes. This service has to be delivered against reasonable, objectively justifiable and non-discriminatory conditions and remunerations. To date these conditions and remunerations are negotiated results between parties. Based on article 12 of the Dutch Postal Act 2009 a similar arrangement is made with TNT Post's competitors with regard to return-to-sender items of competitors that enter TNT Post's processes through the collection boxes.

POSTAL REGULATION OUTSIDE THE NETHERLANDS

Although the junior Minister of Economic Affairs judged that in Germany and the United Kingdom regulatory issues were solved well enough to liberalise in the Netherlands, these issues are an important impediment for the development of the European Mail Network organisation. Therefore, on 3 December 2009 TNT announced it is reconsidering the strategy for European Mail Networks as part of the Vision 2015 strategy.

Germany

The effects of the introduction of a high and generally binding minimum wage in the German postal sector were considered undesirable by the *Bundesnetzagentur*, the German postal regulator. Furthermore, the exemption Deutsche Post enjoys with regard to VAT remains a barrier to competition that is still subject to debate in German politics.

TNT challenged the German government regarding the minimum wage, as it considered this minimum wage unconstitutional. In its judgement of 7 March 2008, the administrative court in first instance (*Verwaltungsgericht*) held that the mandatory €9.80 minimum wage is invalid. The German government filed an appeal against that decision with the administrative court in second instance (*Oberverwaltungsgericht*). On 18 December 2008, the *Oberverwaltungsgericht* confirmed the decision of the court in first instance. However, the court also ruled that TNT's claim, being one of three claimants, was not admissible and referred TNT's claim to the labour courts. TNT filed an appeal (*Revision*) against the inadmissibility of its claim, because the decision of the court on TNT's inadmissibility is not in line with recent jurisprudence as to claims of this nature. The German government filed a further appeal (*Revision*) against the decision to the Federal Administrative Court (*Bundesverwaltungsgericht*) in Leipzig, the highest instance. On 28 January 2010, the Federal Administrative Court ruled that the minimum wage ordinance is null and void. The basis for this decision is that the German government failed to give TNT Post in Germany the opportunity to make written comments prior to the issuance of the ordinance, as required by law. The German government could, however, issue a new ordinance observing all legal requirements.

Under the new elected German government new VAT legislation is under construction. A public hearing was held on 9 February 2010. It seems that in practice Deutsche Post will be able to maintain partly its exemption in such a way that a level playing field can not be reached.

United Kingdom

TNT initiated a procedure concerning the VAT exemption for Royal Mail in the United Kingdom. The competent court has asked the European Court of Justice (ECJ) some pre-judicial questions. The ECJ declared on 23 April 2009 that 'public postal services' (usually referred to as incumbents) must be regarded as operators, whether public or private, who undertake to supply postal services which meet the essential needs of the population and therefore, in practice, to provide all or part of the universal postal service in a Member State. The ECJ furthermore stated that not all the supplies of services by the public postal services are VAT exempt, regardless of their intrinsic nature. Only the supply by the public postal services acting as such, in their capacity as the provider of the universal postal service, is exempt. Supplies of services for which the terms have been individually negotiated are excluded from the exemption. This decision of the European Court of Justice will be of interest to the European Commission in the infringement procedures mentioned above.

EXPRESS SERVICES

Express continues to deal with several regulatory developments that need to be managed properly in order to secure TNT's entrepreneurial freedom in the execution of the Focus on Networks strategy for Express.

CARBON MANAGEMENT AND REDUCTION

European Union Emission Trading Scheme (EU ETS)

The Kyoto protocol established three mechanisms to bring around emission reduction through effective management of carbon; emission trading, joint implementation and clean development. The Directive 2003/87/EC established a scheme for greenhouse gas emission allowance trading within the community in order to promote reductions of greenhouse gas emissions in a cost-effective and economically efficient manner, recognising that, in the longer-term, global emissions of greenhouse gases will need to be reduced by approximately 70% compared to 1990 levels.

EU ETS recognises three time-based key phases, arranged in order of polluting character of industries. The first phase was from 2005 to 2007, where it brought in heavy industry/service providers such as power, refineries, paper and steel manufactures. Phase two, from 2008 to 2012, brings in the aviation sector, whereas the third phase, from 2013 to 2020, brings in other industries such as the aluminium and ammonia production industries. This means that as part of the regulatory obligations under the European Emissions Trading Scheme, TNT must monitor and report data regularly from 2010 onwards on its aircraft.

A key part of the EU ETS is the development of a monitoring plan that reports TNT's emissions and tonne – kilometre data and the verification thereof by an independent and accredited verifier. The monitoring and reporting plans for TNT's aviation have been completed and submitted to the local competent authorities and TNT has commenced reporting emissions and kilometre data.

Carbon Reduction Commitment – Energy Efficiency Scheme (CRC)

In November 2008, the United Kingdom became the first country in the world to introduce a Climate Change Act, which is now a UK legally binding, long-term framework for tackling climate change. The Act sets up a framework for the United Kingdom to achieve its long-term goals for reducing greenhouse gas emissions and to ensure steps are taken towards adapting to the impact of climate change.

This means that the UK government is now bound, by law, to cut emissions by at least a third by 2020 and by at least 80% by 2050, as well as to adapt to climate change and commit to a low carbon economy. To help achieve this, a new mandatory carbon emission trading scheme has been introduced for large non-energy intensive organisations called the CRC.

The CRC will apply to organisations that purchase more than 6,000 MWh of electricity through half-hourly meters and TNT falls into this category. TNT will be ranked in a performance league table using three 'metrics':

- absolute metric: organisations' relative change in absolute emissions,
- growth metric: their change in emissions relative to revenue, and
- early action metric: whether they have taken voluntary steps to reduce emissions prior to the CRC.

The revenue raised from the sale of allowances will be recycled back to participants in the CRC after a six month period and the amount of money paid back will vary depending on the performance of the organisation, as an incentive to cut carbon emissions.

TNT foresees that the commitment to a low carbon economy will be extended into Europe and other countries and this has formed part of TNT's global approach in the development of its long term CO_2 efficiency improvement objective. In addition, TNT is responding proactively and is closely monitoring the implementation of its carbon efficiency improvement programmes and initiatives and ongoing global developments in this field.

CUSTOMS REGULATION

TNT continued to build upon the Authorised Economic Operator (AEO) programme in Europe and has now achieved AEO accreditations in 16 Member States. It remains on track to meet its stated target of being certified throughout the territory of the EU. TNT is directly involved in the development of the World Customs Organisation's framework of standards for AEO programmes around the world, in order that it can take full advantage of mutual recognition agreement arrangements between national customs administrations which began to emerge in 2009.

The introduction of the EU's Export Control System on 1 July 2009, anticipates on the enhanced safety and security regulations in the proposed Modernised Customs Code. It represents a major change in the handling of European exports, involving new pre-departure lodgement of data and exit discharge procedures by means of the varied customs automated systems in all Member States. TNT met the challenge by means of developing its Single Solution taking into account current and anticipated changes in the customs regulations and procedures.

The proposed Modernised Customs Code and Implementing Provisions represent a fundamental replacement of the current regulations governing customs activities in Europe which date back to 1992. TNT is engaged in ongoing consultation with the European Commission in order to maintain the levels of simplification enjoyed by its customers through TNT express services and to reap further regulated benefits from achievement of compliance standards such as AEO.

TNT continues to see the trend in other regions of the world to adopt similar principles within customs regulation and enforcement practice to those of Europe and the United States. Through its experience of dealing closely with both sets of administrations TNT looks to support its operations globally when reciprocal customs programmes are introduced, such as in Asia and South America in 2009.

PUBLIC PROCUREMENT

Public procurement is the purchase of goods, services and public works by governments. Public sector procurement must follow transparent, open procedures ensuring fair conditions of competition for suppliers.

On 2 February 2004, the EU adopted a package of amendments to simplify and modernise its public procurement directives. Those directives impose EU-wide competitive tendering for public contracts above a certain value and transparency and equal treatment for all tenders to ensure that the contract is awarded to the tender offering the best value for money. The new Directive 2004/17/EC of 31 March 2004, coordinates the procurement procedures for entities operating in the water, energy, transport and postal services sectors. This Directive left the Member States the possibility of postponing the application of the Directive on postal services until 1 January 2009. The Netherlands exercised this option. TNT has therefore been subjected to the Directive in the Netherlands only since 1 January 2009.

COMPETITION LAW

TNT is subject to competition rules in the jurisdictions in which it operates. The most relevant rules stem from:

EUROPEAN COMPETITION LAW

The European Court of Justice has explicitly confirmed that the rules of EU competition law also apply to the national universal postal services of the Member States. The EU published a Notice in 1998 describing the application of competition rules to the postal sector and on the assessment of certain state measures. In particular, TNT is subject to the competition rules contained in articles 81 and 82 of the EC Treaty and to preventative control of mergers and acquisitions as regulated in the EC Merger Control Regulation. Article 81 prohibits collusion between competitors that may affect trade between Member States and which has the objective of restricting competition within the EU. Article 82 prohibits any abuse of a dominant position within a substantial part of the EU that may affect trade between Member States. National competition authorities and national courts have been empowered to apply Articles 81 and 82 in full in close operation with the European Commission in order to ensure the effective and uniform enforcement of these competition rules.

TNT is also subject to the competition rules laid down in the Agreement of the European Economic Area (EEA), which corresponds to the rules of EU competition law. The EEA rules for competition are enforced by the European Commission and the EFTA Surveillance Authority.

DUTCH COMPETITION LAW

The services TNT provides in the Netherlands, including the universal postal services, fall within the scope of the Dutch Competition Act. This Act stipulates a similar structure and set of rules as the rules of EU competition law on the prohibition of cartels, the prohibition of abuse of a dominant position and the preventive control on mergers and acquisitions. Compliance with the Dutch Competition Act is monitored by the Dutch Competition Authority, which is commonly called by its Dutch acronym NMa.

In 2009, NMa finished the consideration of a complaint Sandd made in 2007 and extended in 2008. The complaint especially concerned supposed predatory pricing and conditional sale through TNT's subsidiary Netwerk VSP Geadresseerd. This behaviour usually is characterised as abuse of position. On 15 December 2009, NMa concluded that TNT does not abuse its position in any way.

Chapter 13 Investor relations, shares, dividend and shareholder returns

GENERAL

TNT aims to explain its strategy, business developments and financial results to investors. The CFO has the principal responsibility for investor relations, with the active involvement of the CEO.

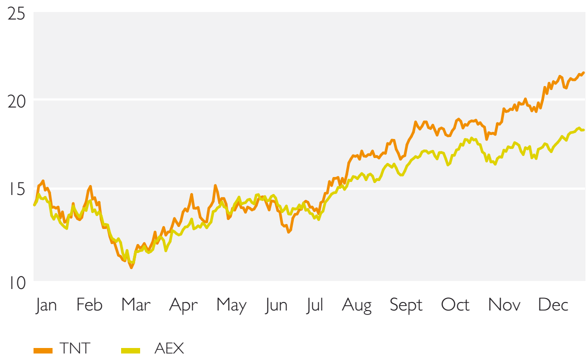
The Investor Relations department organises presentations for analysts and institutional and retail investors, which can be viewed on the company's corporate website.

TNT's policy is to provide shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence the share price. The contacts between the Board of Management on the one hand and the press and analysts on the other are carefully handled and structured. The company will not compromise the independence of analysts in relation to the company and vice versa. Briefings on quarterly results are given either via group meetings or teleconferences and are both accessible by telephone and via the corporate website. Briefings are similarly given to update the market after each quarterly announcement. Briefing meetings with institutional shareholders may be held to ensure that the investment community receives a balanced and complete view of the company's performance and the issues faced by the business. In addition, TNT communicates with all of its shareholders and investors through the publication of the annual report, general meetings of shareholders, newsletters, press releases, and the company's corporate website. Analyst meetings can be viewed by shareholders via webcasting. The corporate website provides all relevant information with regard to dates of analyst meetings and procedures concerning webcasting. Analysts' reports and valuations are not assessed, commented upon or corrected, other than factually, by the company. For further information visit TNT's corporate website: group.tnt.com.

TNT does not pay any fee(s) to parties for carrying out research for analysts' reports or for the production or publication of analysts' reports, with the exception of credit rating agencies.

The Board of Management has adopted investor relations and media guidelines with which all members of the Board of Management must at all times abide unless explicitly exempted by the CEO.

Annual relative performance to Euronext Amsterdam (AEX)
2009



Source: Bloomberg Professional (own currency based).

Contacts with the capital markets are dealt with by the members of the Board of Management, TNT's investor relations professionals and, from time to time, other TNT personnel specifically mandated by the Board of Management.

The corporate website provides all information that is required to be published as well as access to shareholders' circulars required for any approvals sought from the general meeting of shareholders.

The corporate website provides a summary of the resolutions of the general meetings of shareholders. The votes cast in relation to all resolutions are disclosed to the persons attending the meeting and the results of the voting are also published on this website.

TNT is included in the AEX index, which normally consists of the top 25 companies in the Netherlands, ranked on the basis of their turnover in the stock market and free float.

In 2009, 464 million TNT shares were traded on Euronext Amsterdam (2008: 642 million).

Chapter 13

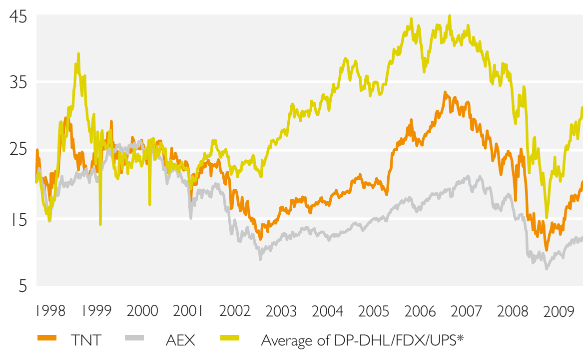
INVESTOR RELATIONS, SHARES, DIVIDEND AND SHAREHOLDER RETURNS CONTINUED

Share performance

	2009	2008
Stock price (in €)		
High	**21.50**	27.92
Low	**10.57**	12.95
Close	**21.50**	13.76
Earnings per outstanding share (in € cents)	**76.7**	152.9
Dividend (in € cents)[1]	**53.0**	71.0
Dividend yield (based on closing rate for the year)	**2.47**	6.18
P/E Ratio	**28.03**	8.44
Number of issued ordinary shares at year end	**370,988,519**	360,021,821
Stock market capitalisation (in € millions)	**7,976**	4,954
Adjusted stock market capitalisation (in € millions)[2]	**7,966**	4,939

1 – This includes the pro forma value of the optional stock/cash dividend
2 – Adjusted for shares held at year end by the company for cancellation/coverage of share plans.

Relative performance next to Euronext Amsterdam (AEX) and peers



*Deutsche Post started trading as a publicly-listed company in 2000 and UPS in 1999.

Form of shares

	Number of shares	Percentage of outstanding ordinary shares
Bearer shares	359,949,062	97.02%
Non-ADS registered shares	1,395	0.00%
ADSs[1]	11,038,062	2.98%

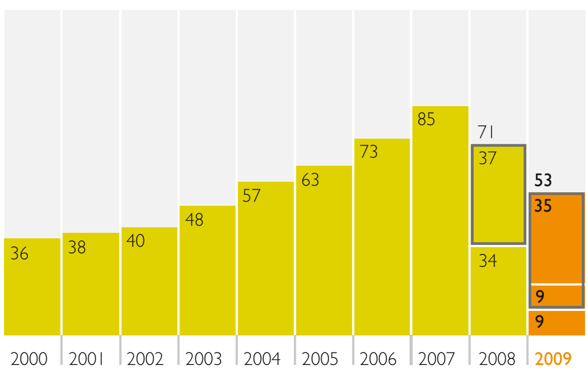
1 – Held by approximately 34 holders on record. Since some shares are held by brokers and other nominees for their clients, this number may not be representative of the actual number of ordinary shares held by US residents or of the actual number of US resident beneficial holders of ordinary shares.

DIVIDEND TNT

TNT tries to meet shareholders' return requirements long term through growth in the value of the company, and short term through dividends and, incidentally, tax exempt share repurchases or other returns from excess cash. Following its dividend guidelines, TNT intends to pay interim and final dividends annually in cash and/or in shares (optional dividend). The TNT Reserves and Dividend Guidelines can be viewed on TNT's corporate website. In 2007, TNT announced its intention to increase the dividend pay-out from around 35% over 2006 of normalised net income to around 40% by 2010, barring any unforeseen circumstances. Normalised net income is defined as profit attributable to the equity holders of the parent adjusted for significant one-time and special items.

Dividend TNT per share

in € cents



The highlighted section of the 2008 and 2009 bars relates to (optional) stock dividend.

SHARE CAPITAL AND SHARES

TNT's authorised share capital is divided into 1,600,000,000 shares of €0.48 each and consists of 800,000,000 ordinary shares and 800,000,000 preference shares B. In the second quarter of 2009, TNT issued almost nine million ordinary shares as stock dividend related to 2008. In the third quarter of 2009, TNT paid a 2009 interim dividend of €34 million in cash and issued almost two million ordinary shares as stock dividend with a corresponding nominal value of €1 million. As a result, the number of issued and outstanding ordinary shares increased from 360,021,821 on 31 December 2008 to 370,988,519 as of 31 December 2009. No preference shares B were issued and outstanding. For more information on TNT's equity, see note 9 to the consolidated financial statements of TNT N.V.

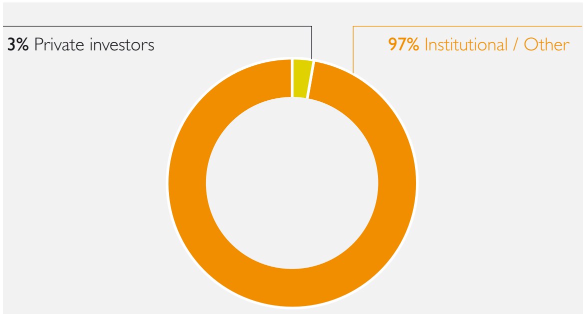
REPURCHASE OF SHARES/SHARE BUY-BACK PROGRAMMES

In 2009, TNT did not repurchase any shares nor did it announce new share buy-back programmes.

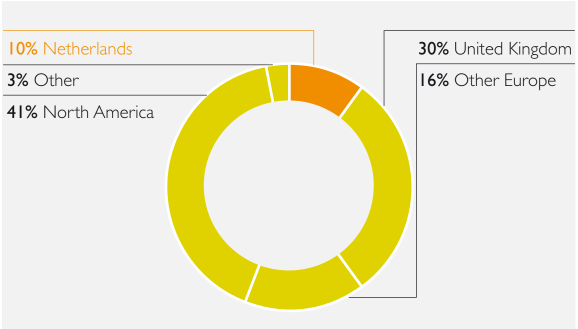
MAJOR SHAREHOLDERS

Since most of the ordinary shares are in bearer form, the analyses of shareholdings by region and investor type are estimates based on the limited information available to TNT through market sources. These estimates as of 31 December 2009 and expressed as a percentage of total shares outstanding (excluding shares held by the company) on that date are:

Shareholders by sector



Shareholders by country



Source: Thomson Reuters

The Financial Markets Supervision Act (*Wet op het financieel toezicht*) imposes a duty to disclose percentage holdings in the capital and/or voting rights in the company when such holding reaches, exceeds or falls below 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Such disclosure must be made to the Netherlands Authority for the Financial Markets (AFM) without delay. The AFM then notifies the company.

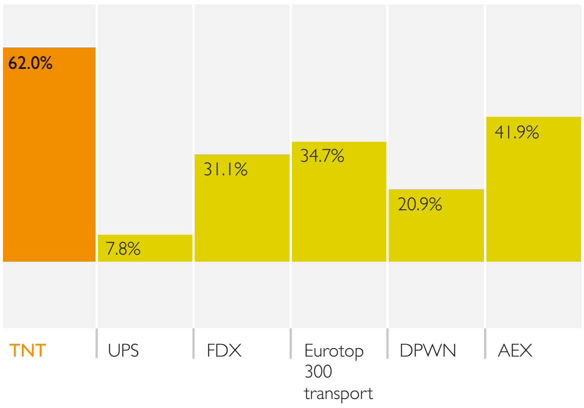
On 20 February 2009, TNT received notification from the AFM that it had received disclosures under the Netherlands Financial Markets Supervision Act of a holding in the company of 6.23% by UBS AG. On 26 February 2009, TNT received notification from the AFM that this holding in the company was reduced to 3.74% by UBS AG. On 18 June 2009, TNT received notification from the AFM that it had received disclosures under the Netherlands Financial Markets Supervision Act of a holding in the company of 5.16% by Lansdowne UK Equity Fund Limited. On 9 September 2009, TNT received notification from the AFM that this holding in the company was reduced to 4.77% by Lansdowne UK Equity Fund Limited. On 14 September 2009, TNT received notification from the AFM that it had received disclosures under the Netherlands Financial Markets Supervision Act of the reduction in a holding of voting rights in the company by Lansdowne Partners Limited from 5.02% in March 2008 to 4.99%. On 1 December 2009, TNT received notification from the AFM that it had received disclosures under the Netherlands Financial Markets Supervision Act of a holding in the company of 5.17% by BlackRock, Inc. On 2 December 2009, TNT received notifications from the AFM that it had received disclosures under the Netherlands Financial Markets Supervision Act of a holding of 5.39% and a holding of voting rights in the company of 5.49% by Her Majesty the Queen in right of Alberta (Alberta Investment Management Corporation), as well as a holding of 5.26% and a holding of voting rights in the company of 5.36% by B. Rosenstein (Jana Capital LLC). Both the 5.36% and the 5.39% holdings were for the most part a combined holding by two different shareholders.

OTHER INFORMATION

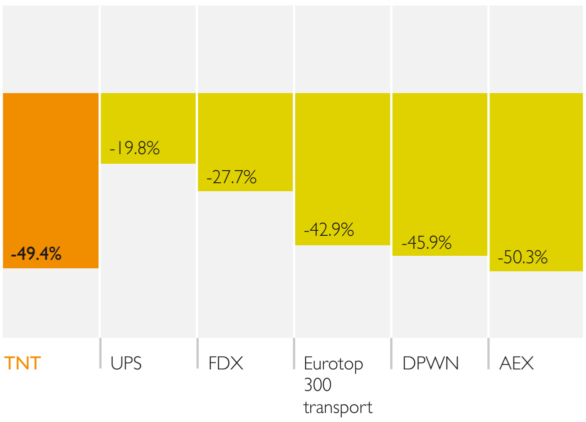
PEER GROUP TOTAL SHAREHOLDER RETURN COMPARISON

For comparative reasons, the company has defined a peer group of publicly listed companies with activities in similar industries in which TNT is active. This peer group consists of Deutsche Post World Net (DPWN), FedEx (FDX) and UPS. The comparative performance in terms of total shareholder returns in 2008 and 2009 is charted below.

Total shareholder return
2009



Total shareholder return
2008



Source: Bloomberg Professional (own currency based).

Financial calendar for 2010

22 February	Publication of 2009 fourth quarter and full year results
8 April	TNT annual general meeting of shareholders
3 May	Publication of 2010 first quarter results
2 August	Publication of 2010 second quarter and half year results
4 August	Interim dividend 2010 payment date
1 November	Publication of 2010 third quarter results

PUBLICATIONS

Share is a quarterly magazine distributed to 13,000 individual shareholders and other interested readers. This magazine and other publications can also be viewed and ordered through the corporate website.

WEBSITES

For the latest and archived press releases, corporate presentations and speeches, current share price and other company information such as TNT's online annual report and interim reports, please visit the corporate website at group.tnt.com. TNT also invites you to visit the sites of TNT's two main trading brands: www.tnt.com and www.tntpost.nl. The information on these websites does not form part of this annual report.

TNT INVESTOR RELATIONS

Through the company's investor relations activities, TNT aims to provide shareholders with accurate and timely information. TNT proactively and openly communicates with institutions and private investors and with intermediary groups such as analysts and financial journalists.

In addition to the quarterly, half-yearly and yearly result presentations, TNT maintains regular contacts with financial analysts and retail and institutional investors through meetings, road shows, conference calls and company visits. In 2009, TNT visited investors in major financial cities in Europe and the United States.

In total, TNT engaged with shareholders, potential shareholders and financial analysts, mostly in the form of one-on-one meetings, group meetings and/or conferences. Many of the potential shareholders are representatives of investment funds.

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P.O. Box 13000
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Telephone: +31 20 500 6455
Fax: +31 20 500 7515
Email: investorrelations@tnt.com
Internet site: group.tnt.com

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Corporate responsibility

CR foundation

TNT's corporate responsibility (CR) strategy is founded on five internationally recognised management standards for workplace safety (OHSAS 18001), social responsibility (SA 8000), personal growth of employees (Investors in People), environmental management (ISO 14001), and operational excellence (ISO 9001).

Underneath you find the coverage of these standards across TNT Total selected (in FTEs).

OHSAS 18001
92%
2008: 89 %

SA 8000
(only in non-OECD countries)
96%
2008: 96%

Investors in People
(in headcount)
92%
2008: 85%

ISO 14001
92%
2008: 89%

ISO 9001
93%
2008: 90%

CR STRATEGY

TNT's four pillars of its CR strategy are: employees, the environment, other stakeholders such as customers and subcontractors, and voluntary contributions to society. In 2009 TNT defined 10 key focus areas in these four pillars, each reflected in a number of KPIs that will enable it to measure the progress.

CR strategy pillar	Focus area
1. Employees	Health & Safety ▸ Reduce absenteeism and eliminate fatalities from TNT's owned operations by managing serious accidents, lost time accidents and blameworthy road traffic incidents
	Human rights ▸ Ensure human rights, diversity & inclusion
	Employee engagement ▸ Increase number of positively engaged employees
2. Environment	CO_2 footprint ▸ Improve carbon efficiency of operations
	Air quality ▸ Improve air quality of operational vehicles
3. Other stakeholders	Customer satisfaction ▸ Increase customer satisfaction
	Green services ▸ Increase turnover realised with green services (including compensated CO_2 emissions)
	Subcontractors ▸ TNT approach to the selection and management of CR performance of subcontractors
	Suppliers ▸ Increase use of sustainable purchasing
4. Voluntary contributions to society	Moving the World ▸ Increase active involvement in Moving the World's activities

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EMPLOYEES

TNT's employees are key to delivering TNT's results, which is why TNT invests significant efforts to ensure that it provides a safe and attractive working environment.

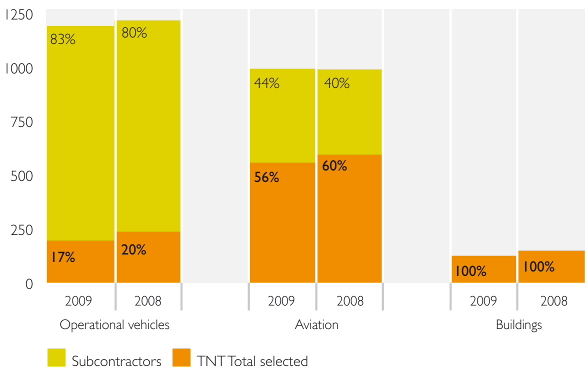
Lost time accidents per 100 FTEs
2.81
2008: 2.91

Gender profile 62/38
% of male vs female 2008: 63/37 male female

ENVIRONMENT

CO_2 absolute

TNT's total CO_2 footprint (own and subcontractors) in ktonnes



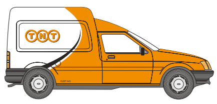
Own operations
875 ktonnes
2008: 972 ktonnes

Subcontractors
1,422 ktonnes
2008: 1,372 ktonnes

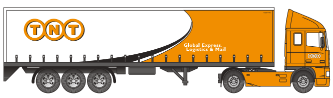
CO_2 efficiency

TNT has set a long term objective to improve its carbon efficiency index by 45 percent by 2020 compared to the base year of 2007.

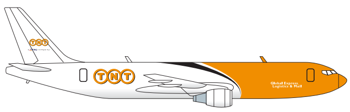
CO_2 efficiency index
94
2008: 99
Objective 2020: 55



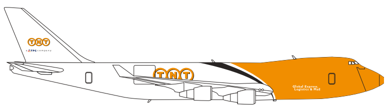
Small trucks/vans
295 g CO_2/km
2008: 281 g CO_2/km



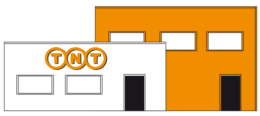
Large trucks
668 g CO_2/km
2008: 670 g CO_2/km



European Air Network
1,690 g CO_2/tonne km
2008: 1,790 g CO_2/tonne km



Long haul air
529 g CO_2/tonne km
2008: 560 g CO_2/tonne km



Buildings
33.9 kg CO_2/m^2
2008: 37.9 kg CO_2/m^2

OTHER STAKEHOLDERS

Satisfied customers Mail
90%
2008: 89%

Satisfied customers Express
94%
2008: 92%

VOLUNTARY CONTRIBUTIONS TO SOCIETY

Part of TNT's mission is sharing responsibility for the world in which it operates. This is expressed in the partnership with World Food Programme, using TNT's core competencies to help fight world hunger, and in many local initiatives in the countries TNT covers.

Chapter 14 Stakeholder dialogue and sector initiatives

GENERAL

An important component of TNT's mission is its commitment to sharing responsibility for the world in which it operates. This commitment is translated into the TNT CR strategy that reflects the impact TNT's operations have on its stakeholders.

STAKEHOLDER DIALOGUE

To understand stakeholder expectations, TNT engages systematically with all stakeholder groups to better understand their perspectives and concerns regarding risks and responsibilities resulting from TNT's operations.

The stakeholder groups that TNT has identified as key in this process are:
- employees,
- customers,
- subcontractors,
- suppliers,
- investors (including the Social Responsibility Investor community), and
- civil society.

Between 2004 and 2008, TNT performed stakeholder dialogues with at least one group of stakeholders each year. These dialogues were designed to gather stakeholders' opinions regarding TNT's performance and approach. The outcome of each of these dialogues was disclosed and commented upon in TNT's CR reports from 2004 to 2008.

In 2009 TNT management re-evaluated its approach to stakeholder dialogue. Management concluded that the approach used between 2004 and 2008 did not allow the various stakeholder groups to interact and exchange ideas and viewpoints with each other. In particular, where contradictory priorities were expressed, TNT recognised the need for a face to face dialogue between stakeholder groups, rather than a single dialogue between TNT and a specific stakeholder group.

TNT therefore organised a multi stakeholder approach to stakeholder dialogue in 2009, which consisted of two parts:
- an on-line survey, which was sent to 120 stakeholders across all stakeholder groups with a response rate of almost 50%, and
- an independently facilitated multi stakeholder dialogue meeting hosted by TNT at its headoffice in the Netherlands.

MULTI STAKEHOLDER DIALOGUE RESULTS 2009

TNT's stakeholders were invited to provide feedback to management via an on-line survey on TNT's CR approach, satisfaction of TNT's CR communication and CR performance. Analysis of the survey results highlighted the following key themes for TNT: road and workplace safety, business ethical approach including prevention of bribery, corruption and conflict of interest, climate change and air quality, efficient energy use, risk management and corporate governance, on-time delivery, and customer satisfaction.

Based on the outcome of the on-line survey, the following four subjects were selected for further discussion during the multi stakeholder dialogue day:
- road safety and climate change versus on-time delivery,
- ethical approach and current performance in this area,
- climate change and energy efficiency compared to other environmental issues, and
- communication and reporting of CR objectives and performance.

On 1 December 2009, TNT welcomed 20 external stakeholders to discuss the above mentioned subjects, and to understand the stakeholders' concerns and opinions with respect to CR.

The main outcomes of the discussions were as follows:
1. road safety and climate change versus on-time delivery
   The stakeholders recognised that road safety should be TNT's number one priority and understood the dilemma between speed of delivery and safety. The stakeholders suggested TNT should actively involve customers in this dilemma and provide them with the option to choose between services that differentiate on the dimensions speed of delivery and sustainability.
2. ethical approach and current performance
   The stakeholders indicated that transparency with respect to ethical approach is very important to them, and in their opinion TNT is already doing well but could still improve. For example by reporting on violations of TNT's integrity principles by subcontractors and/or suppliers as well as acknowledging good behaviour.

3. climate change and energy efficiency compared to other environmental issues
   The stakeholders recognised that climate change and the related CO_2 emissions are confirmed as the most important environmental issue for TNT. However the impact and importance of air quality (especially in inner cities) needs more focus and TNT must set and communicate targets on CO_2 reduction to give its environmental strategy more credibility.
4. communication and reporting
   The stakeholders suggested comparing TNT's CR performance with its competitors to allow the stakeholders to interpret the figures. The plan to integrate the CR report and the annual report was positively received by the stakeholders. An integrated report in their view reflects the integration of CR in TNT's business.

TNT acknowledges the above outcomes and will take these into account in determining its CR strategy and related actions.

The prior year stakeholder dialogues, as held in 2004 – 2008 showed that the different stakeholder groups shared the same opinion on the key focus areas with respect to CR and are in line with the outcome of the 2009 multi stakeholder dialogue. However, the priority between these focus areas varied per stakeholder group.

SECTOR INITIATIVES IN CORPORATE RESPONSIBILITY

In 2009, TNT continued to participate actively in the Logistics and Transport Sustainability Group of the World Economic Forum (WEF). The Supply Chain Decarbonisation Report was published in 2009. Further consignment-level carbon reporting guidelines were developed that define a set of principles per carbon emmision reporting per consignment. TNT takes these principles into account when providing customers with transparent information on the CO_2 emissions related to their shipments.

TNT is also an active member of the International Postal Corporation (IPC) which is a cooperative association of 24 postal operators in Europe, North America, and the Asia-Pacific region. IPC, together with its members, has developed a common measurement and reporting framework to facilitate consistent industry-wide reporting on energy and CO_2 emissions.

TNT has been a signatory of the United Nations Global Compact since 2006. In 2009, TNT was one of ten participating companies in the Business & Human Rights Initiative of the Netherlands Network of the Global Compact. This initiative aims to understand the implications of the "Protect, Respect and Remedy" framework as set by the United Nations Special Representative of the Secretary General for Business and Human Rights, John Ruggie. The initiative will also develop ideas to further embed human rights into business practice.

TNT is a signatory of the WEF Partnering Against Corruption Initiative (PACI). TNT's CEO is a PACI board member and TNT is actively involved in a number of PACI initiatives to combat corruption.

Together with United Nations Environment Programme TNT developed a Clean Fleet Toolkit, designed to be used in developing countries. Pilots have shown that fuel consumption and vehicle maintenance costs reduced significantly. TNT's fleet managers and Fleet Forum members will attend Clean Fleet workshops in Indonesia, Dubai and Brazil in 2010.

TNT participates in the European Express Association (EEA), the Global Express Association (GEA), the Conference of Asia Pacific Express Carriers (CAPEC), Global Road Safety Partnership (GRSP), Social Accountability International (SAI) and European Academy for Business in Society (EABIS).

Chapter 15 Employees

GENERAL

TNT's employees are key to delivering TNT's results which is why TNT invests significant efforts to ensure that it provides a safe and attractive working environment.

TNT's focus on employees forms one of the four pillars of the CR strategy and is as such reflected in the key areas. The key areas are defined as health and safety, human rights and employee engagement.

HEALTH AND SAFETY

TNT has continued to focus on embedding a strong safety culture top-down and bottom-up. TNT recognises that it needs to manage health and safety with the same degree of expertise and to the same standards as other core business activities. With its health and safety management TNT aims to effectively control risks and prevent people from being injured or harmed during the course of their work.

TNT has the aim to certify all its operational locations with the management system OHSAS 18001 – Occupational Health and Safety. This standard is the foundation of the overall health and safety framework of TNT.

OHSAS 18001 CERTIFICATION

OHSAS 18001 sets the minimum standards TNT expects of health and safety in its operations. It also creates the platform for ongoing work-related health and safety performance improvement at entity level. This allows localised focus and ownership for monitoring and implementing these improvements. TNT started OHSAS 18001 certification back in 2004 and remains committed to this decision. This is demonstrated by the fact that TNT makes implementation of the OHSAS 18001 standard compulsory to new acquisitions. Individual implementation plans have been developed to ensure that these newly acquired companies are brought up to the TNT standard as soon as possible.

OHSAS 18001 certification GRI indicators: 4.12 & LA 6

in percentage of total FTEs working in certified sites

	2009	2008
▲ Mail	**86%**	81%
▲ Express selected	**98%**	97%
▲ Other networks + GHO	**33%**	31%
▲ TNT Total selected	**92%**	89%
TNT Total	**75%**	73%

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

During 2009 the percentage of total FTEs working in OHSAS 18001 certified sites increased across TNT compared to 2008. In the Mail division EMN Germany and EMN Belgium received certification for part of their organisation in 2009. During 2009 Express selected continued with its strong focus to maintain certification in all its countries and have provided focused support to TNT India and TNT Brazil to enable these entities to achieve OHSAS 18001 by 2011.

HEALTH AND SAFETY FRAMEWORK

TNT's health and safety framework is designed to:

- provide a system that eliminates or minimises risks to employees and others who may be exposed to health and safety risks associated with company activities,
- identify the relevant legal requirements appropriate to company activities,
- ensure any other requirements to which the location subscribes are taken into account, including best practices and any local operational restrictions,
- document all employees' health and safety roles and responsibilities,
- identify and document elements of existing and proposed work activities that present a significant health and safety risk,
- identify, evaluate and control health and safety risks arising from routine and non-routine activities and workplace facilities,
- outline how health and safety objectives and management programmes are to be set and monitored to improve performance,
- outline the documents, procedures and instructions required to implement and maintain the management system,
- outline the training and competence required to control significant health and safety risks, and
- facilitate planning, control, monitoring, corrective action, auditing and review to ensure compliance with TNT's health and safety policies.

The health and safety framework provides the policies, standards, guidance, materials and tools that support and assist management to promote, educate, manage and improve health and safety within facilities, business units, countries and operational processes through a comprehensive set of key performance indicators. These are reviewed as part of TNT's continuous improvement process to ensure that standards are maintained and enhanced further.

Health and Safety Framework

	Plan		Implement		Check	Act
TNT	Vision	Planning	Organisation	Management	Governance	Review
Global	Sharing responsibility for the world	H&S strategy H&S objectives H&S targets	Board of Management CR Council CR and H&S	Policy standards guidance tools	Performance monitoring, auditing and reporting	CR report stakeholder dialogue and recognition
Business Unit, Region & Country	Instilling pride in the people	H&S in business plan	CR and H&S functions	H&S one of key process	Business performance Monitoring and reporting	Business overview, GAP analysis and recognition
Operations	Zero accidents	H&S in operational plan	Global network operations	Operational management systems	Performance monitoring and self-audit	Operational review and recognition

Road safety programme

TNT's Board of Management remains fully committed to improving road safety across all of TNT's operations, with a particular emphasis on the emerging markets, whilst influencing external factors that affect its operations wherever possible. Specific detailed action plans have been developed that take into consideration a country's culture and road safety conditions as well as setting minimum standards for vehicle, driver, journey and subcontractor's management to ensure that effective road safety management systems are implemented and monitored.

Focused support has been provided towards India, Brazil and China as these present very specific road safety challenges. TNT is a founding member in helping to set up the newly formed India Road Safety Partnership along with the Global Road Safety Partnership (GRSP), Fleet Forum, Shell and Confederation of Indian Industry. Global road safety is a complex problem and the answers are not simple, especially in these emerging markets. Nevertheless, continued focus on implementing sustainable improvements and standards should in the longer term produce positive results.

GRSP brings together governments and governmental agencies, the private sector and civil society to urgently address road safety issues, especially in low and middle income countries. It provides advice on proven good practice and facilitates demonstration projects, which aim to build successful and sustainable road safety interventions. Fleet safety is one particular focus area, as effective management of commercial fleets is recognised as a global challenge, but also a major opportunity toward reducing road traffic injuries and fatalities. Express is a global partner and also a member of GRSP's executive committee. TNT has actively contributed to the development of a global good practice manual on fleet safety by GRSP.

One of the key focus areas of the road safety programme is the development and implementation of specific training and awareness programmes for employees. In Mail 800 transport training hours were provided and in Express 91,400 transport training hours were provided. Training and assessment have been extended to subcontractors in India and two pilots under the "People Moving Goods" banner have commenced with the Fleet Forum and GRSP on developing fleet management strategies. Within the Mail division, over 10,000 new mail deliverers were recruited for foot/bike mail delivery. Specific training has been developed and implemented that integrates the health and safety requirements into their job specifications.

HEALTH AND SAFETY PERFORMANCE

The primary purpose of measuring health and safety performance is to assess how effective TNT is in controlling its risks, and developing a positive health and safety culture.

The definitions and the basis of reporting on the health and safety performance indicators are described in TNT's Group Policy on Accident Reporting so that individual measuring activities are aligned within the overall performance measurement framework. The definitions are available in Annex 4 of this annual report. It was decided to include workplace and road traffic serious accidents in the 2009 report as well.

TNT's accident investigation procedures are designed to check performance, learn from mistakes and improve the health and safety system and risk control.

In 2009 TNT has to report 31 fatal accidents, which resulted in 34 fatalities. In 2008 TNT reported 49 fatal accidents resulting in 58 fatalities. These fatal accidents include both accidents involving TNT employees and accidents involving subcontractors.

In 2009, 12 of the 31 fatal accidents are with a TNT employee involved (workplace, blameworthy road traffic and non-blameworthy road traffic accidents), which resulted in 13 fatalities. In 2008 TNT reported 19 accidents, which resulted in 19 fatalities.

The remaining 19 of the 31 fatal accidents are subcontractor fatal accidents, which resulted in 21 fatalities. In 2008 TNT reported 30 subcontractor fatal accidents, which resulted in 39 fatalities. For further details on subcontractor fatal accidents, see chapter 17.

Workplace safety performance

Workplace fatal accidents

Workplace fatal accidents GRI indicators: LT 12 & LA 7
in numbers

	2009	2008
▲ Mail	1	0
▲ Express selected	0	0
▲ Other networks + GHO	0	0
TNT India, TNT Brazil and Hoau	1	4
TNT Total	2	4

Refer to chapter 19 for the definition of 'Express selected'

Workplace serious accidents

TNT started reporting and monitoring workplace serious accidents as a key performance indicator in 2009. TNT believes that monitoring and reporting on such a KPI could provide insights to accident patterns before they become critical. The total number of workplace serious accidents in 2009 was 45.

Road safety performance

Road traffic fatal accidents

TNT has to report 10 road traffic accidents with a TNT employee involved in 2009, which resulted in 11 fatalities. In 2008 TNT reported 15 road traffic accidents resulting in 15 fatalities. TNT categorises road traffic fatal accidents as blameworthy, where the accident was caused by the negligence of a TNT driver and non-blameworthy, where the accident was caused by the negligence of a third party.

Blameworthy road traffic fatal accidents (with a TNT employee involved) GRI indicator: LT 12 & LA 7
in numbers

	2009	2008
▲ Mail	3	0
▲ Express selected	0	3
▲ Other networks + GHO	0	0
TNT India, TNT Brazil and Hoau	2	9
TNT Total	5	12

Refer to chapter 19 for the definition of 'Express selected'

Fatal accidents that are still under investigation are reported as blameworthy fatal road traffic accidents until proof is provided to the contrary.

Non-Blameworthy road traffic fatal accidents (with a TNT employee involved) GRI indicator: LT 12 & LA 7
in numbers

	2009	2008
▲ Mail	0	0
▲ Express selected	2	2
▲ Other networks + GHO	0	0
TNT India, TNT Brazil and Hoau	3	1
TNT Total	5	3

Refer to chapter 19 for the definition of 'Express selected'

Road traffic serious accidents

TNT started reporting and monitoring road traffic serious accidents as a key performance indicator in 2009. TNT believes that monitoring and reporting on such a KPI could provide insights to accident patterns before they become critical. The total number of road traffic serious accidents in 2009 is 16.

Road traffic incidents / collisions

In 2008 TNT reported data on the number of road traffic accidents its vehicles were involved in. However during 2009 it was decided to change this definition to provide more reliable data to facilitate management to differentiate between accidents, where people are injured, and incidents. A road traffic incident is defined by TNT as a crash or collision involving a TNT vehicle. A vehicle incident can also result in an accident to be reported if the TNT employee is also injured (lost time accident) or fatally injured (fatal accident).

TNT categorises road traffic incidents as blameworthy and non-blameworthy incidents. In 2009, for Express selected 64% (2008: 61%) and for Mail 67% (2008: 78%) of all incidents were considered blameworthy. Both operational vehicles as well as company cars are in scope of this indicator.

Blameworthy road traffic incident rate

GRI indicator: LA 7

in number of blameworthy road traffic incidents per 100,000 kilometres

	2009	2008
Mail	**3.45**	3.62
Express selected	**0.82**	0.85
Other networks + GHO	**1.17**	0.66
TNT Total selected	**1.72**	1.79
TNT Total	**1.38**	1.51

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

The gradual reduction in the blameworthy road traffic incident rate both within Mail and Express selected is due to continued focus on road safety and introduction of sustainable solutions to improve road safety.

Lost time accidents

The total number of lost time accidents of TNT selected decreased compared to 2008 due to the continued focus on health and safety management and the implementation of appropriate and effective risk control measures. In 2009, the average number of days lost due to a lost time accident was 15.7.

Lost time accidents

GRI indicator: LA 7

in numbers

	2009	2008
Mail	**732**	736
Express selected	**1,657**	1,877
Other networks + GHO	**27**	21
TNT Total selected	**2,416**	2,634
TNT Total	**2,749**	2,941

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

Lost time accident frequency rate

GRI indicator: LA 7

in lost time accidents per 100 FTEs

	2009	2008
Mail	**2.07**	1.86
Express selected	**3.36**	3.78
Other networks + GHO	**1.88**	1.54
TNT Total selected	**2.81**	2.91
TNT Total	**2.49**	2.62

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

Within Mail the lost time accident frequency rate increased slightly as a result of winter weather conditions. Many accidents were caused by slippery roads and foot paths. The gradual reduction in the lost time accident frequency rate within Express selected is among other things due to the continued focus on health and safety management and the implementation of appropriate risk control measures.

HUMAN RIGHTS

Human rights refer to the "basic rights and freedoms to which all humans are entitled". In 2009 TNT participated, with nine other Dutch companies in the Business & Human Rights Initiative performed by the UN Global Compact Netherlands. The goal of the initiative was to assess companies' degree of alignment with the Protect, Respect and Remedy – framework of John Ruggie. This framework outlines the corporate responsibility to respect human rights. A company is expected to take reasonable steps to do no harm to human rights by taking effective measures to avoid and mitigate any adverse human rights impact. The initiative resulted in a few observations and recommendations. It's TNT's objective to improve its human right approach and to and further align with the Ruggie framework.

SA 8000 CERTIFICATION

SA 8000 sets standards to ensure transparent and decent working conditions with respect for human rights. To comply with the UN Universal Declaration of Human Rights, the ILO Conventions and OECD guidelines, TNT's ambition is to certify all its entities in non-OECD countries to the SA 8000 standard. TNT is confident that this approach not only provides a framework to support compliance with laws and regulations within the applicable countries in which TNT operates by preventing the use of child labour and forced labour, but also improves health and safety, freedom of association, prevents discrimination, ensures the implementation of performance management and provides fair and adequate compensation and working hours.

As part of this programme, TNT also encourages all its suppliers and subcontractors to support TNT's Business Principles and commitment regarding social accountability.

SA 8000 certification

GRI indicators: LA 4, HR 5, HR 6 & HR 7

in percentage of total FTEs working in certified sites in non-OECD countries

	2009	2008
▲ Mail	**Not applicable**	Not applicable
▲ Express selected	**96%**	96%
▲ Other networks + GHO	**Not applicable**	Not applicable
▲ **TNT Total selected**	**96%**	96%
TNT Total	**34%**	35%

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

SA 8000 certification is not applicable for Mail as only 0.3% of FTEs in Mail works in non-OECD countries. During 2009 Express selected continued with its strong focus to maintain SA 8000 certification in all their non-OECD countries and have provided focused support to TNT India and TNT Brazil to enable them to achieve the standard by 2011.

LABOUR RELATIONS

TNT believes in the importance of social dialogue. Trade unions and works councils therefore continue to be valuable partners. Main principles in all of TNT's relations with the trade unions and works councils are an open and transparent relationship and the timely sharing of as much information as possible. TNT values its good relationship with the trade unions and works councils, as it results in decisions that take account of all interests concerned. In order to stimulate the involvement of TNT's employees in corporate responsibility issues, the Board of Management established a CR Council. Representatives of the European works council and the Dutch central works council are invited to put items on the agenda of this platform for discussion and consultation on corporate responsibility issues.

During 2009, TNT Post attempted to achieve an agreement with four trade unions in the Netherlands, to reduce labour-related costs in the face of structural volume decline. The trade unions tried to find alternatives for the efficiency measures and labour cost savings that are included in TNT's Master Plans. However, the trade unions concluded that no alternatives were to be found, and asked their members in a referendum advice on the way forward. The outcome of that referendum showed that the majority of the unionised employees of TNT Post are not prepared to agree upon lower wages in return for work guarantee. New discussions with the trade unions on a new collective labour agreement, including a social plan for those who have to leave TNT, were concluded late January 2010. This agreement still needs to be approved by the members of the trade unions.

DIVERSITY

TNT's position towards diversity means recognition of and respect for employee differences in all aspects. This implies recognising among other things differences in nationality, religion, race, culture, gender, age, disability, ethnicity, marital status, sexual orientation, education, experience, ideas and beliefs are what make people unique individuals. TNT recognises values and leverages these differences, and believes that this leads to greater innovation and creativity, and ultimately results in better business performance.

Gender profile

in percentage of headcount

GRI indicator: LA 13

	2009		2008	
	Male	**Female**	Male	Female
Mail	**59%**	**41%**	59%	41%
Express selected	**67%**	**33%**	67%	33%
Other networks + GHO	**64%**	**36%**	64%	36%
TNT Total selected	**62%**	**38%**	63%	37%
TNT Total	**66%**	**34%**	66%	34%

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

Historically Mail has a relative high number of females working in its operations. In 2009 this number remained stable. In 2009 the gender profile in Express selected remained at the same level as 2008.

Management positions

Gender profile of management

in percentage of total management

GRI indicator: LA 13

	2009		2008	
	Male	**Female**	Male	Female
Mail	**77%**	**23%**	74%	26%
Express selected	**73%**	**27%**	72%	28%
Other networks + GHO	**82%**	**18%**	82%	18%
TNT Total selected	**74%**	**26%**	73%	27%
TNT Total	**78%**	**22%**	77%	23%

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

Within TNT tailored HR solutions for women are available. TNT also ensures that employee compensation makes no distinction between men and women remuneration. During 2009 the gender profile of management in Mail and Express selected only changed slightly.

Matching more female high potentials with a mentor in TNT's mentoring programme and embedding tailored HR solutions for women was expanded in 2009. The Board of Management is actively engaged in ensuring that more women are promoted into senior positions within TNT.

Employees with a disability

Employment opportunities are also offered to persons who have a medically recognised physical or mental disability. Where possible, TNT accommodates any special needs these employees may have, including adapting the workplace accordingly.

Employees with a disability

GRI indicator: LA 13

in number and in percentage of headcount

	2009		2008	
	Number in headcount	In % of headcount	Number in headcount	In % of headcount
Mail	**1,374**	**2.1%**	1,802	2.5%
Express selected	**450**	**1.2%**	413	1.0%
Other networks + GHO	**no data**	**no data**	no data	no data
TNT Total selected	**1,824**	**1.7%**	2,215	2.0%
TNT Total	**2,018**	**1.6%**	2,277	1.7%

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

In Mail the number of employees with a disability decreased. This was partly due to a change in legislation in the Netherlands, which resulted in a reclassification of disabilities. Within Express selected the number of entities reporting data has increased, which explains the increase in the reported number of disabled employees.

Employee networks

TNT supports a number of employee network foundations such as the lesbian, gay, bisexual and transgender network (TNT LGBT network), Women's Development Network (TNT Link), Network for Intercultural Diversity (TNT Unity) and the interactive platform for young TNT professionals, Young TNT.

For example, TNT Link is an employee network with 1,076 members, in 64 countries, that supports the professional development of women through networking, learning and mentoring. TNT Link organises networking events and workshops that focus on business issues and on female leadership.

Another example is the Young TNT network that provides an interactive platform for young TNT professionals worldwide. Its main objectives are to increase social and business interaction between members and to emphasise its image as a business platform for young professionals within TNT. The CR committee of Young TNT aims to strengthen the diversity of TNT by joining existing initiatives and organising various new ones.

In addition to employee network initiatives, there were numerous local initiatives for creating diversity awareness in 2009. TNT Post for example invested great effort in diversity training to increase awareness at the first line management level.

EMPLOYEE ENGAGEMENT

One of TNT's mission statements is "instilling pride in its people". Every employee in the TNT workforce should feel that he or she is recognised as a valued individual and that TNT consistently supports the development of their capabilities, skills and competencies to deliver superior performance. TNT aims to create a workplace where people are engaged, rewarded competitively, work in a safe place, are treated equally, can speak up freely, are responsible and feel accountable for their actions.

INVESTORS IN PEOPLE CERTIFICATION

Investors in People (IiP) is a standard that sets minimum standards for continuous operational performance through management and employee development. Living up to the Investors in People standards ensures TNT employees receive the necessary development opportunities and attention they need to be successful and thus create value for the group. This manifests itself through improved and more effective communication, teamwork and through individual coaching. Where necessary, staff may attend supplementary and directed development and training, allowing them to improve existing skills gaps as well as expanding their potential and professional horizons. Each year, progress evaluations are held with all employees with a focus on their performance, behaviour and personal development.

Investors in people certificaton

GRI indicator: 4.12

in percentage of total headcount working in certified sites

	2009	2008
▲ Mail	**90%**	80%
▲ Express selected	**98%**	94%
▲ Other networks + GHO	**31%**	32%
▲ **TNT Total selected**	**92%**	85%
TNT Total	**79%**	75%

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

Customer contact (Cendris) and EMN Germany received certification for IiP for part of their organisations in 2009. In Express selected a global certification is in place. The increase in percentage has been due to the support and focus on certain entities which were included in the global certification (Document Services, TG Plus in Spain and Cyprus).

ABSENTEEISM

During 2009, TNT focused on helping absent employees with a safe and timely return to work. TNT's approach is to adopt local policies that apply to all employees. This fosters mutual respect between all employees and between employees and management. A 'return to work interview' is held as an open discussion about the employee's absence and to establish whether there is anything management can do to improve the situation. In many cases the return to work is also closely managed by a registered medical practitioner.

Absenteeism

in percentage of total working days — GRI indicator: LA 7

	2009	2008
Mail	**5.2%**	5.0%
Express selected	**3.5%**	3.5%
Other networks + GHO	**6.0%**	6.2%
TNT Total selected	**4.2%**	4.2%
TNT Total	**3.5%**	3.9%

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

In Mail the slight increase in absenteeism was caused by a higher number of cases of influenza and in addition also cases of pandemic influenza A(H1N1). In Express selected the absenteeism remained at the same level as in 2008.

TURNOVER AND INTERNAL PROMOTION

TNT is committed to the personal development of employees and encourages internal promotion for open positions. There are explicit guidelines in place regarding local recruitment processes and procedures. With locations around the world, guidelines vary to meet local regulations and practices. Minimum notice periods are also in accordance with local legislation.

Voluntary turnover

in percentage of total headcount — GRI indicator: LA 2

	2009	2008
Mail	**15%**	14%
Express selected	**7%**	10%
Other networks + GHO	**4%**	15%
TNT Total selected	**11%**	12%
TNT Total	**16%**	15%

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

The Mail business is declining in the home market of the Netherlands through substitution and increased competition. This presents TNT with many social challenges as it strives to compete with competition in the Netherlands from lower-cost operators and to respond effectively to the volume declines that digitisation has brought to the mail market. See chapter 2 on Vision 2015 strategy.

As a consequence of declining mail volumes, approximately 11,000 jobs will become redundant in TNT Mail's operations in the Netherlands over the coming years. As a responsible employer, TNT's policy is to achieve this goal by stimulating voluntary job moves. In addition, Mail has taken measures to help production staff find suitable jobs both inside and outside the company as much as possible. The TNT Mobility Department has been created to help employees with training and job opportunities, information, assessments and personal support. In 2009, 700 employees left Mail voluntarily via the Mobility programme.

TNT Mobility has developed specific tools, Accreditation of Prior Learning (APL) programmes and the "Job Seeks Worker", to support employees in finding new employment options. APL is an education programme that offers a simple opportunity for current employees to gain a basic qualification to enter the labour market (Dutch "MBO2"). "Job Seeks Worker" is a way of helping specific and skilled TNT employees find a similar role with another employer such as the Dutch railways, the police, security and transport firms.

In addition to these two instruments, TNT Mobility supports employees with:

- financial incentives to encourage voluntary job moves with the aim to compensate for a shortfall in salary,
- provide workshops designed for line managers on the implementation and management of change,
- training to enable employees to find a different job (e.g. cover letter writing skills and job interview skills), and
- provide personal guidance to employees by defining competencies, offering a career choice test, helping to find suitable vacancies, and offering access to internships.

During 2009 the voluntary turnover in Express selected reduced by 3% and this was partly due to recession.

As per 1 October 2009, TNT has a new internal vacancy site for the Benelux. The site creates an open job market for all employees, provides a transparent overview of all internal vacancies, reduces costs and gives TNT the opportunity to retain human capital. After evaluation of the vacancy site a plan can be made to actively connect the rest of TNT.

Internal promotion

in percentage of total management vacancies

GRI indicator: LA 2

	2009	2008
Mail	**57%**	64%
Express selected	**72%**	67%
Other networks + GHO	**25%**	32%
TNT Total selected	**68%**	66%
TNT Total	**70%**	75%

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

Within Mail resource committees scout talent to fulfil vacant management positions. In case no qualified internal candidates are available expertise is sourced from outside the company. In 2009 a relatively large share was sourced outside the company. In Mail fewer vacancies were available in 2009 due to the economic downturn. Within Express selected, the increase in management positions filled from within was due to organic growth and re-organisation of the business.

TRAINING AND DEVELOPMENT

TNT aims to provide its employees with the necessary resources, training and recognition to maximise their own potential and individual contribution to the business. It is also important that employees appreciate how they contribute to TNT being a good corporate citizen and environmentally-responsible operator.

Within Express selected overall training hours per FTE in 2009 were 20.6 and for Mail 14.9 compared to 28.6 and 17.4 in 2008.

In TNT a number of programmes exist aimed at developing its employees. A Learning Centre for the Central & Eastern European Region (CEE LE) was created, which started as a pilot in January, 2010. The pilot will be evaluated mid 2011. The aim of the CEE LC is to deliver high quality training to all TNT employees within the region based on local business needs. With a shared service approach that works well in phases of downturn as in business growth, the CEE LC makes joint use of all resources within the region. CEE LC offers a consistent transparent training process from needs analysis to delivery. This not only enhances the focus on learning and makes it more efficient, it also guarantees development for all TNT employees. In fact, by avoiding duplication TNT can actually spend more on training despite tight budgets.

In November 2009, human resource services company Hewitt Associates ranked TNT second on its 2009 list of Top Companies for Leaders in Europe. In the global ranking TNT achieved the13th position (out of 537 companies). The research was done in partnership with Fortune magazine and the RBL Group. According to the Hewitt report TNT gained its 13th ranking position due to the involvement of top management with its leaders, along with the strong emphasises on growing leaders from within and the fact that TNT's development programmes are developed internally.

GLOBAL ENGAGEMENT SURVEY

The global engagement survey (GES) is TNT's tool for measuring TNT's success in increasing employment pride and motivation. TNT started to measure employee engagement on a global level in 2006 and through the years has established a successful approach. To include as many employees as possible, the survey is translated into over 37 languages and is available on-line and on paper.

In 2009 it was decided not to run the GES and postponing it until 2010. This decision was taken to make improvements to the engagement survey and to align the survey to the current business needs including the new strategic direction announced as part of Vision 2015.

A cross section of managers and employees across the organisation was asked to help define the necessary survey improvements and business needs. Based on these business requirements (i.e. improve understandability of questions for operational employees, annual cycle, increase focus on engagement and decrease amount of questions, decrease survey process lead time and increase on line usage world wide) a new supplier was selected to provide TNT with the research expertise required.

In 2009 the organisation focused on the development and implementation of action plans based on the key focus areas formulated in the December 2008 results. Progress of the implementation was monitored and where necessary additional measures were taken.

	EXPRESS DIVISION	MAIL DIVISION
Highlights of key focus areas	– Communication, – Performance and reward, – Learning and development.	– Focus on action planning and follow up, – Learning and development, – Customer focus.
Developments	– Communication – focus on consistency of top down communication and introduction of newsflashes and board chat sessions, – Performance and reward – introduction of additional tools to support managers in calibrating performance and making action plans for both high and low performers, – Learning and development – enhanced succession and talent management process tailored more to local circumstances where necessary.	– Focus on action planning and follow up – key action points are regularly reviewed in management teams, – Learning and development – creation of development plans and training courses for line managers based on assessments and improved accessibility of training information for employees. Integrated local and central learning and development plans. Introduction of education programmes for employees without basic education, – Customer focus – increased customer focus amongst employees through voice of the customer project.

In the last quarter of 2009, preparations for a new 2010 global engagement survey commenced. Designing the pilot survey questions took place in close collaboration with representatives across the business. The pilot will take place in the beginning of 2010 to further ensure the statistical robustness of the questionnaire. Following the results of the pilot the new 2010 full survey will be ready to measure TNT's employee engagement worldwide, review the full survey results to formulate key focus areas for 2010 and create action plans, which will be monitored for progress.

Chapter 16 Environment

INTRODUCTION

The impact of TNT's operational activities on the environment is one of the key drivers for its corporate responsibility strategy.

TNT seeks to limit its impact with respect to the following:
- the use of natural resources by operational activities,
- climate change by greenhouse gas emissions, and
- human health by exposure to noise and air pollution.

Carbon management has been identified by stakeholders as TNT's most significant environmental obligation. Besides its own CO_2 footprint, TNT also acknowledges responsibility for the emissions from transport activities that are contracted out and reports on the estimated CO_2 emissions from these subcontracted operations. Air quality improvement is recognised by stakeholders as an important area of attention. In particular, inner city activities have to deal with the emissions of NO_x and Particulate Matter (PM10) which can result in human health issues.

SPECIFIC CLIMATE CHANGE RISKS

The emission of CO_2 into the atmosphere contributes to climate change and TNT recognises the risks of climate change on the sustainability of its operations and the financial impact it could face in the future. These risks are disclosed in chapter 20 of this annual report and are partly caused by the changing regulatory environment TNT has to comply with (EU Emission Trading Scheme, city accessibility, etc). TNT also faces physical risks such as its reliance on key infrastructure sites which could be closed due to adverse weather systems. With respect to the supply chain, TNT is highly dependent on fuel and energy to run its operations with the risk of increasing prices for fossil fuel/energy sources. Furthermore, TNT is facing reputation risks by increasing demands from customers for accurate and transparent information on CO_2 emissions.

ISO 14001 CERTIFICATION

TNT's environmental management system is the main framework that enables TNT to manage and reduce its environmental impact and increase operating efficiency. TNT has adopted the international standard ISO 14001 for this purpose. This standard provides a framework for identifying and managing the environmental aspects and their impact, and for continuously and systematically improving environmental performance.

ISO 14001 certification — GRI indicator: 4.12

in percentage of total FTEs working in certified sites

	2009	2008
▲ Mail	86%	81%
▲ Express selected	98%	98%
▲ Other networks + GHO	36%	34%
▲ **TNT Total selected**	**92%**	89%
TNT Total	75%	73%

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

EMN Germany and EMN Belgium received certification for ISO 14001 for part of their organisation in 2009. In 2009 Express selected maintained its ISO 14001 certification in all its entities. Focused support is provided to TNT India and TNT Brazil to enable these entities to achieve the standard by 2011.

PLANET ME

TNT has developed a specific programme to raise awareness of climate change and to act as the framework within which TNT's operations seek to reduce CO_2 emissions. This initiative is called Planet Me (www.planetme.tnt.com) and was launched in 2007. Its primary objective is to reduce the environmental impact of TNT's operations and to boost the financial performance of TNT by improving fuel efficiency.

It is TNT's aim to go beyond compliance with government regulations and customer expectations. It requires a responsible risk taking to continuously seek new, innovative solutions and technologies that will ensure TNT to create value for the stakeholders and a sustainable future.

Planet Me is comprised of three areas:
- Count carbon
  Count carbon is about getting the facts and figures right. Using a comprehensive system to continuously measure and monitor CO_2 performance in the core operational areas allows TNT to manage its own footprint and support customers in managing theirs. TNT reports not just on its own CO_2 footprint, but also on the estimated subcontractor CO_2 footprint. CO_2 data is used to set an objecitve on CO_2 efficiency and track progress towards achieving this objective.

– Code orange
The cornerstone of Planet Me, Code orange consists of mandatory programmes to improve the CO_2 efficiency of the key emission sources being operational vehicles, aircraft and buildings. Code orange uses best practices to continuously improve the CO_2 efficiency and drives innovative transport solutions.

With regards to innovative transport solutions electric vehicles are identified as a very useful technology to minimise the carbon impact for pick-up and delivery operations in urban areas. TNT now operates 51w electric delivery trucks in the United Kingdom. Furthermore pilots on the use of electric delivery trucks have started in China and the Netherlands. In these countries a large vehicle fleet is operational. In 2009 TNT announced a commitment to purchase 3,000 electric vehicles over the next 3 years, together with a consortium of Dutch companies. TNT has committed itself to acquire some 600 electric vehicles through this initiative.

As part of Code orange TNT collaborates with partners to find the most innovative solutions for reducing CO_2 emissions. TNT partners with customers to help them reach their own environmental improvement objectives by making well-informed purchasing decisions, and works closely with suppliers to raise their level of environmental performance. Further, to identify the most sustainable, innovative solutions, TNT engages in a range of cross-company and cross-industry initiatives. The collaborative work with United Nations Environment Program led to the development of a Clean Fleet Toolkit designed to be used in developing countries. Pilots have shown significantly reduced fuel consumption and vehicle maintenance costs.

– Choose orange
TNT knows that educating and engaging employees to environmentally aware behaviour at work and home will exponentially expand a positive impact on the environment. A number of group-led and local initiatives were set up to inspire and involve employees in Planet Me.

The Drive Me challenge is open to all employed and subcontracted pick-up and delivery and line haul drivers worldwide. The programme is designed to increase fuel efficient driving, reduce road traffic accidents and increase service to customers. It engages, recognises and rewards drivers through national and global driving competitions, pairing them with senior managers and members of the Board of Management, ultimately to win the coveted title of TNT's most fuel efficient, safe and customer-oriented driver.

In a global business environment punctuated by rapid change, the Planet Me commitments are increasingly becoming integrated into TNT operations.

MANAGING CO_2 PERFORMANCE

TNT'S OWN CO_2 FOOTPRINT

TNT's methodology for measuring its CO_2 emissions from the operations of its own road and air fleet and buildings is based on guidance from the Greenhouse Gas Protocol. TNT's reporting entities must report on all factors that impact CO_2 emissions. This includes electricity, gas, heating fuel, district heating and different fuel types for airplanes and operational vehicles. Where reporting entities are not able to provide the data necessary for calculating the CO_2 footprint, the available data is extrapolated (based on FTE coverage or square metres). In total, 7% of the reported own CO_2 emissions is estimated. TNT's reporting focus is on CO_2 emissions from its core operational sources road, air and buildings. These activities are TNT's focus areas for managing CO_2 performance. Non-operational CO_2 emissions (company cars and business travel) are included in the table on CO_2 emissions according to the Greenhouse Gas Protocol.

TNT uses conversion factors that are made available by internationally acknowledged organisations like the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA) and the Greenhouse Gas Protocol.

In 2009 total own CO_2 emissions are 983 ktonnes (2008: 1,108 ktonnes). Excluding TNT India, TNT Brazil and Hoau total own CO_2 emissions are 875 ktonnes in 2009 (2008: 972 ktonnes), of which 9% is attributed to the Mail division, 90% to the Express division, and 1% to Other networks and GHO. Total own CO_2 emissions decreased by 11% compared to 2008. This decrease was mainly due to declining volumes in TNT's air and road network caused by the economic crisis and customers moving towards road network solutions.

TNT'S SUBCONTRACTOR CO_2 FOOTPRINT

TNT has developed a model to calcuate an estimate of the CO_2 emissions generated by subcontracted operations. The use of primary indicators (fuel consumption) is the most accurate way of calculating CO_2 emissions. However, calculations based on primary indicators are not possible given that actual fuel consumption of subcontractors is not available to TNT. TNT therefore uses various proxy indicators that, using models, can be translated into estimated CO_2 emissions. Depending on data availability, secondary indicators (road kilometres driven/tonne kilometres flown) or cost indicators (subcontractor cost) are used. To translate subcontractor costs into fuel consumption, cost distributions within two operational entities (Express Road Network and Belgium) were used as a baseline.

The model's scope extends to subcontracted activities that are part of TNT's core business (road and air transport). Emissions from buildings used by subcontracted operations are considered to be immaterial and therefore not included.

In 2009 total subcontractor CO_2 emissions are 1,659 ktonnes (2008: 1530 ktonnes). Excluding subcontractors of TNT India, TNT Brazil and Hoau total subcontractor CO_2 emissions are 1,422 ktonnes (2008: 1,372 ktonnes) of which 16% is attributed to the Mail division, 79% to the Express selected activities, and 5% to Other networks. Of the total subcontractor CO_2 emission 70% relates to road and 30% to aviation. Total subcontractor CO_2 emissions excluding TNT India, TNT Brazil and Hoau increased by 4% compared to 2008. This increase is mainly caused by subcontracted aviation.

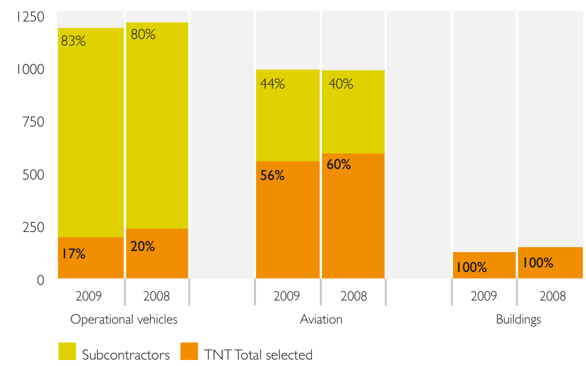
TNT'S TOTAL CO_2 FOOTPRINT (OWN AND SUBCONTRACTOR)

A large part of TNT's activities are performed by subcontractors. TNT feels responsible for the related CO_2 emissions and therefore includes this in TNT's total CO_2 footprint.

In 2009, TNT's total CO_2 emissions (own and subcontractor) are 2,641 ktonnes (2008: 2,638 ktonnes). Excluding TNT India, TNT Brazil and Hoau TNT's CO_2 emissions are 2,297 ktonnes (2008: 2,343 ktonnes) of which 13% is attributed to the Mail division, 84% to the Express selected activities, and 3% to Other networks an GHO.

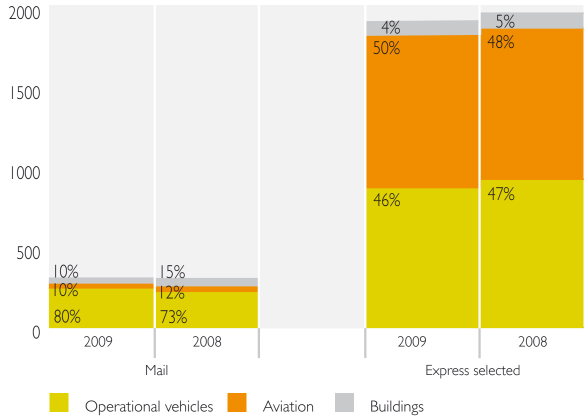
In 2009, 38% of the TNT Total selected footprint is related to its own CO_2 emissions and 62% is from subcontractors.

TNT Total selected CO_2 footprint (own and subcontractors) in ktonnes



In 2009, 52% of the total CO_2 emissions is related to operational vehicles, 43% is related to aviation and 5% relates to buildings.

TNT Total selected CO_2 footprint (own and subcontractors) in ktonnes



CO_2 EFFICIENCY INDEX AND OBJECTIVES

CO_2 efficiency objectives are instrumental in managing CO_2 performance. TNT's desired environmental performance going forward is translated into concrete and tangible objectives and it provides clarity on these objectives to its external stakeholders.

TNT has chosen an extensive approach to come up with a realistic CO_2 efficiency improvement objective. This objective is developed in close consultation with internal and external experts and based on TNT's extensive experience from pilots. A bottom up approach was used to identify actual reduction possibilities in each of TNT's operational units. TNT believes that this comprehensive approach is unique as it results in a CO_2 efficiency improvement level that is very specific to TNT's business and reflects actual opportunities in a realistic way. The resulting objective will provide stakeholders with a very credible proposition.

TNT believes that CO_2 efficiency improvements need to show a long term ambition with a commitment that starts today. Therefore TNT has set an ambitious but realistic CO_2 objective for 2020. The CO_2 objective will substantiate TNT's environmental strategy by adding a long term ambition level the company is committed to. TNT's 2007 CO_2 efficiency position is used as a relative baseline for the CO_2 objective.

TNT has developed a CO_2 efficiency index as underlying metric for setting the CO_2 efficiency improvement objective. TNT considers this the best way to provide a consistent view on its overall CO_2 performance. The index combines the operational performance of the core operational activities road transport, aviation and buildings from TNT's global operations into one indexed metric.

TNT's CO_2 efficiency objective for its own operations is (relative basis, compared to 2007) to achieve a 45% improvement in the CO_2 efficiency index in 2020.

Such an objective is only credible when it is linked to concrete actions. In living up to this commitment TNT's approach has a twofold focus:

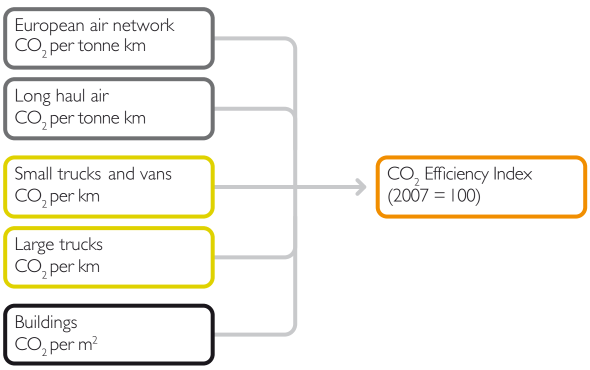
- **continuously improve CO_2 efficiency** – Best practices that have been identified over the last years will be implemented in each of TNT's operational units. These best practices cover a wide range of measures, ranging from driver training on fuel efficiency to optimising global networks in air and road. Carbon management plans and actions will be introduced to guide these continuous improvements. With these plans TNT will monitor and manage CO_2 emissions like its financial results.
- **innovative transport solutions** – The required improvements can only be realised with innovative transport solutions in core operational activities. TNT will focus on innovation projects in the area of electric vehicles which is considered the most promising solution for its inner city activities. New city logistic concepts will be explored to maximise synergies of transport in cities. For line haul activities in road and air, alternative fuel solutions will be explored. And finally, renewable energy sources will be investigated to support operations in buildings. Pursuing the actions and solutions is crucial to ensure achievement of TNT's long term ambition.

CO_2 efficiency index methodology and performance

The index is based on the operational CO_2 performance indicators of TNT's core activities operational vehicles (small and large trucks), aviation (European Air Network and long haul air) and buildings. The CO_2 efficiency index and underlying operational performance KPIs are based on TNT's owned operations. Currently there is insufficient data to set CO_2 efficiency objectives on subcontractors' CO_2 emissions. The contribution of operational performance in different activities to the index is based on distribution of TNT's 2007 absolute CO_2 emissions.

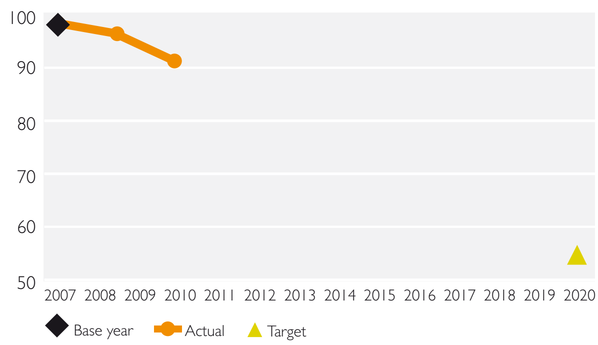
CO_2 Efficiency Index

For 2009 the CO_2 efficiency index for TNT is 94, which means an improvement of five points compared to 2008 (99).



In subsequent reports TNT will report its overall CO_2 performance using the CO_2 efficiency index. This will enable stakeholders to track TNT's progress towards achieving the objectives set.

CO_2 efficiency index performance



The improvement of 6.5% of the CO_2 efficiency index in 2009 compared to the base year 2007 consists of 0.2% operational vehicles, 0.2% aviation and 6.1% buildings.

Operational vehicles had a limited contribution to the 2009 improvement. The reason is that not all efforts to improve performance of operational vehicles is reflected in the efficiency indicator CO_2 per km. TNT recognises that CO_2 per weight transported (tonne km) would be the most preferable efficiency indicator for operational vehicles because improvements in road operations due to network optimisation and capacity load factors are not fully reflected by the current CO_2 efficieny indicator for operational vehicles.

Air operations had a limited contribution to the 2009 improvement. The reason is that the 2009 CO_2 efficiency of aviation remained at 2007 levels. Volume declines in 2008 resulted in lower efficiencies in the air network. In 2009 due to optimisation efforts TNT adapted to the new situation which brought efficiencies back to 2007 levels.

Improvements in the 2009 CO_2 efficiency index are largely due to increased use of sustainable electricity in Mail Netherlands and a number of Express countries.

CO_2 FOOTPRINT ACCORDING TO THE GREENHOUSE GAS PROTOCOL

The absolute CO_2 footprint can be reported in the three categories as described by the Greenhouse Gas Protocol to make comparison within the sector possible:

- scope 1 covers all direct emissions generated by sources that are owned or controlled by the company, such as operational vehicles, aviation and heating,
- scope 2 includes all emissions from the generation of purchased electricity consumed by the company, and
- scope 3 refers to indirect emissions that are a consequence of the company's activities but occur from sources not owned or controlled by the company.

CO_2 emissions according to the Greenhouse Gas Protocol

in ktonnes

GRI indicator: LT 2, EN 3, EN 4, & EN 16

	2009		2008	
Emission source	TNT Total selected	TNT Total	TNT Total selected	TNT Total
Scope 1				
Operational vehicles	**198.0**	**286.0**	236.9	323.2
Aviation	**557.5**	**557.5**	594.8	594.8
Heating (gas, heating fuel)	**38.3**	**40.5**	38.8	42.7
Total scope 1	793.8	884.0	870.5	960.7
Scope 2				
District heating	**2.0**	**2.0**	4.8	5.5
Electricity (including electric vehicles)	**79.4**	**96.9**	96.3	142.1
Total scope 2	81.4	98.9	101.1	147.7
Scope 3				
Company cars	**39.8**	**40.9**	36.5	38.7
Business travel	**9.2**	**11.0**	10.0	11.5
Subcontractors	**1,421.8**	**1,658.5**	1,371.5	1,529.9
Total scope 3	1,470.8	1,710.4	1,418.0	1,580.1
Total TNT own CO_2 footprint (scope 1 and 2)	▲ 875.2	982.9	▲ 971.6	1,108.4
Total TNT CO_2 footprint (scope 1, 2 and Subcontractors)	**2,297.0**	**2,641.4**	2,343.1	2,638.3

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

OPERATIONAL PERFORMANCE

OPERATIONAL VEHICLES

Breakdown of TNT's fleet of operational vehicles

TNT's fleet of operational vehicles is diverse with respect to size, weight and type. In this section, the fleet is broken down into two categories: small trucks and vans with a gross vehicle weight (the vehicle including freight) less than 7.5 tonnes, and large trucks with a gross vehicle weight over 7.5 tonnes. The different types of fuel per vehicle category are also indicated.

For vehicles powered by biofuel, TNT decided to take into account only those vehicles that have a biofuel blend of 10% or higher.

Small trucks in 2009

in number of small trucks and vans (< 7.5 tonnes)

GRI indicator: LT 2

	Diesel	Gasoline	LPG	Alternative fuels	Total
Mail	3,586	24	5	52	3,667
Express selected	2,649	926	7	65	3,647
Other networks + GHO	34	0	0	0	34
TNT Total selected	**6,269**	**950**	**12**	**117**	**7,348**
TNT Total	8,561	952	12	196	9,721

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

The magnitude of the fleet of small trucks and vans for TNT Total selected decreased with 5.6% compared to 2008. The vehicles powered by gasoline and diesel form the largest proportion of the fleet. 1.6% of small trucks and vans within TNT Total selected are powered by alternative fuels.

Large trucks in 2009

in number of large trucks (> 7.5 tonnes)

GRI indicator: LT 2

	Diesel	Hybrid	Electricity	Total
Mail	340	0	0	340
Express selected	3,108	3	49	3,160
Other networks + GHO	3	0	0	3
TNT Total selected	**3,451**	**3**	**49**	**3,503**
TNT Total	**4,153**	**3**	**49**	**4,205**

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

The fleet of large trucks for TNT Total selected has decreased by 2.7%. Including Brazil, India and Hoau the fleet has decreased by 1.1%. 1.5% of large trucks are powered by alternative fuels.

TNT also operates a fleet of 1,585 motorcycles for pick up and delivery.

CO_2 efficiency of operational vehicles

CO_2 efficiency provides a comprehensive picture of the overall performance of TNT's entire fleet of owned operational vehicles. For operational vehicles, TNT links CO_2 to distance only as weight data is not yet available. Going forward, TNT is working on gathering the weight data and intends to report on CO_2 per tonne km, which TNT considers to be one of the most effective indicators for measuring performance.

CO_2 efficiency small trucks and vans (< 7.5 tonnes)

in g CO_2 per km

	2009	2008
Mail	▲ **236**	239
Express selected	▲ **341**	325
Other networks + GHO	▲ **217**	216
TNT Total selected	▲ **295**	281
TNT Total	**334**	325

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

The CO_2 efficiency for small trucks deteriorated slightly over 2009 for TNT Total selected. The CO_2 indicator is influenced by changing fleet compositions, e.g. the number of vehicles powered by lower-emission fuels (e.g. electricity and hybrid) and driving behaviour.

Optimisation efforts such as the Express Global Network Optimisation are not adequately captured by this CO_2 efficiency indicator. This is the reason why optimisation efforts such as increase in pick-up and deliveries made by drivers detoriated the CO_2 efficiency. Going forward, when a CO_2 per tonne km indicator is used for road these improvements will be captured in the right way.

CO_2 efficiency large trucks (> 7.5 tonnes)

in g CO_2 per km

	2009	2008
Mail	▲ **737**	735
Express selected	▲ **647**	648
Other networks + GHO	▲ **553**	578
TNT Total selected	▲ **668**	670
TNT Total	**700**	710

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

For large trucks the CO_2 efficiency improved slightly over 2009 for TNT Total selected due to improved fuel efficiency. The percentage of alternative fuelled large trucks did not change materially. Furthermore, TNT continued its focus on network optimisation and driver training programmes that were introduced.

Fuel efficiency of operational vehicles

TNT has separated the data according to different types of fuel since the type of fuel indicates more explicitly the scale of the impact the transport has on the environment. TNT also measures the efficiency of the fuel usage per 100 kilometres driven by each type of vehicle.

Fuel efficiency small trucks and vans (< 7.5 tonnes)

in litres per 100km powered by

GRI indicator: EN 1

	Diesel		Gasoline	
	2009	2008	2009	2008
Mail	**8.6**	8.7	**7.6**	9.0
Express selected	**12.2**	11.7	**15.3**	14.4
Other networks + GHO	**7.9**	7.9	–	–
TNT Total selected	**10.3**	10.0	**15.2**	14.3
TNT Total	**12.1**	12.1	**15.2**	14.1

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

In 2009, the fuel efficiency of diesel-powered small trucks and vans remained stable. However the fuel efficiency of gasoline powered small trucks and vans deteriorated compared to 2008.

Fuel efficiency large trucks (> 7.5 tonnes)

GRI indicator: EN 1

in litres diesel per 100 km

	2009	2008
Mail	**26.8**	26.7
Express selected	**23.6**	23.6
Other networks + GHO	**20.1**	21.0
TNT Total selected	**24.4**	24.4
TNT Total	**25.5**	25.9

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

For large trucks the general fuel efficiency has remained stable.

AVIATION

TNT's fleet of aircraft

At the end of 2009 TNT operated a fleet of 48 aircraft. The fleet can be separated into five categories of operation:

- European Air Network,
- domestic,
- long haul air (intercontinental),
- charter, and
- passenger

In July 2008, the European Parliament and council of the European Union agreed on legislation to include aviation within the EU Emission Trading Scheme (EU ETS) as of 2012. The EU ETS will include all flights arriving at or departing from any EU airport and only covers CO_2 emissions. TNT must monitor and report data annually from 2010 onwards. In August 2009, TNT submitted the EU ETS monitoring and reporting plans for aviation. The tonne kilometre and CO_2 emissions monitoring plans were officially approved by its competent authorities in December 2009.

CO_2 efficiency aviation

The CO_2 efficiency indicator as described in the table below links CO_2 emissions to weight transported per distance. This indicator demonstrates the overall CO_2 performance of the air fleet operations.

CO_2 efficiency aircraft

in g CO_2 per tonne km

	2009	2008
European Air Network including domestic air	▲ **1,690**	1,790
Long haul air	▲ **529**	560

The CO_2 efficiency for both the European Air Network operations and long haul flights show improvements in 2009 compared to 2008. For network operations these improvements are due to optimisation efforts (airport closures, fleet resizing and renewal) and resulting better capacity utilisation. The improvement for long haul is due to optimised operations which results in an improved CO_2 per tonne km ratio. Overall aircraft utilisation improved significantly in 2009 (2009 capacity load factor 53.7% compared to 49.1% in 2008).

BUILDINGS

TNT's facilities

TNT uses different types of facilities including depots, sorting centres, road hubs, air hubs, offices, etc that are located all over the world. TNT owns or leases approximately 4.6 million m^2 of building, 25% is used by Mail, 72% is used by Express and the remaining 3% by Other networks and GHO.

CO_2 efficiency buildings

The CO_2 efficiency of buildings is reported in CO_2 per m^2. This indicator combines all types of energy consumed and covers heating, electricity use and electricity from sustainable sources. As such, this indicator provides a comprehensive picture of the total CO_2 performance of buildings.

CO_2 efficiency buildings

in kg CO_2 per m^2 buildings

	2009	2008
Mail	▲ **26.9**	36.0
Express selected	▲ **37.6**	39.0
Other networks	▲ **28.2**	35.1
GHO	▲ **44.1**	42.5
TNT Total selected	▲ **33.9**	37.9
TNT Total	**30.3**	43.3

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

The impact of the increased percentages of sustainable electricity in TNT is evident when looking at the CO_2 efficiency of buildings in 2009. The CO_2 efficiency improved significantly compared to 2008.

Energy efficiency of buildings

TNT measures and reports on energy efficiency separately for electricity (kWh) and gas (m^3) used in buildings.

Electricity efficiency of buildings

GRI indicators: EN 3 & EN 4

in kWh per m^2

	2009	2008
Mail	**122.0**	120.8
Express selected	**93.4**	89.1
Other networks	**47.0**	48.9
GHO	**152.7**	146.0
TNT Total selected	**102.2**	98.8
TNT Total	**83.0**	95.6

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

Gas efficiency of buildings

in m^3 gas per m^3 — GRI indicators: EN 3 & EN 4

	2009	2008
Mail	10.9	9.7
Express selected	8.4	7.1
Other networks	9.1	8.5
GHO	12.3	10.5
TNT Total selected	9.8	8.5
TNT Total	9.8	8.5

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

The overall energy efficiency including electricity, gas, heating fuel and district heating is reported in Mega Joules.

Energy efficiency of buildings

total energy of electricity, gas, heating fuels and district heating in Mega Joules per m^2 — GRI indicators: LT 4 & EN 4

	2009	2008
Mail	744	803
Express selected	490	495
Other networks	380	449
GHO	939	859
TNT Total selected	572	601
TNT Total	468	578

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

The energy use of GHO only relates to office space, which is known to consume more energy than depots and warehouses. The total reported energy use of buildings within TNT in 2009 was 348.9 million kWh, 17.1 million m^3 gas, 1.1 million litres heating fuel and 0.06 million GJoules district heating.

To reduce the environmental impact of buildings, a first priority is to increase the efficient use of energy regardless of the source (electricity, gas, sustainable electricity, etc.). With the reduction in energy this was based on the ISO 14001 continuous improvement. TNT will continue to focus on more efficient use of energy in its buildings.

Sustainable electricity

Besides using less energy, the use of sustainable electricity is an additional measure to reduce buildings' CO_2 footprint. The use of sustainable electricity is reported as a percentage of total electricity use.

Sustainable electricity usage

as a percentage of total electricity use — GRI indicators: LT 4 & EN 4

	2009	2008
▲ Mail	80.7%	69.4%
▲ Express selected	30.7%	26.3%
▲ Other networks	9.8%	5.9%
▲ GHO	62.9%	59.1%
▲ TNT Total selected	49.5%	43.8%
TNT Total	47.5%	38.8%

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

TNT is pleased with the progress made in the use of sustainable electricity. In the Netherlands, 100% of the electricity consumption comes from sustainable sources for locations where TNT manages the electricity contract. In Express, several operations increased their consumption of sustainable electricity.

'Green buildings'

TNT occupies 1.3 million m^2 of commercial property in the Netherlands, including 100,000 m^2 of office space. TNT's ambition is to make all its new buildings (offices and depots) at least CO_2 neutral. These buildings are designed to supply enough power to meet their own energy demand, using special solutions for light efficiency and climate control.

These initiatives will considerably improve TNT's global energy efficiency and decrease its CO_2 footprint, in addition to providing an inspiring environment that will contribute to employee engagement across TNT.

The first CO_2 neutral office building is the new TNT head office, currently under construction (ready by 2011). By introducing a more flexible work concept in its head office, TNT aims to optimise m^2 usage and decrease commuter traffic, thereby reducing CO_2 emissions even further.

COMPANY CARS AND BUSINESS TRAVEL

Company cars

TNT introduced a group policy on the fuel efficiency and CO_2 emissions of company cars in 2007. The policy's objective is to reduce the CO_2 emissions from and improve the fuel efficiency of all company cars. This is supported in various ways, including an one-off financial incentives for selecting very fuel efficient cars.

Company cars as well as commuter traffic are not included in the footprint provided by TNT. Therefore the related CO_2 emissions are also not part of the 2007 baseline and the objective set for the future. The CO_2 emission of company cars is however included in the table according to the Greenhouse Gas Protocol.

Company cars

in number — GRI indicator: LT 2

	2009	2008
Mail	1,528	1,700
Express selected	3,952	4,257
Other networks + GHO	292	375
TNT Total selected	5,772	6,332
TNT Total	5,905	6,450

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

In 2009, 215 employees drove a company car with a hybrid engine as compared to 88 in 2008. As cars come up for renewal, the provisions of the TNT group policy are applied and incremental improvements are expected over the coming years. Company cars are driven by management and the move towards management driving hybrid and electric vehicles sets the tone at the top and is a role model for all employees.

In the Netherlands, TNT offsets CO_2 emissions from company cars by means of CO_2 credits for a maximum of four years (until Q3 2011). The credits used for offsetting are 100% Verified Emission Reduction units. (VERs). These credits have been verified by an independent third party organisation. A renewable energy projects in India delivers these CO_2 credits. In 2009 4.3 ktonnes' CO_2 was offset.

Business travel by air

TNT has invested extensively in state-of-the-art video conferencing facilities in its business units and head offices. These facilities greatly improve communications but also have a direct positive impact on business travel.

As of 31 December 2009, TNT has installed 123 video conferencing locations worldwide as compared to 117 locations in 2008. The use of the video conferencing rooms has increased steadily since the video conferencing systems were installed. In 2009 the number of registered calls was almost 3,200 compared to 2,161 in 2008. In 2010, TNT will continue to install additional systems where needed and develop innovative meeting concepts.

Business flights booked with TNT's preferred travel agency are fully offset by 100% VER's CO_2 credits for a maximum of four years (until Q3 2011). These credits are also delivered by the same renewable energy projects in India as used for company car compensation. In 2009, a total amount of 3.6 ktonnes CO_2 was offset for business flights. CO_2 emissions of business travel are not included in the footprint provided by TNT. Therefore the related CO_2 emissions are also not part of the 2007 baseline and the objective set for the future. The CO_2 emission of business travel is however included in the table according to the Greenhouse Gas Protocol.

For those vehicles that do not meet these emission standards, TNT reports on the percentage of the fleet that has been retrofitted with soot filters or that are less than five years old. Of the total TNT small trucks and vans fleet, 50% operated in EU countries. For large trucks, this percentage was 63%.

OTHER ENVIRONMENTAL IMPACT

OTHER VEHICLE EMISSIONS

The objective of the European emission standards (Euro 4 and 5) is to reduce emissions of:

– greenhouse gases (CO_2),
– fine dust (PM10), and
– nitrogen oxides (NO_x).

European emission standards for small trucks

in percentage of total small trucks in European Union countries

GRI indicator: LT 2

			2009			2008
	Mail	Express	TNT	Mail	Express	TNT
Vehicles complying with Euro 5	**5%**	**1%**	**4%**	not applicable	not applicable	not applicable
Vehicles complying with Euro 4	**74%**	**34%**	**65%**	69%	26%	57%
Vehicles with (retrofitted) soot filter	**18%**	**3%**	**14%**	▲ 13%	▲ 4%	▲ 11%
Vehicles younger than 5 years (excluding Euro 4, 5 and soot filters)	**2%**	**32%**	**9%**	16%	40%	22%
Vehicles older than 5 years	**1%**	**30%**	**8%**	2%	30%	10%

European emission standards for large trucks

in percentage of total large trucks in European Union countries

GRI indicator: LT 2

			2009			2008
	Mail	Express	TNT	Mail	Express	TNT
Vehicles complying with Euro 5	**61%**	**29%**	**33%**	▲ 50%	▲ 10%	▲ 15%
Vehicles complying with Euro 4	**0%**	**13%**	**12%**	2%	12%	11%
Vehicles with (retrofitted) soot filter	**18%**	**2%**	**4%**	▲ 26%	▲ 3%	▲ 6%
Vehicles younger than 5 years (excluding Euro 4, 5 and soot filters)	**0%**	**30%**	**26%**	10%	46%	41%
Vehicles older than 5 years	**21%**	**25%**	**24%**	12%	30%	27%

Within Mail the fleet of large trucks is being modernised with older trucks being replaced for new ones complying with the Euro 5 standard. The increase in trucks older than 5 years within Mail is in the European Mail Networks. These trucks will be replaced by younger and cleaner trucks in the coming years.

In 2009 TNT decided not to obtain reasonable assurance on the number of operational vehicles equipped with soot filters and operational vehicles complying with the Euro 5 standard.

WASTE

Waste — GRI indicators: EN 22 & EN 27
in tonnes per FTE

	2009	2008
Mail	**0.32**	0.28[1]
Express selected	**0.79**	0.87
Other networks + GHO	**0.41**	0.17
TNT Total selected	**0.58**	0.75
TNT Total	0.52	0.75

1 - The 2008 figure has been restated from 0.60 to 0.28.
Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

Recycling of waste — GRI indicators: EN 22 & EN 27
in percentage of recycled waste of total waste

	2009	2008
Mail	**62%**	79%
Express selected	**57%**	63%
Other networks + GHO	**37%**	56%
TNT Total selected	**59%**	69%
TNT Total	59%	69%

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

Within Mail the ratio tonnes of waste per FTE increased slightly compared to 2008. The 2008 ratio has been restated (from 0.60 to 0.28), as unaddressed mail belonging to customers of TNT was incorrectly included in 2008. TNT maintains records of undelivered, unaddressed mail and is working closely with the relevant customers to optimise the amount of undelivered unaddressed mail. The operations of TNT Fashion in the Express division also generate large amounts of waste materials and TNT works very closely with its customers to eliminate, re-use or recycle waste before any disposal takes place.

TNT had 452 tonnes of hazardous waste that required appropriate disposal. Hazardous waste is mainly confined to maintaining vehicles and aircraft.

During 2009, waste recycling reduced slightly due to reduced recyclable content of the materials used in the supply chain. In 2010 the entities will continue to focus on waste management.

NOISE

Noise monitoring and management is part of TNT's environmental management system. TNT conducts risk assessments for workplace noise and external noise nuisance in communities living close to TNT operational facilities.

The Express' delivery schedule requires the operation of aircraft at non-standard times, particularly night flights between 11pm and 6am. TNT is committed fully to striking an appropriate balance between economic growth, social development and the environmental impact of its operations, and continues to invest in reducing the noise impact of its operations and fleet. TNT supports the international framework of a balanced approach to aircraft noise management and is working with local and national authorities to promote this approach at EU airports.

Directive 2002/30 EC, known as the 'Airport Noise Management Directive', was adopted in 2003 and establishes rules and procedures with regard to introducing noise-related operating restrictions at EU airports. The Directive requires Member States to follow the 'balanced approach to aircraft noise management' of the International Civil Aviation Organisation (ICAO). Member States should first identify the noise problem and then analyse the various measures using four principles, namely:

- reduction of noise at source (i.e. quieter aircraft),
- land use planning and management around airports,
- operating procedures, and
- operating restrictions.

The Express division received 25 noise complaints in 2009 compared to 47 in 2008 of which a significant proportion are attributed to depot noise. The Mail division received zero complaints related to noise as compared to six in 2008.

ENVIRONMENTAL INCIDENTS

Within Mail there were 16 on-site environmental incidents in 2009 (compared to seven in 2008) and three off-site environmental incidents (one in 2008). The increase in the number of incidents is due to better registration. Most incidents were oil spillages from trucks that were treated with by using absorbing material to prevent the oil from leaking into the ground. These incidents were discussed with the employees involved to create greater awareness and prevent future accidents as much as possible.

Within Express, 14 on-site environmental incidents (compared to 13 in 2008) and one off-site environmental incident (compared to six in 2008) were reported in 2009. The incidents were related mainly to minor oil spillages and were dealt with immediately, preventing further environmental impact.

Chapter 17 Other stakeholders

GENERAL

Other stakeholders like customers and subcontractors have a great impact and influence on TNT's corporate responsibility performance.

CUSTOMERS

CUSTOMER FOCUS

TNT strives to understand its customers, what they value, their needs and preferences, and aims to respond to them with tailored products and services.

TNT believes that total customer focus is a sustainable competitive differentiator and aims to exceed customer expectations by providing distinctive levels of customer care at all contact points and bases its improvement programmes on quantitative and qualitative customer feedback. This approach ensures that required improvement actions focus on what is most important to customers rather than focusing on internal measures only.

Customer needs, satisfaction and loyalty levels are therefore important markers that are identified through regular contact and structured surveys. To measure the differentiation elements, TNT also executes benchmarking surveys, thereby allowing it to differentiate in the most important drivers of customer satisfaction and loyalty. TNT encourages its people to 'go the extra mile' in their service to customers, understanding that engaged and motivated employees will deliver an exceptional customer experience which in turn drives profit.

ISO 9001 CERTIFICATION

TNT's objective is to offer its customers excellent service. As such, it adheres to a number of strict quality standards. TNT's customer management approach is aligned fully with the ISO 9001 standard. This sets standards for continuous quality improvement at entity level, challenging all entities on the service and quality they provide, and allows for a customised approach to implementing improvements.

ISO 9001 certification GRI indicators: 4.12, PR 3 & PR 5

in percentage of total FTEs working in certified sites

	2009	2008
▲ Mail	86%	81%
▲ Express selected	97%	98%
▲ Other networks + GHO	94%	90%
▲ **TNT Total selected**	**93%**	**90%**
TNT Total	**76%**	**75%**

Refer to chapter 19 for the definition of 'Express selected' and 'TNT Total selected'

Euromail (Cendris) received ISO 9001 certification and EMN Germany received certification for part of its organisation in 2009. Express selected continued to maintain its ISO 9001 certifications in all of its entities. Focused support is provided to TNT India and TNT Brazil to enable them to achieve ISO 9001 certification by 2011.

CUSTOMER SATISFACTION

TNT wants to exceed customer expectations. Analysis shows that 'satisfied' and 'more than satisfied' customers are more loyal. Therefore, TNT aims to increase the percentage of 'more than satisfied customers' within the group of 'at least satisfied' customers. Understanding why 'less than satisfied' customers felt this way and using their feedback helps TNT to develop improvement strategies that will increase levels of customer retention.

Satisfied customers GRI indicator: PR 5

in percentage of satisfied or more than satisfied customers

	2009	2008
Mail[1]	90%	▲ 89%
Express[2]	94%	▲ 92%

1 – Based on the customer satisfaction survey of small and medium enterprises in Mail Netherlands.
2 – Mercurio, Speedage and Hoau are excluded.

The Mail division conducts a customer satisfaction survey among consumers and small-sized enterprises served by the call centre (telephone sales) once a year. An annual survey is conducted among the medium-sized and larger business customers. A market research organisation collected additional information. In total 3,250 customers were scored on five customer values in 2009. The final score is calculated by taking the weight customers ascribe to these customer values and multiplying this by the score for each value. The surveys have been optimised by measuring performance on all customer contact points and are compared to competitor performance. This enables direct action and its effects to be measured.

The Express division conducts annual worldwide customer satisfaction research in which customers can complete the survey in writing or on-line. In 2009, Express received

31,600 completed surveys from customers across all customer segments. In 2009 94% of Express' customers defined the service as 'meeting expectations' of which 40% rated TNT's service as 'exceeding expectations'. The survey has been optimised following in-depth statistical analysis and now includes attributes that matter most and influence customer satisfaction. The main score is calculated by taking the percentage of customers that rated Express' services higher and much higher than expected. Analysis has shown that customers that are very satisfied spend more and are also more loyal. The continued aim is to increase the number of customers that rate Express' services as 'exceeding expectations', as ultimately this will positively impact TNT's business.

On-time delivery in 2009 for Express international deliveries was 95.1% (94.5% in 2008) and for Mail 96.3% (96.2% in 2008). On-time delivery is the percentage of consignments delivered on-time. For Mail this percentage is preliminary and is to be validated by Dutch postal supervisor (OPTA). TNT Express service performance measurement for on-time delivery represents the TNT controllable performance which is comparable to industry standards.

CO_2 INFORMATION FOR CUSTOMERS

One of TNT's customers' main concerns regarding its operations is its environmental impact. Within the Mail division, corporate clients can opt for 'CO_2-neutral' postage, and there is a website www.groenepost.nl to determine the emissions emitted in sending their consignments.

Since the introduction of the CO-2-Gether programme TNT Post has contracted nearly 1 billion pieces which are or will be sent CO_2 neutral. In 2009 a total of 625 clients (77 in 2008) sent over 407 million mail pieces (175 million in 2008) CO_2 neutral. The CO_2 impact (approximately 8.2 ktonnes' CO_2) of these mail pieces was compensated by windmills in India. TNT Mail doubles the sum customers pay for offsetting their CO_2 emissions. In addition, consumers purchased almost 89 million 'green stamps'. The green stamps are dedicated to existing initiatives that participate in a more sustainable world. The green stamps are a way of creating awareness for the reduction of CO_2 emissions.

Express customers are increasingly asking for a better understanding of TNT's activities in all areas of corporate responsibility and specifically to understand the CO_2 footprint caused by the transportation of their consignments. For the purpose of reporting CO_2 emissions to customers, TNT has developed a method and tool (CO2ool) to estimate CO_2 emissions caused by the different operational activities within its global transportation network. A growing number of TNT's largest customers are now receiving CO_2 reports as part of the services TNT provides to them. TNT is also actively engaging customers to share expertise, learn best practices and further define the service offering in the area of CO_2.

SUBCONTRACTORS AND SUPPLIERS

TNT acknowledges the significant ecological and social impact it has on its supply chain and suppliers' local communities. As such, TNT is committed to raising its social and ecological standards as well as those of subcontractors and suppliers. TNT also acknowledges that its overall footprint is larger than that resulting from solely its own operations. As up to 62% of TNT's total CO_2 footprint is caused by transport subcontractors, this is an acknowledged challenge in improving TNT's environmental and social performance.

A distinction is made between subcontractors and suppliers. Where this annual report refers to subcontractors, this relates to providers of transport and logistic services. Suppliers are providers of services and materials, and other matters excluding transport and logistic services.

SUBCONTRACTORS

TNT works with its subcontractors in a proactive and innovative manner to deliver products and services, and encourages them to conduct their services in an environmentally-friendly and socially-responsible way.

TNT expects all its subcontractors to act in a sustainable and responsible manner in accordance with all prevailing local and international legislation, and in accordance with the provisions of the TNT Business Principles. TNT is committed to managing its operations in a way that complies with all relevant sustainability legislation and standards.

Phase II of the CR strategy as described in chapter 2 of the annual report will in 2010 focus on TNT's subcontracted operations and on the supply chain in general. During 2010, TNT will invest in seeking new ways to work with its suppliers and subcontractors to improve the reliability of reported CR information. TNT will also develop procedures for both its own as for its subcontracted operations to reduce TNT's and its subcontractors' social and environmental footprint.

TNT believes that developing collaborative efforts within its industry is an effective way of leveraging the work of each individual company or organisation to raise supply chain standards. The courier and mail sectors should work together in setting consistent standards and support their subcontractors implementing these standards more sustainably.

SUBCONTRACTOR ROAD TRAFFIC FATAL ACCIDENTS

TNT has to report 19 subcontractor road traffic accidents, which resulted in 10 subcontractor fatalities and 11 third-party fatalities. In 2008 TNT reported 30 subcontractor road traffic accidents, which resulted in 10 subcontractor fatalities and 29 third-party fatalities.

Subcontractor road traffic fatal accidents GRI indicators: LA 7 & LT 12

in numbers

	2009	2008
Mail	**0**	0
Express selected	**3**	11
Other networks + GHO	**3**	2
TNT India, TNT Brazil and Hoau	**13**	17
TNT Total	**19**	30

Refer to chapter 19 for the definition of 'Express selected'

For subcontractor road traffic fatality information, TNT relies on the subcontractors to report fatal accidents involving their drivers and third parties. Due to legal obligations and the requirements of local authorities, TNT is unable to distinguish between blameworthy and non-blameworthy road traffic fatal accidents. The number of subcontractor road traffic fatal accidents decreased significantly compared to 2008. The majority of the subcontractor fatal accidents in 2009 occurred in TNT India, TNT Brazil and Hoau (13 out of total 19). Focused support has been provided towards India, Brazil and China as these present very specific road safety challenges. Continued focus on implementing sustainable improvements and standards should in the longer term produce positive results.

SUPPLIERS

TNT has a large number of suppliers located around the world. TNT engages actively with these suppliers to make them aware of and engage with TNT's corporate values. TNT identifies, assesses and manages the impacts of the supply chain by assessing the sustainability risks of suppliers and sharing best practices with them on mitigating these risks. With the implementation of Phase II of the CR Strategy during 2010, TNT will invest in seeking new ways to work with its suppliers to improve innovation and reliability of reported CR information.

During 2009, TNT continued to embed the health and safety, environmental and business principles by working in partnership with organisations to help strengthen the corporate responsibility approach within the supply chain. TNT recognises that the corporate responsibility efforts, while contributing to sustainable development in general, support competitiveness and help to improve the financial performance of the business.

Chapter 18 Voluntary contributions to society

MOVING THE WORLD

TNT has been an active partner of World Food Programme, the world's largest humanitarian aid agency, since 2002. TNT commits its knowledge, skills and resources to support WFP in fighting world hunger.

In 2009, World Food Programme (WFP) provided food aid to over 100 million people, including 59 million children, in 77 countries. Hunger is a huge problem. In 2009 the total number of undernourished people worldwide rose to over 1,000 million, making hunger and malnutrition the number one risk to health worldwide.

TNT partners with the United Nations World Food Programme (WFP) in a programme known internally as Moving the World

Both parties benefit from the partnership. WFP benefits from the in-kind support and the fundraising money TNT provides. TNT benefits through increasing employee engagement. On a company level, the latest engagement survey indicated that 47% of employees had participated in the partnership by donating time, money or both. Moreover, 65% stated that the partnership increased their pride in TNT.

THE PARTNERSHIP MOVING FORWARD

When TNT and WFP evaluated the first five years of the partnership in September 2007, they committed to extend the partnership for a further five years. The two organisations decided to explore new initiatives that would create more sustainable solutions to fight global hunger.

Moving the World contribution

GRI indicators: EC 8

in €1,000	2009	2008
In-kind contribution WFP	4,301	5,948
Corporate donation WFP	693	0
New initiatives (i.e. Jatropha)	2,290	1,142
TNT Total	**7,285[1]**	**7,090**
Employee donations	1,839	1,857
Total TNT and employees	**9,124**	**8,909**

1 – Due to back payments by various partners that joined the partnership (€ 1.9 million) the total expenditure of Moving the World is € 5.4 million in 2009

In 2009, the total expenditure of Moving the World was €7.3 million. €4.3 million was spent on emergency activities, events, assignments, project costs and partnership fees. €0.7 million was allocated to support School Feeding programmes in Cambodia, The Gambia, Nicaragua and Tanzania. In total €5 million was allocated to direct WFP related activities. Expenditures for new initiatives, such as the Jatropha project in Malawi were €2.3 million.

The Moving the World activities can be divided in four areas: hands-on support, awareness and fundraising, knowledge transfer and transport for good.

HANDS-ON SUPPORT – EMERGENCY RESPONSE

TNT provides WFP with hands-on support by providing skilled people to assist in humanitarian emergencies. TNT responds to requests from WFP within 48 hours to provide support in aviation, warehousing, transportation, reporting and communications. A pool of dedicated and specially-trained TNT employees has been formed as part of this emergency response commitment. Since 2005, 225 TNT employees (in 2009 25 employees) have been involved in 17 emergency response activities.

In 2009, TNT assisted WFP on three major occasions:

– in Pakistan, TNT provided manpower for warehouse operations for two WFP operated warehouses, for a total period of 6 months after more than half a million people fled their homes in the troubled border region with Afghanistan,
– in Indonesia, TNT airlifted 16 tonnes of high energy biscuits from Surabaya to Padang and 34 tonnes by truck after an earthquake hit the Padang area,
– in the Philippines, TNT delivered 200 metric tonnes of high energy biscuits via two airlifts to Manila for people struck by two typhoons.

AWARENESS AND FUNDRAISING – WALK THE WORLD

Walk the World seeks to raise awareness of global hunger and to collect money for the WFP school feeding programme. Since the start of the partnership, raising funds and awareness has played an important part in the partnership with WFP. In 2009, Walk the World took place in 210 locations across 67 countries. More than 350,000 participants raised €0.8 million. With this money 14,000 children can be fed and educated for a year.

Besides global projects there were numerous local initiatives to raise awareness and financial support for WFP. In 2009 TNT employees raised €1.8 million for WFP.

KNOWLEDGE TRANSFER – TRANSPORT OPTIMISATION

Knowledge transfer is an essential part of the partnership with WFP. Transport optimisation projects are an example. These projects help WFP optimise its transport routes and improve the efficiency of its transport capacity leading to reduced workloads and substantial cost savings. In 2009 TNT finished transport optimisation projects in Mali and Ethiopia. TNT analysed warehouse capacity, fleet utilisation, road conditions and the countries' infrastructure.

Furthermore in 2009, TNT supported the Global Vehicle Leasing Programme (GLVP), based in Dubai. GVLP supports and arranges the lease of vehicles WFP uses worldwide. TNT advised WFP on insurance issues and effective claims handling.

TRANSPORT FOR GOOD – FLEET FORUM / JATROPHA

Fleet Forum

Fleet Forum is a joint initiative of WFP, the International Federation of the Red Cross and Red Crescent Societies, World Vision International and TNT.

Fleet Forum focuses on issues surrounding transport in low and middle income countries. An association of more than 40 members, including NGO's, international organisations, the UN, academic institutions, donors and corporate partners the Fleet Forum focuses on three areas:

- efficient and effective humanitarian action,
- increased road safety and security, and
- improved environmental impact.

In 2009, Fleet Forum held a workshop 'Clean Fleet Strategy Development' and a round table 'Satellite Tracking and New Technology', both in Geneva. 'Vehicle Insurance Guidelines' and 'Guidelines for Sustainable Fleet Procurement' were developed and delivered to assist Fleet Managers in aid & development organisations.

In 2009, Fleet Forum received the Prince Michael International Road Safety Award for its development and pilot implementation of the Fleet Safety Guide. Also, Fleet Forum joined the India Road Safety Partnership as a founding member.

Jatropha

For most developing countries, generating sustainable income in the agricultural sector is considered the most effective tool for fighting hunger and decreasing poverty. Therefore TNT started the Jatropha project in 2008.

In 2008 TNT established a social venture with a local Malawian company, Bio Energy Resources Limited (BERL), to develop bio fuel production on a sustainable basis. Local smallholding farmers are provided with seeds to grow Jatropha Curcas on unproductive land. These plants yield nuts that can be used to produce bio fuel. The benefits are many. The Jatropha crops provide the farmers with additional income. The bio fuel can be used locally, which reduces the need for the expensive import of fuel from abroad and, since the bio fuel produces less emissions, the local environment benefits as well. Finally, TNT aims to qualify the project for carbon certification and to receive a fair return on its investment.

At the end of 2009 BERL employed 80 people and contracted and trained 15,000 farmers. These farmers planted 5 million Jatropha trees in Malawi and prepared 10 million Jatropha seedlings to be planted in 2010. In 2009 several partners joined the Jatropha project on a pro bono basis. AkzoNobel supported the construction of a small bio fuel production unit. Other contributors include AtosOrigin, PricewaterhouseCoopers and Accenture. The Daey Ouwens fund, a programme of the Dutch Ministry of Foreign Affairs, granted a substantial subsidy to investigate and develop applications for sustainable energy supply to rural communities. In 2010, the first harvest will be purchased and collected from farmers that are participating in the programme.

FOUNDATIONS

TNT has started two separate foundations that build on the partnership with WFP.

Kids Moving the World

The Kids Moving the World foundation focuses on creating awareness for global issues among schoolchildren in the Netherlands. Through various educational games and playtime activities, children learn about the impact of world hunger, poverty and climate change issues. In the year 2008-2009, 2,800 school classes participated in the programme.

North Star Alliance

North Star Alliance (NSA) is a non-profit organisation to promote the health and well-being of long distance truck drivers and other transport workers in sub-Saharan Africa. The partnership was established in 2006 by WFP and TNT.

North Star is building a network of drop-in health clinics (wellness centres) at border crossings, ports and truck stops along transport corridors in Africa. The clinics are conveniently located for truckers to seek health services. An electronic health passport system links all the centres to enable treatment information to 'travel' with the clients. It also allows North Star to manage, monitor and evaluate the performance of each locally-run wellness centre.

In 2009, NSA operated in 12 clinics in nine countries. The Dutch government awarded NSA €2.5 million for five years' funding and UNAIDS recognised North Star as 'best practice in public-private partnerships'.

Chapter 19 Corporate responsibility reporting and assurance

GENERAL

TNT reports against globally-accepted reporting standards and has the CR data in this annual report externally assured.

CORPORATE RESPONSIBILITY REPORTING

CR REPORTING CRITERIA

The CR data is prepared in accordance with the reporting criteria and guidelines of the A+ application level of the Global Reporting Initiative (GRI) G3 and the GRI Logistics and Transportation sector supplement as far as relevant to TNT (see annex 2). As a signatory of the UN Global Compact, TNT reports on the ten principles therein. A bridge between the GRI G3 indicators and the principles of the UN Global Compact is made in the GRI G3 index in annex 2. Also the 2003 AA1000 framework is used for integrating the stakeholder process in the reporting process. Definitions used for key performance indicators (KPIs) are defined in annex 4. KPIs are selected on the basis of interactive stakeholder dialogue and the issues relevant to TNT's operations.

CR data is gathered using a questionnaire. In addition during 2009 a new CR consolidation, reporting and monitoring tool was developed and implemented. All figures are based accordingly on the data provided by the Mail division, Express division, Innight (Other networks) and Group Head Office (GHO) through the CR reporting and monitoring tool.

CR REPORTING SCOPE

In accordance with TNT's Group Policy on CR Reporting, all companies acquired in any given year, are required to report CR data as from the following year. TNT group companies that are divested (fully or partial sale whereby TNT no longer retains a direct or indirect controlling interest) are excluded from the CR reporting scope for the entire year in which the divestment took place.

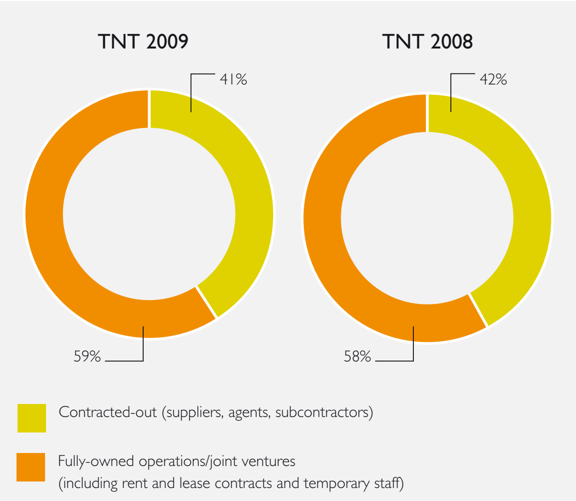
Where it states 'TNT Total selected' or 'Express selected' in this report it means TNT or Express excluding TNT India, TNT Brazil, Huayu Hengye Logistics Company Limited (Hoau), LIT Cargo and Araçatuba. These entities are singled out, because they are not in scope for external assurance. However, TNT India and TNT Brazil as well as Hoau are included in the 'TNT Total' CR data. LIT Cargo in Chile and Araçatuba in Brazil were acquired in 2009 and will therefore start reporting in 2010 as per TNT's Group Policy on CR Reporting.

During 2008, Speedage was fully integrated in TNT's existing Indian operations, creating a single entity, TNT India. The same process occurred in Brazil where Expresso Mercúrio S.A. was rebranded as TNT Mercúrio and integrated with TNT's existing Brazilian operations, TNT Brazil. Therefore both TNT India and TNT Brazil reported as a single entity in 2009. For 2009 TNT India and TNT Brazil are excluded from the Express selected CR data, whereas in 2008 only Speedage and Mercurio were excluded. To enable the readers to benchmark the 2009 CR data with the 2008 CR data, the 2008 reported figures have been restated (TNT India and TNT Brazil are entirely excluded from the 2008 Express selected figures).

Figures are presented in a relative way (using percentages and ratios) to make it possible for readers to monitor and measure progress year-on-year, unless the reporting criteria requires absolute figures to be disclosed. Figures related to absolute CO_2 emissions are all extrapolated to reflect TNT, unless stated otherwise. CO_2 efficiency indictors are also presented relative to the baseline of 2007 to show progress made towards long term objectives for CO_2 efficiency improvements. TNT defines coverage as the number of full time equivalents (FTEs) working in entities that report data divided by the total number of FTEs per division. The data clarification table in annex 3 shows the coverage per indicator. TNT has taken all reasonable steps to ensure that the CR information in this annual report is accurate.

The charts below show the cost structure balance between the fully-owned and majority-owned operations and subcontractors' operations in 2009. The ratio of fully owned operations versus contracted-out operations remained stable (slight decrease from 42% contracted-out in 2008 to 41% in 2009).

Cost structure balance of operational activities



This annual report includes only CR data from entities that are fully-owned or majority-owned and from those joint ventures where TNT has a controlling interest with respect to corporate responsibility. However, TNT does rely on a large number of subcontractors to perform daily activities. TNT acknowledges its responsibility and therefore reports on the road traffic fatal accidents of its subcontractors as well as absolute subcontractor CO_2 emissions, which are estimated.

TNT CR reporting scope

in numbers of FTE and headcount

	2009		2008	
	FTE	**headcount**	FTE	headcount
Mail	**38,684**	**70,899**	39,504	76,383
Express selected	**49,366**	**51,205**	49,599	54,125
Other networks + GHO	**1,434**	**1,658**	1,395	1,656
TNT Total selected	**89,454**	**123,762**	90,498	132,164
TNT Total (in CR reporting scope)	**113,747**	**147,899**	112,213	154,289

CORPORATE RESPONSIBILITY ASSURANCE

EXTERNAL CR ASSURANCE PROCESS

TNT has engaged PricewaterhouseCoopers Accountants N.V. to provide reasonable assurance on certain CR metrics and limited assurance on all other CR metrics. This assurance work is performed in accordance with the Assurance Standard 3410N 'Assurance Engagements Relating to Sustainability Reports' as drawn up by the professional body of Dutch Accountants (Royal NIVRA).

TNT's policy is to include acquired companies in the assurance scope three years after the year of acquisition. This policy is intended to ensure that these entities can develop their processes to report CR data to the high standards required by TNT, and to afford them time to become sufficiently aligned with TNT's operational and other systems. Due to this approach the following entities are excluded from the assurance scope in 2009:

- TNT India,
- TNT Brazil,
- Hoau,
- LIT Cargo (also excluded from the CR reporting scope), and
- Araçatuba (also excluded from the CR reporting scope).

TNT's objective is to obtain reasonable assurance on all key performance indicators. In 2009 the focus concentrated more on CO_2 performance indicators and TNT decided not to obtain reasonable assurance on customer satisfaction, number of operational vehicles equipped with soot filters and number of operational vehicles complying with the Euro 5 standard.

PricewaterhouseCoopers Accountants N.V. provided reasonable assurance on the following indicators:

- the number of full time equivalents employed,
- the percentage of TNT workforce at certified sites,
- workplace fatal accidents and road traffic fatal accidents (excluding subcontractor fatal accidents),
- CO_2 footprint of owned operations,
- sustainable electricity,
- CO_2 efficiency of buildings, and
- CO_2 efficiency of fleet, split out for small trucks, large trucks and aviation.

All data and graphs related to these indicators have been audited and are marked with a triangle (▲). Reasonable assurance is obtained through audit work, while other elements of the report have been reviewed. Review work provides only limited assurance because exhaustive gathering of evidence is not required. Reasonable assurance will be extended in the future on more health and safety indicators. The Group Policy on Accident Reporting was adopted in 2009 and will result in consistent reporting and data accuracy on the key health and safety indicators.

INTERNAL CR ASSURANCE PROCESS

PricewaterhouseCoopers Accountants N.V. has evaluated the design and functioning of the internal control systems and processes used for CR data capture and reporting, and has verified the CR information. This is also supported by internal audits performed by TNT's Corporate Audit Services (CAS). The scope of these internal audits focuses on procedures and controls regarding the corporate responsibility reporting process.

These internal audits support management in improving procedures and internal controls over CR reporting, and help management embed these in the TNT organisation. As part of the assurance engagement, PricewaterhouseCoopers Accountants N.V. reviews the findings of all CAS audit reports and meets regularly with CAS and its management to discuss any findings. Furthermore, for selected entities, PricewaterhouseCoopers Accountants N.V. and CAS perform their assurance procedures jointly.

PRICEWATERHOUSECOOPERS' ASSURANCE REPORT

To the Board of Management of TNT N.V.

REPORT ON THE CORPORATE RESPONSIBILITY DISCLOSURES

As explained in chapter 19 'corporate responsibility scope and assurance report', we have been engaged by the Board of Management of TNT N.V. ("TNT") to examine the content of section E and the annexes in this annual report in which TNT reports on Corporate Responsibility ("CR") over the year 2009 (hereafter referred to as: CR section).

SCOPE AND RESPONSIBILITIES

Our examination consists of the following combination of audit procedures and review procedures:

- audit all data and graphs related to the following key performance indicators:
  - *the number of full time equivalents (FTE's) employed;*
  - *the percentage of TNT people working at certified sites;*
  - *workplace fatal accidents and road traffic fatal accidents (excluding subcontractors);*
  - *CO_2 footprint (excluding estimations of subcontractor CO_2 emissions);*
  - *sustainable electricity;*
  - *CO_2 efficiency buildings;*
  - *CO_2 efficiency fleet, split out for small trucks, large trucks and aviation.*
- review all the other elements of the CR section not excluded from our assurance scope.

Audit work focuses on obtaining reasonable assurance, substantiated by sufficient supporting evidence. The audited data are marked with a triangle (▲). Review work focuses on obtaining limited assurance which does not require exhaustive gathering of evidence, therefore providing less assurance than audit work. Consequently we have reported our conclusion with respect to the audit and review procedures separately. We believe these combined procedures fulfil a rational objective.

We do not provide any assurance on the assumptions and achievability of prospective information (such as targets, expectations and ambitions). Furthermore the following major acquisitions are excluded from our assurance scope: Expresso Mercúrio S.A. (Brazil), ARC India Private Ltd (Speedage, India) and Huayu Hengye Logistics Company Ltd (Hoau, China). TNT Brazil and Expresso Mercúrio S.A. as well as TNT India and ARC India Private Ltd have integrated their operations to the extent that separate CR reporting on TNT Brazil and India is no longer possible. As a result the whole of Brazil and India are excluded from our assurance scope. We have accepted this limitation in scope, because providing assurance on data from these major acquisitions would not provide a rational objective at this stage as TNT is still in the process of integrating these acquisitions into its business.

The CR section has been prepared under the responsibility of the Board of Management. Our responsibility is to draw a conclusion on the CR section based on our examination.

REPORTING CRITERIA

TNT developed its reporting criteria on the basis of the G3 Guidelines of the Global Reporting Initiative (GRI) as explained in chapter 19 'corporate responsibility reporting and assurance. These reporting criteria include certain inherent limitations that can influence the reliability of the information.

TNT only reports on parts of the organisation, as the CR section only includes data from TNT Group companies in which TNT, directly or indirectly, has a controlling interest and/or control. For further details on the reporting scope, refer to chapter 19 'corporate responsibility reporting and assurance chapter. We consider these reporting criteria to be relevant and sufficient for our engagement.

For several indicators the CR section is not yet based on full coverage as intended by TNT per its reporting criteria. By including a data clarification table in the annual report (Annex 3), the coverage of the CR section is clarified by showing for each indicator the number of FTEs working in entities that report on that indicator as a percentage of total FTEs in the division. In this table TNT has also clarified the impact of the major acquisitions on the coverage for Express. In our opinion, this limitation with regard to the completeness of the CR section and the reasons for it, are acceptable.

WORK PERFORMED

We planned and performed our work to obtain a basis for our conclusions in accordance with Dutch law, including the Assurance Standard 3410N "Assurance Engagements relating to Sustainability Reports", drawn up by the professional body of Dutch accountants ("Royal NIVRA").

Audit procedures

With regard to the audited data and graphs, we have gathered audit evidence as follows:

- updating our understanding of the TNT organisation and the business;
- investigating the acceptability and application of the reporting criteria, in relation to the information requirements of TNT's stakeholders;
- conducting interviews with responsible officers, at corporate and divisional level and for selected business units and sites, aimed at understanding the progress made by TNT in the data gathering and reporting process and at evaluating the completeness, accuracy and adequacy of the qualitative and quantitative information in the CR section;
- examining the existence and validity of certificates issued in respect of the management system standards which have been adopted by TNT;
- assessing and testing the design and functioning of the systems and processes used for data capturing, collation, consolidation and validation, including the methods used for calculating and estimating results;
- reconciling reported data to internal and external source documentation and performing tests of detail;
- performing analytical procedures and substantive testing on the reported data.

Review procedures

We reviewed all the other elements of the CR section. Our most important review procedures were:

- reviewing internal and external documents to evaluate the completeness, accuracy and adequacy of the reported information;
- validating and testing the model used for estimating the CO_2 emissions of subcontractors;
- performing analytical procedures on the reported data and graphs;
- reviewing the stated application level according to the G3 Guidelines of the GRI;
- evaluating the overall format and presentation of the CR section, including evaluating the consistency of the information, in line with the above-mentioned reporting criteria.

We believe that the evidence obtained from our examination is sufficient and appropriate to provide an adequate basis for our conclusion.

CONCLUSION

Based on our audit procedures

With regard to all data and graphs marked with a triangle (▲), we conclude that:

- the reporting criteria are acceptable and have been applied consistently;
- the reported events took place during the reporting period and are presented completely, accurately and timely;
- the reported information has, in all material respects, been presented completely, accurately and adequately, in accordance with TNT's reporting criteria.

Based on our review procedures

With regard to all the other elements of the CR section, we have no reason to conclude that:

- the reporting criteria are not acceptable or have not been applied consistently;
- the reported events did not take place during the reporting period or are not presented completely, accurately and timely;
- the reported information has, in all material respects, not been presented completely, accurately and adequately, in accordance with TNT's reporting criteria.

Amsterdam, 22 February 2010
PricewaterhouseCoopers Accountants N.V.

Originally signed by drs. M. de Ridder RA

Risks

The Board of Management has reviewed TNT's risk profile and confirms that the following specific key risks require focused and decisive management attention in the short to mid term either due to the continued uncertainty in the macroeconomic environment, increased political involvement and/or the execution of the Vision 2015 strategy.

Specific key risks in 2010	
▶	Continued (sharp and rapid) declines in the weight per consignment and shifts in customer preferences from premium to economy products in TNT Express and/or pressure on yield and prices, which are among other things directly related to the macroeconomic situation, could lead to the need to further rationalise TNT's express operations and might impact results negatively.
▶	TNT may not achieve the required cost savings from the renegotiation of the Dutch collective labour agreement which would have a significant impact on TNT's profitability and cash flow ambitions.
▶	Another downturn in the capital markets and/or a decline in interest rates may decrease the coverage ratio below 105% of TNT's defined benefit pension fund obligations in the Netherlands, which in turn could require significant, multi-year additional funding by TNT.
▶	Changes in the universal service obligation conditions, if imposed by the Ministry of Economic Affairs (as a result of OPTA investigations), might have a significant negative impact on TNT's profitability and cash flow ambitions.
▶	The loss of key suppliers, particularly in the subcontractor and commercial linehaul sectors, due to insolvency/bankruptcy in a worsening macroeconomic environment or significant further decline in volumes could have a significant impact on TNT's cash flows and operational capabilities.

Chapter 20 Risks

RISK ENVIRONMENT AND RESPONSE 2009/2010

Whilst continuous emphasis has been placed on the identification of risks at all levels of the organisation, the speed of onset and the development of mitigating actions as well as the uncertainty and changes in the economic environment in 2009 have made it challenging to keep abreast of the rapidly evolving situation.

The Focus on Networks strategy, as established in 2005, has been successfully implemented and delivered its objectives in part due to the management of the risks associated with this strategy. On 3 December 2009, TNT announced the completion of its Focus on Networks strategy and presented its Vision 2015 strategy.

The Vision 2015 strategy, as fully described in chapter 2 of this annual report, encompasses the period 2010 – 2015 and aims for well balanced and ambitious business and financial objectives tailored to the different building blocks of TNT's portfolio. The strategy seeks to capture all TNT's business opportunities in a way that requirements for sustained shareholder returns and other stakeholder benefits are being optimally met.

In reviewing the business context and competitive position of its express and mail businesses, TNT has concluded that the economic outlook for 2010 is still uncertain and TNT continues to take a cautious view on the short term recovery. Since the start of the economic crisis TNT has seen international core volumes revert back to 2006 levels, with European air volumes dropping back to 2002 levels. TNT's current business portfolio consists for part of its revenue of high growth areas in time and day definite delivery services. As a result of continued cost pressure on TNT's customers, the fastest growing sectors in these markets are the lower-cost economy and standard services. TNT is fully aligned and focused to proactively take up these challenges.

The development of TNT's new business strategy and the supporting financial and corporate responsibility strategies is not without risk. Indeed any new strategy automatically attracts a certain level of execution risk and strong change management capabilities are needed to manage these risks. The Board of Management believes that these strategies contain manageable execution risks as they are based on TNT's core strengths. As described in chapter 7 of this annual report, TNT's comprehensive and mature risk management and internal control, integrity and compliance framework has been designed to identify and prioritise specific key risks and to develop mitigating actions and has as its foundation the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Enterprise Risk Management (ERM) – Integrated Framework (2004). Furthermore, TNT maintains its policy to retain a BBB+ credit rating as the basis for sound business and financial management which will also define the boundaries of TNT's risk appetite.

TNT's financial standing as per 31 December 2009 is solid and based on a balanced and long term secured funding position. TNT will continue to focus on sustaining its good financial standing going forward by, among other things, strict business performance and cash flow management, which will include targeted reductions in working capital and capital expenditures. In addition, real estate will continue to be sold, provided market conditions enable this to be realised close to normal market values.

SPECIFIC KEY RISKS – SHORT TO MID TERM

Whilst continuous emphasis has been placed on the identification of risks at all levels of the organisation and in particular risks to the deployment and execution of the Vision 2015 strategy going forward, the speed of onset and the development of mitigating actions as well as the uncertainty and changes in the economic environment in 2009 have made it challenging to keep abreast of the rapidly evolving situation.

Understanding strategic, operational, compliance and financial risks is a vital element of TNT's management decision making processes. TNT's risk management and control programme is not a means to an end, but a process to support management. No matter how good a risk management and control system may be, it cannot be assumed to be exhaustive nor can it provide certainty that it will prevent negative developments in TNT's business and business environment from occurring or its mitigating actions to be fully effective. It is important to note that new risks could be identified that are not known currently. However, any of the following known specific key risks could have a material adverse effect on TNT's financial position, results of operations, liquidity and the actual outcome of matters referred to in the forward-looking statements contained in this annual report.

SPECIFIC KEY RISKS IN 2010

The Board of Management has reviewed TNT's risk profile and confirms that the following specific key risks require focused and decisive management attention in the short to mid term either due to the continued uncertainty in the macroeconomic environment, increased political involvement and/or the execution of the Vision 2015 strategy.

Continued (sharp and rapid) declines in the weight per consignment and shifts in customer preferences from premium to economy products in TNT Express and/or pressure on yield and prices, which are among other things directly related to the macroeconomic situation, could lead to the need to further rationalise TNT's express operations and might impact results negatively.

Although the Express division has a significant proportion of its operational costs outsourced there remains a risk that continued sharp volume declines and shifts in customer preferences as a result of the macroeconomic downturn would require TNT to materially rationalise its air and road networks and product offering to keep abreast of falling revenues and increasing costs. In particular the shift from premium international express next-day product to international economy day-certain products might significantly change the profit mix as well as the cost mix. Where the premium product has a relatively small part of total volumes with a relatively large share in total revenue a sharp volume decrease would only give limited short term opportunities to cost adaptation in the fixed air and road network. If premium products would decline sharply with other volumes only slightly increasing this would already result in very limited cost adaptation in the networks. TNT has implemented a large structural and variable cost savings programme to protect margin and profit levels. If the outcome of the implementation of these cost savings is not as predicted or if TNT Express cannot keep up with the speed of onset of this risk, then this would significantly influence profits and profitability of TNT Express.

TNT may not achieve the required cost savings from the renegotiation of the Dutch collective labour agreement which would have a significant impact on TNT's profitability and cash flow ambitions.

Constructive discussions took place with the trade unions on the restructuring of labour costs whereby the trade unions tried to find alternatives for the efficiency measures and labour cost savings that are included in TNT's Master Plans. No alternatives have been found, and as such the trade unions in 2009 asked their members in a referendum advice on the way forward. The outcome of that referendum showed that the majority of the unionised employees of TNT Mail are not prepared to agree upon lower wages in return for work guarantee. Consequently, TNT in 2009 announced new Master Plans in order to realise the savings that were earlier anticipated from a restructuring of the labour costs. This will inevitably lead to forced redundancies. The discussions with the trade unions on a new collective labour agreement, including a social plan for those who have to leave the company, were concluded late January 2010. This agreement still needs to be approved by the members of the trade unions.

TNT is of the opinion that a binding collective labour agreement for the postal sector as a whole is a precondition for fair competition. This is in line with the condition that the Dutch government made binding for liberalisation in April 2009. This condition included the obligation of competitors to gradually migrate 80% of their deliverers to a collective labour agreement at minimum wage level. On 31 December 2009, however, a Dutch court declared this condition illegal, thus in effect removing a major condition for liberalisation. The Dutch government has appealed against this court decision.

Another downturn in the capital markets and/or a decline in interest rates may decrease the coverage ratio below 105% of TNT's defined benefit pension fund obligations in the Netherlands, which in turn could require significant, multi-year additional funding by TNT.

TNT's main Dutch "defined benefit pension fund" has total assets of over €4.6 billion, which are funded by investments held in various asset classes including equities with a view to benefiting from capital appreciation. The value of these asset classes may be volatile and a downturn in for example the capital, commodity and real-estate markets could significantly reduce the value of these assets. In addition a decline in interest rate may increase the net present value of TNT's pension liabilities. Should the coverage ratio of assets divided by liabilities fall below the minimum funding requirements prescribed by De Nederlandsche Bank (DNB), TNT will be required to increase contributions to the funds. If the assets were to lose a substantial amount of their value or if, as a result of a decline in interest rates, TNT's liabilities would substantially increase, or both, TNT might be required to make large additional payments into the funds, which could adversely affect liquidity over a number of years.

TNT's main pension fund was around €500 million below the minimum funding requirements at the end of 2008. The pension fund submitted a recovery plan to DNB in March 2009. This recovery plan outlines measures on how the pension fund will restore minimum funding requirements within a five-year timeframe. In addition the plan outlines how the coverage ratio will reach the required level of around 120% within a timeframe of 15 years, subject to the risks involved in the pension fund's asset portfolio and interest rates.

By the end of 2009 the coverage ratio of the main Dutch pension fund increased to around 113%, well ahead of the recovery plan and in particular due to the recovery of the worldwide stock markets. It is expected that the revised expectation for the trend in longevity, based on recent statistical studies performed by the Central Bureau of Statistics in the Netherlands, has accelerated, could result in a subsequent drop of around 4% in the coverage ratio if the main Dutch pension fund decides to apply the new mortality tables.

The funding level needs to be above the 105% threshold for three consecutive quarters in order for the five-year recovery requirements to become void. In such case the required 120% level within 15 years would remain valid.

Changes in the universal service obligation conditions, if imposed by the Ministry of Economic Affairs (as a result of OPTA investigations), might have a significant negative impact on TNT's profitability and cash flow ambitions.
Under the new Dutch Postal Act the regulator in the Netherlands, the Ministry of Economic Affairs, has instructed the OPTA to determine the starting tariffs on the basis of a tariff proposal by TNT Post for the services provided under the Universal Service Obligation (USO). To this end, the OPTA looks into the tariff proposal which is based on TNT's current price levels and the 2008 cost information provided by TNT. In this process OPTA, on two separate occasions, ordered TNT to provide more detailed information whilst imposing penalties on TNT of €6 million. TNT has challenged the necessity of the detailed information. However the Dutch court has ruled in favour of OPTA in the first instance and TNT has lodged an appeal on this decision. If ultimately the Dutch court would find that the orders, under penalties imposed on TNT were justified, the paid amounts will not be refunded. The decision on the starting tariffs can materially impact the profitablity of TNT.

The Ministry of Economic Affairs is also in the process of drafting a new tariff regulation on the USO. This future regulation will lay down the band with of a reasonable return and will define the price cap system. It will also lay down the supervisory responsibilities of the OPTA. On the basis of this new regulation, the tariffs will be formally established. The future tariff regulation drafted by the Ministry of Economic Affairs and the decision on the tariffs could have a material impact which could affect TNT's profitability.

The loss of key suppliers, particularly in the subcontractor and commercial linehaul sectors, due to insolvency/bankruptcy in a worsening macroeconomic environment or significant further decline in volumes could have a significant impact on TNT's cash flows and operational capabilities.
TNT's business model in both divisions is also dependant upon the extensive use of subcontractors and other key suppliers. Bankruptcy of key subcontractors and other suppliers could result in operational disruption and TNT's ability to offer its full range of delivery solutions.

ADDITIONAL SPECIFIC AND INHERENT KEY RISKS

In addition to the specific key risks requiring focus and attention in 2010, TNT also has other risks which require ongoing monitoring and management. These additional risks are described below and have been classified by the risk categories as defined by COSO – ERM and the categories also recommended by the Monitoring Committee of the Dutch corporate governance code. The risks are further classified into specific risks and inherent risks facing TNT. Specific risks are risks that the Board of Management believes could negatively impact TNT's short to mid term objectives, whilst inherent risks are those risks that are constantly present in the business environment, but which are considered sufficiently material to require disclosure and management. The sequence that these risks are presented in no way reflects any order of importance, chance or materiality. The Board of Management believes that this approach remains a comprehensive and prudent method of disclosure.

STRATEGIC RISKS

Specific strategic risks

The acquisition and integration of acquired businesses involves significant challenges and costs and may not be successful, which could adversely affect TNT's revenues and profitability.
TNT has entered into and will from time to time continue to enter into (significant) acquisitions because growth through acquisitions remains a key element of TNT's Vision 2015 strategy.

TNT's acquisition plans are supported by multi-year cash flow and profit projections identifying value creation opportunities based on sustainable profitable growth. The plans are carefully developed using the best possible analysis and judgement. The acquisition plans are discussed, where appropriate, with the Supervisory Board in detail prior to approval. These plans, however, are inherently uncertain and provide execution and market risks which might have been overlooked or incorrectly forecasted.

The integration of acquired businesses creates a requirement for change in both the acquired businesses and the TNT organisation, which leads to uncertainty. The integration of the companies TNT has acquired normally results in significant challenges and change related costs. The uncertainty and culture differences, as well as the demands on management and resources to achieve the integration of the newly acquired businesses result in a risk that the integration is not, or is only partly successful and TNT's growth strategy may be delayed, or not be successfully achieved.

If an existing, or future integration effort is delayed, or is not successful, TNT may incur additional costs. The value of the investment in the acquired company may decrease significantly and have an adverse effect on TNT's revenues and profitability.

Changes in market conditions and/or relationships with TNT's joint venture partners may require TNT to revise its strategies, which could adversely affect TNT's profitability
Changes in market conditions may lead TNT to revise the strategies in which joint ventures are concluded. Revised strategies may lead TNT to demerge these businesses or end these joint ventures. The resulting employment reduction or other significant restructuring costs could impact TNT's profitability.

Measures taken to reduce costs, including employee redundancies, may not achieve the results intended and could adversely affect TNT's employee relations, reputation, revenues and profitability.

The cost saving targets and initiatives are based on assumptions and expectations which may not be valid if the economic environment worsens. It may therefore be necessary for TNT to restructure, redesign or integrate as necessary, various aspects of its operations in an effort to achieve additional cost savings, flexibility and other efficiencies. In addition, restructuring of operations and other cost reducing measures may not achieve the results intended and may invoke restructuring and other costs and changes to TNT that adversely affect revenues and profitability.

The cost initiatives under the Master Plans consist of efficiency measures and a restructuring of the labour costs. During 2009, TNT continued the implementation of new working routines at its delivery and collection offices, leading to more standardisation. TNT continued to recruit part-time mail deliverers at lower labour costs to fill vacancies in mail delivery. As a result, the majority of TNT's delivery work force currently consists of newly recruited mail deliverers. The TNT Post Master Plans may require forced employee lay-offs which may damage TNT's employee relations and reputation in the employment market.

Inherent strategic risks

The increasing substitution of alternatives for TNT's mail delivery services could reduce the revenues and profitability of TNT's mail business and adversely affect TNT's revenues and profitability.

TNT's mail business is an integral part of TNT's total business and during 2009 represented 40.5% of TNT's group operating revenues and 72.8% of TNT's group operating income. TNT's mail business delivers information such as letters and bank statements as well as printed matter such as direct mail and periodicals. Technologies such as email and internet (e.g. electronic banking) can be used to send or make available such information faster and, in many cases, at a lower price than traditional mail services. Due to increased substitution, among other factors, traditional mail volumes in the Netherlands have decreased in recent years, and TNT expects this downward trend in mail volumes to continue or even deepen in the coming years. An increase in the use of these substitute technologies would likely result in a further decrease in the use of TNT's traditional mail services. If substitution continues on a large scale, it could adversely affect the volumes, revenues and profitability of TNT's mail business and the company as a whole.

TNT's strategic objectives could be subject to political debate and adverse outcome.

Political decision making could have an adverse influence on TNT's ability to achieve parts of its Vision 2015 strategy and carry out its operations effectively. Postal regulation is often subject to fierce political debate. For instance, the liberalisation of the Dutch postal market seems to go hand in hand with an increase in regulatory and supervisory controls for the national postal operator, TNT Post. Although the general regulatory trend in Europe is towards liberalisation of the postal sector, experiences in Germany and the United Kingdom also show that the political support for de facto liberalisation is tempered by concerns over labour conditions and the sustainability of the universal postal service. In emerging markets modernisations of postal regulatory frameworks have a tendency to lead to stricter policies towards mail and express services.

The German government could issue a new ordinance observing all the legal obligations surrounding minimum wage legislation for the postal sector which could adversely affect TNT's ability to grow its mail business outside the Netherlands.

TNT challenged the German government regarding the minimum wage, as it considered this minimum wage unconstitutional. In its judgement of 7 March 2008, the administrative court in first instance (*Verwaltungsgericht*) held that the mandatory €9.80 minimum wage is invalid. The German government filed an appeal against that decision with the administrative court in second instance (*Oberverwaltungsgericht*). On 18 December 2008, the *Oberverwaltungsgericht* confirmed the decision of the court in first instance. However, the court also ruled that TNT's claim, being one of three claimants, was not admissible and referred TNT's claim to the labour courts. TNT filed an appeal (*Revision*) against the inadmissibility of its claim, because the decision of the court on TNT's inadmissibility is not in line with recent jurisprudence as to claims of this nature. The German government filed a further appeal (*Revision*) against the decision to the Federal Administrative Court (*Bundesverwaltungsgericht*) in Leipzig, the highest instance. On 28 January 2010, the Federal Administrative Court ruled that the minimum wage ordinance is null and void. The basis for this decision is that the German government failed to give TNT Post in Germany the opportunity to make written comments prior to the issuance of the ordinance, as required by law. The German government could, however, issue a new ordinance observing all legal requirements.

OPERATIONAL RISKS

Specific operational risks

TNT depends on a number of infrastructure facilities for which the group has limited or no comparable back-up facilities, so if operations were disrupted at one or more of these facilities, TNT's revenues and profitability and business operations would suffer.

A portion of TNT's infrastructure is concentrated in single locations for which there are limited or no comparable back-up facilities or very expensive fall-back scenarios in the event of a disruption of operations. An example of this is the TNT European Express air hub in Liège, Belgium. The operation of the TNT facilities involves many 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 airplane crashes, fires and explosions, and normal hazards associated with operating a complex infrastructure. If there was to be a significant interruption of operations at one or more of TNT's key facilities and operations could not be transferred or only at very high costs to other locations, TNT might not meet the needs of its customers, and business and operating results would be adversely affected.

Impacts from climate change may affect this infrastructure and could potentially disrupt TNT's services. Further, TNT's employees living in risk prone areas could potentially be affected by extreme weather events. Although TNT has operations in geographical areas that are more susceptible to the potential consequences of climate change the direct implications for TNT's operations are expected to be limited in the short to mid term.

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

TNT 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. As part of TNT's mail services, the company may also transport hazardous or dangerous goods without having been notified about the nature of the goods transported. TNT 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, TNT transports confidential and sensitive consignments on behalf of some of its customers. TNT does not always know the confidential and sensitive nature of these consignments and customers may choose to enter consignments into TNT's network without registering the consignment with the result that they cannot be tracked and traced.

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

As an owner and operator of a large air and road fleet, TNT is involved in activities which expose the company to liability in the case of a major air or road incident, not only for employees, facilities and third party property, but also for the general public. An incident involving TNT's aircraft or vehicles could cause significant loss of life and property and could adversely affect TNT's revenues, profitability, reputation and share price.

TNT may not accurately forecast future infrastructure requirements, which could result in excess or insufficient capacity and negatively affect TNT's revenues and profitability.

In order to maintain market position and future growth, TNT must make ongoing investments in infrastructure such as aircraft, trucks and depots. Infrastructure investments are based on forecasts of future capacity requirements. It may be difficult to forecast accurately for future requirements, since they are based on a large number of factors, including factors beyond the direct control of TNT's management and in particular the changing macroeconomic conditions and changes in governmental regulation. As a consequence, there may be a mismatch between investment and actual requirements. If TNT underestimates its future capacity requirements, it will not be able to meet the needs of customers and could lose business, market share, revenues and profits. If TNT overestimates future needs, or if major contracts are cancelled by customers, it may experience costly excess capacity and this could adversely affect profitability.

Increased security and anti-terrorism requirements could impose substantial additional costs on TNT, especially at TNT Express.

As a result of increased concerns about global terrorism and aviation security, governments and airline operators around the world are adopting or are considering adopting stricter security requirements that will increase operating costs for businesses, including those in the transportation industry. For example, in recent years the EU has increased the security requirements for air cargo, which has many implications on customs clearance processes. In addition, many aviation regulators around the world are proposing mandatory use of x-ray screening equipment. It is not possible to fully determine the effect that these new rules or changed policies will have on TNT's cost structure or its operating results. It is reasonably possible that these rules or other future security requirements for air cargo carriers could impose material costs on TNT.

Inherent operational risks

TNT faces risks related to health epidemics and other outbreaks of contagious diseases, including pandemic influenza.

The global pandemic of influenza type A(H1N1) announced by the World Health Organisation on 11 June 2009 could adversely affect TNT's business. These outbreaks of contagious diseases and other adverse public health developments would have a material adverse effect on TNT's business operations. These could include TNT's ability to ship consignments or otherwise make deliveries of products originating in affected countries, as well as temporary closure of TNT offices or other facilities. Such closures or shipment restrictions could severely disrupt TNT's business operations and adversely affect its financial condition and results of operations. Since 2006 TNT has implemented measures to develop written preventive procedures and contingency plans to mitigate the effects of any future outbreak of pandemic influenza and other epidemics, but the epidemiology of the current virus and the reactions of local, national and regional governments are difficult to gauge which could mean that the current plans do not meet all eventualities.

Strikes, work stoppages and work slow-down by TNT's employees and the terms of new collective labour agreements could negatively affect TNT's revenues and profitability.

The success of TNT's business also depends upon avoiding strikes, work stoppages and work slow-down by TNT's employees. Industrial action by large trade unions or even relatively small, but key groups of TNT's employees, such as airline pilots, could seriously disrupt TNT's operations. Industrial action may occur for reasons unrelated to TNT's collective labour agreements with a particular trade union or group of employees. For example, TNT's employees may refuse crossing picket lines established by other trade unions of other companies if a strike, work stoppage or work slow-down occurs, TNT's revenues and profitability could be adversely affected.

TNT's business may be negatively affected by the terms of collective labour agreements that TNT concludes with its employees. These terms could include increases in compensation and employee benefits, and less flexible work processes and conditions than those of TNT's competitors, and limitations on future work force reductions and other factors that make TNT's work force less mobile. TNT's profitability could suffer if TNT is not able to conclude collective labour agreements on satisfactory terms with its employees.

TNT's operations and earnings are subject to risks related to the impact of climate change regulation.

Global concern about climate change will lead to governmental action(s) and/or regulation(s) that will require the company to further manage emissions from its road and air fleet. As such, there is a risk to future operations and a compliance risk for existing facilities and TNT's fleet, if TNT is not able to demonstrate adequate emissions management. Realisation of these risks could have an adverse impact on operational performance and TNT's financial position.

At a national, regional and global level, climate related regulation remains uncertain with various levels of maturity. One of the regulatory changes that affect TNT stems from the inclusion of the aviation sector in the EU Emission Trading System (EU ETS). From 2011 onwards TNT's aviation activities will be regulated by the EU ETS. The CO_2 reporting requirements imposed by the EU ETS will already affect TNT before that date due to developing a monitoring plan and bring all the procedures and reporting systems in line with the requirements. Currently there are no regulations driven by climate considerations which directly affect TNT's road transport activities. However, many local governments are imposing regulations to limit both the volume of vehicular traffic and emissions associated with inner city distribution. A comprehensive analysis of TNT's fleet revealed that TNT's exposure to this risk is limited due to the high environmental performance of TNT's fleet. The most significant risk identified stems from TNT's subcontracted operations. TNT is developing corrective actions to mitigate this risk. TNT is also reassessing the business model for the possible introduction of carbon pricing as well in continuing testing new technologies that can help to continue to make its operations cleaner.

Raising fuel and energy prices as a result of climate regulation and depletion of resources will also affect TNT's profitability. Increase in fuel prices as a direct consequence of climate regulation are expected to be limited in the foreseeable future (currently mainly driven by market forces). Electricity prices may see further increase as a result of a more stringent regulation of power utilities under the EU ETS scheme. With the CR strategy and initiatives, TNT aims to continuously improve the carbon efficiency of its operations and to use non-fossil energy sources wherever feasible. In this way TNT addresses the risk of increased prices for fossil fuel/energy sources.

LEGAL AND REGULATORY RISKS

Specific legal and regulatory risks

TNT is exposed to various global and local legal and regulatory risks that may have a material adverse effect on the results of operations and TNT's revenues and profitability.

TNT operates around the globe and provides a worldwide service with facilities in many countries, which means that the company is confronted with complex legal and regulatory requirements in many jurisdictions. These include tariffs, trade barriers and requirements relating to withholding taxes on remittances and other payments. In many of the jurisdictions in which TNT operates, in particular emerging markets such as China, India, Brazil and

Russia, aspects of the developing legal system (including the ability to enforce contracts, an independent and experienced judiciary, and similar factors) create an uncertain environment for investment and business activity. These risks and complexities will increase in the pursuit of the Vision 2015 strategy to expand operations to new markets. TNT's overall success as a global business depends, in part, on its ability to succeed in different economic, social, political and legal conditions. TNT may not succeed in developing and implementing policies and strategies that are effective in the locations where TNT's business is conducted. Failure to do so may have a material adverse effect on business operations and on TNT's revenues and profitability.

Inherent legal and regulatory risks

Unfavourable decisions of competition authorities concerning joint ventures, acquisitions or divestments could restrict TNT's growth, strategic progress, profitability and ability to compete in the market for TNT's services.

As a part of TNT's Vision 2015 strategy, from time to time TNT seeks alliances with or acquires shares in companies that complement the Vision 2015 strategy, or TNT seeks to divest part of its business. Any approval of a joint venture, an acquisition or a divestment of shares or a business by competition authorities may contain certain restrictions or conditions with respect to the intended transaction.

TNT may not be able to implement a transaction as contemplated in compliance with any restrictions or conditions imposed by the Directorate General of Competition of the European Commission or national competition authorities, and these restrictions or conditions may negatively affect TNT's revenues and profitability. If TNT is unable to implement a foreseen transaction under the restrictions or conditions applicable, or if the intended transaction is prohibited, the company may be unable to develop alternative approaches. This would have an adverse effect on TNT's ability to execute its strategy or focus on the company's core business.

Compliance with regulations and the securing of effective flight slot times may result in significant changes to the company's operations and could limit TNT's flexibility in operating its business and negatively affect costs and profitability.

TNT is subject to a wide variety of complex and stringent aviation, transportation, environment, employment and other laws and regulations in the Netherlands, the EU and the other jurisdictions where it operates. Existing regulations are subject to constant revision and new regulations are constantly being adopted. The interpretation and enforcement of such laws and regulations vary and could limit TNT's ability to provide its services in certain markets. It is uncertain whether existing laws and regulations or future regulatory, judicial and legislative changes will have a material adverse effect on TNT, whether national or international regulators, competition authorities or third parties will raise material issues with regard to compliance or non-compliance with applicable laws and regulations, or whether other regulatory activities will have a material adverse effect on its business, revenues and profitability.

In the TNT express businesses, the division operates various types of aircraft throughout Europe and between Europe and Asia. As a result, TNT is required to comply with a wide variety of international and national laws and regulations. In some of the markets in which TNT operates, regulations have been adopted (or proposed) which impose nighttime take-off and landing restrictions, aircraft capacity limitations and similar measures in order to address the concerns of local constituencies.

In addition, as the provider of time sensitive delivery services, the TNT express business needs to secure adequate and effective flight slot times from airport coordination (or other local) authorities in all the countries and airports TNT operates into and out from. The timing or limited availability of these slots could have an impact on the efficient operations of the TNT express time sensitive air and road networks and could result in penalties for failing to meet the company's on-time delivery service commitments or increased costs for the case where TNT would be obligated to purchase slots from third parties to maintain its service levels.

TNT relies on nighttime operations at the air express hub in Liège, Belgium, for a substantial part of its international express business. A curtailment of nighttime take-offs and landings at any of TNT's key facilities, such as Liège, would likely harm the division's business. Some governments have imposed stringent new security measures on air carriers that could result in additional operating costs. TNT's failure to comply with these measures or the costs of complying with existing or future government regulation, could negatively affect revenues and profitability. In addition, existing or future regulation on transport of goods may negatively affect TNT's ability to perform services to meet customer needs or may increase the costs of providing these services.

The legal concept of limited liability for loss or damage of goods carried by TNT is increasingly being challenged and this may result in increased exposure to claims.

TNT transports goods under the conditions of the international conventions in respect of 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 TNT's liability in the event that TNT 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, are more sympathetic to allegations of "gross negligence" or "lack of due care", thereby setting aside the principles of limited liability. This trend exposes TNT to more and increased loss and damage claims. TNT has covered this additional exposure by its insurance arrangements. However, if this trend continues it could definitely result in significantly higher insurance costs and thus in increased financial exposure and adversely affect TNT's profitability.

Determination that subcontractors were to be considered TNT employees would affect TNT's current business model, causing operating expenses to rise and net income to suffer.

In various jurisdictions, TNT uses subcontractors to perform aspects of its operations, such as picking-up and delivering parcels, as is common practice in the transportation industry. In certain jurisdictions, the authorities have brought criminal and/or civil actions alleging that subcontractors or their employees engaged by TNT are to be regarded as TNT's own unregistered employees. If these allegations were upheld by a court, TNT would incur, in addition to criminal sanctions, costs such as social security contributions, wage taxes and overtime payments in respect of such employees. Subcontractors could also bring civil actions seeking the reclassification of subcontractor relationships in employment contracts. If these actions were successful, operating expenses would rise and net income would suffer.

Employee and even (sub)contractor 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) of the countries in which TNT does business.

Despite its Integrity Programme, TNT may be unable to prevent its employees from engaging in misconduct, fraud or other improper activities that could adversely affect TNT's business and reputation. Misconduct could include the failure to comply with applicable laws or the TNT Business Principles, a breach of confidentiality, or breach of contract with clients. The precautions taken by TNT to prevent and detect this activity may not be effective. Investigations of suspected fraudulent activity could expose TNT to additional sanctions if an investigation is ineffective or hampered by local legal restrictions. As a result of employee misconduct, TNT could incur fines and penalties imposed by governments in the countries in which it does business. Furthermore, TNT's clients could file claims and/or terminate the contract for breach thereof. Any such fines, penalties or claims could lead to adjustments to the financial statements and resulting liabilities which could reduce profitability. In addition, negative publicity in relation to employee misconduct could negatively affect TNT's reputation, harm its ability to recruit employees and managers and reduce revenues.

The same risks apply with regard to misconduct by TNT's (sub)contractors and suppliers. In recent years court and regulators have increasingly held companies liable for acts of their independent (sub)contractors and suppliers. In view of this trend TNT has among other things communicated the TNT Business Principles to its (sub) contractors and suppliers and is providing training to enhance compliance. However, such communication and training activities and their effectiveness may be impeded or made impossible by the fact that in certain jurisdictions authorities have started actions against TNT alleging that subcontractors or their employees engaged by TNT are to be regarded as TNT's own unregistered employees.

FINANCIAL RISKS

Specific financial risks

A downgrade in TNT's credit rating may increase TNT's financing costs and harm TNT's ability to finance its operations and acquisitions, which could negatively affect revenues and profitability.

Developments and trends in the world economy can have a material adverse effect on TNT's financial condition and/or results of operations and cash flows which in turn may result in a downgrade of the credit ratings. A downgrade in TNT's credit rating may negatively affect TNT's ability to obtain funds from financial institutions, retail investors and banks. It may also increase TNT's financing costs by increased interest rates on outstanding debt that includes a step-up in interest rates in case of a rating downgrade or may negatively affect the interest rates at which TNT is able to re-finance existing debt or incur new debt. On 29 August 2007, S&P lowered its corporate credit ratings on TNT to "BBB+" long-term/"A2" short-term with stable outlook from "A-" long-term/"A-2" short-term with a negative outlook (such ratings having been issued by S&P on 10 March 2006). These S&P ratings have remained unchanged since. On 26 November 2008 Moody's changed the "stable" outlook (issued on 27 March 2006) on the "A3" rating of the issuer rating and senior unsecured debt ratings of TNT N.V. to "negative". On that same date also the Commercial Paper rating of TNT Finance B.V., a 100% owned and guaranteed finance subsidiary of TNT, changed from Prime-1 to Prime-2. These Moody's ratings have remained unchanged since.

Intensifying competition may put downward pressure on prices and could have an adverse effect on TNT's revenues and profitability.

TNT competes with many companies and services on a local, regional, European and international level. TNT'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, air couriers and others. TNT expects competition to intensify in the future in all of its core business areas. Targeted, aggressive actions by competitors may negatively impact TNT's prices. In the Netherlands, TNT's present market share in the mail business results from being the former government operated monopoly. TNT expects its market share to erode due to serious competition. In Europe, TNT continues to face strong competition in both its mail and express businesses. TNT's strategy focuses on a differentiated product and price approach and the quality of services related to price rather than on price discounts. Nevertheless, increased competition may force prices for TNT's services down and thus cause TNT's revenues and profitability to decrease.

Liberalisation of European postal markets may also result in further consolidation within the mail and express businesses as competitors seek to expand into newly opened geographic markets and former state postal monopolies enter into acquisitions or alliances in order to expand the range and geographic coverage of their services. Consolidation within TNT's businesses may result in increased competition and, as a consequence, adversely affect TNT's business, revenues and profitability.

TNT is exposed to currency and interest rate fluctuations that could have an adverse effect on financial condition and results as well as on the comparability of TNT's financial statements.

Part of TNT's total revenues and operating expenses as well as assets and liabilities are denominated in currencies other than the euro. The main sensitivities on revenues can be derived from geographical segmentation as provided in the additional notes to the financial statements.

For the year 2009, for example, around 30% of revenues and around 24% of asset book value is held in countries outside of euro zone Europe. As TNT expands its international operations, it can be expected that an even greater portion of its revenues, costs, assets and liabilities will be denominated in non-euro currencies. The exchange rates between these currencies and the euro may fluctuate substantially. As a result, currency fluctuations could have a material adverse effect on TNT's results and financial condition in any given reporting period and may affect the comparability of TNT's financial statements from period to period.

The Board of Management has adopted and approved a group policy which requires all 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 (FX) derivatives with the Group Treasury department, whereby a financing company operated by the Group Treasury department, as 'in-house bank' trades these FX derivatives back-to-back with external banks.

Currency exposures can be evaluated at revenue, earnings and balance sheet level. On balance, the most important exposures are in US dollar and British pound.

TNT's revenue in the United States and invoiced in US dollar outside of the United States is €113 million and TNT's revenue in the United Kingdom is €1,284 million. If the euro, on average over the year 2009, had weakened/strengthened 10% against the US dollar compared to the average FX rate for the year, then the 2009 revenues in US dollar, with all other variables held constant, would have been approximately €10–15 million higher/lower. Similarly, if the euro on average would have weakened/strengthened 10% against the British pound with all other variables held constant, the revenue would have been approximately €115–145 million higher/lower.

At an earnings level TNT was a net payer of both the US dollar and the British pound. If the euro, on average over the year 2009, had weakened/strengthened 10% against the US dollar compared to the average FX rate for the year, then the 2009 profit before income tax, with all other variables held constant, would have been approximately €0–5 million lower/higher. Similarly, if the euro on average would have weakened/strengthened 10% against the British pound with all other variables held constant, the profit before income tax would have been approximately €5–10 million lower/higher.

In terms of a revaluation of foreign currency assets and liabilities as at 31 December 2009, if as at 31 December 2009, the euro had weakened/strengthened 10% against the US dollar with all other variables held constant, the profit before income tax would have been €1 million higher/lower. If at 31 December 2009, the euro had weakened/strengthened 10% against the British pound with all other variables held constant, the profit before income tax would have been €0 million higher/lower.

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

Part of TNT's borrowings and financial assets are against floating interest rates. These floating interest rates may fluctuate substantially and could have a material adverse effect on TNT's results and financial condition in any given reporting period.

TNT's group policy is to limit the worst case interest cost over a seven year period as a percentage of EBITDA with a statistical 95% level of confidence. As at 31 December 2009, if interest rates on debt and deposits had been 1% lower/higher with other variables held constant, the profit before income tax would have been €8 million lower/higher on an annualised basis. Due to the outstanding interest rate swaps, equity would be lower/higher by €15 million had interest rates been 1% lower/higher.

Although TNT 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 TNT to increased operating or financing costs. See also notes 28 and 29 to the consolidated financial statements of TNT N.V.

A decline in the value of the euro could reduce the value of any investment in TNT 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 US dollar equivalent of the euro price of TNT's euro-denominated shares, TNT's non-listed American Depositary Receipts (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 TNT's 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 TNT's ADRs.

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

Changes in markets, useful lives of assets and TNT's business plans have resulted and may in the future result in substantial impairments of the carrying value of assets, thereby reducing net income.
Regular review of the carrying value of assets (including intangible, tangible and financial fixed assets) may in the future require TNT to recognise additional impairment charges. Among other things, events in the markets where TNT conducts its businesses, including current trading, macroeconomic developments, significant declines in stock prices, market capitalisations and credit ratings of market participants, as well as TNT's ongoing review and refinement of its business plans, are elements included in these regular reviews. In addition, TNT recognises increased depreciation and amortisation charges if it is determined that the useful lives of TNT's fixed assets are shorter than originally expected.

Inherent financial risks

The multinational nature of TNT's business could expose the company to uncertainty in effective tax planning and regulatory reviews and audits.
Multinational groups of the size of TNT are exposed to varying degrees of uncertainty related to tax planning and regulatory reviews and audits. TNT accounts for its income and other taxes on the basis of its own internal analyses, supported by external advice. TNT continually monitors its global tax position, and whenever uncertainties arise, TNT 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.

With regard to the key risks as mentioned and other risks TNT's insurance policy is 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, TNT believes that self insurance is the best method to motivate operational units to address the underlying causes of these losses. TNT's total self insured frequency claims are structured via an in-house captive insurance company and capped on an annual basis via reinsurance. During 2009, TNT's total annual retention cap on these losses was €5.5 million.

TNT's "catastrophe exposures" are insured in the traditional insurance markets. These include aviation, property and business interruption, general liability, fraud, and director and officers' liability insurance. TNT 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.

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

Annex | Dow Jones sustainability assessment

TNT retained the leadership position in its super sector (industrial goods and services) in the Dow Jones Sustainability Index, with the highest score of any company in this Index for the third consecutive year.

TNT scored 95 points out of a possible 100, which is three points higher than in 2008. In 12 out of 16 criteria, TNT achieved the best-in-class score. The Dow Jones Sustainability Indexes cover the top 10 percent of the largest 2,500 companies in the Dow Jones World Index in terms of economic, environmental and social criteria. The assessment is based on 61 questions in various areas of corporate responsibility. For the complete questionnaire and answers please go to http://group.tnt.com/aboutus/ourbusiness/environment/ourresponsibility/index.aspx

	2007	2008	2009
Total Score	**92**	**92**	**95**
Economic dimension	94	98	**98**
Environmental dimension	95	89	**92**
Social dimension	90	90	**96**

Economic dimension	2007	2008	2009	Best-in-class scores in 2009
Corporate Governance	88	91	**90**	93
Risk & Crisis Management	100	100	**100**	100
Codes of Conduct/Compliance/Corruption & Bribery	100	100	**100**	100
Customer Relationship Management (IS)	90	100	**100**	100

Environmental dimension	2007	2008	2009	Best-in-class scores in 2009
Environmental Reporting	89	86	**100**	100
Environmental Policy/Management System (IS)	98	98	**88**	100
Climate Strategy (IS)	84	92	**100**	100
Biodiversity (IS)	95	100		
Fuel Efficiency (IS)	100	100	**100**	100
Operational Eco-Efficiency (IS)		66	**78**	100

Social dimension	2007	2008	2009	Best-in-class scores in 2009
Labor Practice Indicators	93	86	**87**	87
Human Capital Development	100	100	**100**	100
Talent Attraction & Retention	88	88	**92**	92
Corporate Citizenship/Philanthropy	100	100	**100**	100
Social Reporting	87	86	**100**	100
Occupational Health & Safety (IS)	70	80	**100**	100
Stakeholder engagement (IS)	95	95	**95**	100

Annex 2 Global Compact and GRI G3 Index

As a signatory of the UN Global Compact, TNT reports on the 10 Global Compact principles. In the GRI index table the GRI indicators on which TNT reports are linked to the numbers corresponding to the 10 principles.

GLOBAL COMPACT

TNT reports on the 10 Global Compact principles.

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Businesses should make sure that they are not complicit in human rights abuses.

Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.
5. Businesses should uphold the effective abolition of child labour.
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges.
8. Businesses should undertake initiatives to promote greater environmental responsibility.
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms.

GRI G3 INDEX

The GRI Index table is based on the G3 guidelines of the Global Reporting Initiative (GRI). This table includes the core indicators of the G3 and complementary sector supplement indicators. The table below includes TNT's management approach per theme. Additionally a reference is made to the 10 Principles of the Global Compact.

The GRI G3 index is based on the guidelines for sustainability reporting from the Global Reporting initiative (GRI). TNT believes that the A+ level is applicable to this report. This has been validated by GRI and the external assurance provider.

	G3 INDICATOR	Disclosure page number/reference	Extent of reporting	Global Compact Principles
Strategy and analysis				
1.1	CEO statement	Chapter 1, p.4-7	◆	
1.2	Key impacts, risks, and opportunities	Chapter 1, p.4-7 and Chapter 2 p.10-14	◆	
Organisational profile				
2.1	Name of the organisation	Chapter 2, p.10	◆	
2.2	Products, and/or services	Chapter 2, p.10-15	◆	
2.3	Operational structure	Chapter 2, p.10	◆	
2.4	Headquarter location	Chapter 2, p.10	◆	
2.5	Countries in operations/TNT geographic spread	TNT at a glance, inside cover	◆	
2.6	Nature of ownership	Chapter 2, p.10	◆	
2.7	Markets served	Chapter 2, p.10-15	◆	
2.8	Scale of the organisation	TNT at a glance, inside cover	◆	
2.9	Significant operational changes	Chapter 2, p.10-16	◆	
2.10	Awards received	Chapter 3, p.24-25	◆	
Report profile				
3.1	Reporting period	TNT at a glance, p.2	◆	
3.2	Previous report	TNT at a glance, p.2	◆	
3.3	Reporting cycle	TNT at a glance, p.2	◆	
3.4	Contact point for questions	Published by, inside back cover	◆	
Report scope and boundary				
3.5	Content definition	Chapter 19, p.192-194	◆	
3.6	Boundary of the report	Chapter 19, p.192-194	◆	
3.7	Limitations on the reporting scope	Chapter 19, p.192-194	◆	
3.8	Reporting basis	Chapter 19, p.192-194	◆	
3.9	Data measurement techniques	Chapter 19, p.192-194	◆	
3.10	Re-statements of information	Chapter 19, p.192-194	◆	
3.11	Significant changes from previous reports	Chapter 19, p.192-194	◆	
GRI content index				
3.12	GRI content index	Annex 2, p.208-213	◆	
Assurance				
3.13	Assurance	Chapter 19, p.194-195	◆	
Governance				
4.1	Governance structure	Chapter 11, p.144-152	◆	
4.2	Indicate relation between chair of the highest governance body and executive officer	Chapter 11, p.144-152		
4.3	Independence of Board of Management	Not relevant to TNT	●	
4.4	Shareholder feedback mechanisms	Chapter 13, p.159-162	◆	
4.5	Executive remuneration and performance	Chapter 9, p.127-133	◆	

◆ Fully reported ■ Partly reported ● Not relevant to TNT

Annex 2
GLOBAL COMPACT AND GRI G3 INDEX CONTINUED

	G3 INDICATOR	Disclosure page number/reference	Extent of reporting	Global Compact Principles
4.6	Conflict of interest at the Board of Management	Chapter 11, p.146	◆	
4.7	Board of Management expertise on sustainability	Chapter 11, p.145	◆	
4.8	Mission and value statements	Chapter 1, p.4-7 and Chapter 2, p.10	◆	
4.9	Board of Management governance	Chapter 11, p.144-152	◆	
4.10	Evaluation of the Board of Management	Chapter 9, p.127-133	◆	
Commitment to external initiatives				
4.11	Precautionary principles	Annex 2 p.208-213	◆	
4.12	External charters, principles or initiatives	Chapter 14, p.167, Chapter 15, p.168, 171, 173 and Chapter 16, p.177, Chapter 17, p.187 and Annex 2, p.208-213	◆	
4.13	Associated memberships	Chapter 14, p.167	◆	
Stakeholder engagement				
4.14	List of stakeholders	Chapter 14, p.166	◆	
4.15	Stakeholder identification	Chapter 14, p.166	◆	
4.16	Stakeholder engagement	Chapter 14, p.166-167	◆	
4.17	Stakeholders' key issues	Chapter 14, p.166-167	◆	
Economic performance indicators				
DMA	Objectives & results	Chapter 2, p.11,12, 15 and Chapter 3, p.18		
DMA	Responsibility	Chapter 7, p.117-121		
DMA	Policy	Chapter 7, p.117		
DMA	Monitoring	Chapter 7, p.117-121 and Chapter 10, p.135		
EC1	Direct economic value	Chapter 6, p.52-54, 103	◆	
EC 2	Financial implications of climate change	Chapter 12, p.156 and Chapter 16, p.177	◆	7
EC 3	Benefit plan	Chapter 3, p.22	◆	
EC 4	Financial governmental assistance	TNT does not receive significant financial assistance from governments. Chapter 11, p.144	◆	
EC6	Local suppliers	Chapter 17, p.188-189	◆	
EC 7	Local recruitment	Chapter 15, p.174	◆	6
EC 8	In kind or pro bono engagement	Chapter 18, p.190-191	◆	
Environmental management approach				
DMA	Objectives & results	Chapter 3, p.23-24, Chapter 4, p.36-37, Chapter 5, p.45-46 and Chapter 16, p.177		
DMA	Responsibility	Chapter 11, p.144-145		
DMA	Policy w	Chapter 2, p.16-17		
DMA	Monitoring	Chapter 16, p.177-181		
DMA	Environmental performance indicators	Chapter 16, p.177-186		
EN 1	Volume of materials used	Chapter 16, p.181-186	◆	8
EN 2	Recycled materials	Chapter 16, p.186	◆	8, 9
EN 3	Direct primary energy consumption	Chapter 16, p.181	◆	8
EN 4	Indirect primary energy consumption	Chapter 16, p.181	◆	8

◆ Fully reported ■ Partly reported ● Not relevant to TNT

	G3 INDICATOR	Disclosure page number/reference	Extent of reporting	Global Compact Principles
EN 8	Water withdrawal	TNT'score business does not require significant water use. Indicator not material for TNT	●	8
EN 11	Land assets in sensitive areas	TNT does not own land assets in sensitive areas	●	8
EN 12	Biodiversity within lands owned	TNT does not own land in protected areas or areas with high bio diversity	●	8
EN 16	Greenhouse gas emissions	Chapter 16, p.181	◆	8
EN 17	Other indirect greenhouse gas emissions	Chapter 16, p.181	◆	8
EN 19	Ozone-depleting substance emissions	The emission of ozone-depleting substances within TNT is very limited and not measured. Due to limited materiality TNT has no plans to measure this in the future	●	8
EN 20	NO_x, SO_x emissions	NO_x and SO_x emissions are not measured. TNT is striving to reduce these emissions by increasing the number of Euro 4 and Euro 5 vehicles. TNT is considering measurement methods in the mid-term. Chapter 16, p.185	■	8
EN 21	Water discharge by quality and destination	TNT's total water discharge is limited to domestic sewage. This indicator is not material for TNT.	●	8
EN 22	Waste by disposal method	Chapter 16, p.186	◆	8
EN 23	Significant spills	Chapter 16, p.186	◆	8
EN 26	Environmental impact mitigation	Chapter 16, p.177-179, 183	◆	7, 8, 9
EN 27	Packaging materials	Chapter 16, p.186	◆	8, 9
EN 28	Non compliance sanctions	Chapter 16, p.186	◆	8

Labour practices and decent work performance indicators

DMA	Objectives & results	Chapter 3, p.23, Chapter 4, p.36-37, Chapter 5, p.45 and Chapter 15, p.171		
DMA	Responsibility	Chapter 11, p.144-145		
DMA	Policy	Chapter 2, p.16-17		
DMA	Monitoring	Chapter 15, p.168-176		
LA 1	Breakdown of workforce	Chapter 6, p.82 and Chapter 19, p.193	◆	
LA 2	Employee turnover	Chapter 15, p.174	◆	6
LA 4	Collective bargaining agreements	Within TNT the entities are responsible for the c ollective bargaining agreements. The percentage of employees covered buy a collective bargaining agreements is not measured at TNT group level but information is available at entity level. Chapter 15, p.172	■	1, 3
LA 5	Minimum notice periods	Chapter 15, p.172	◆	3
LA 6	Monitor health and safety programs	Chapter 15, p. 168-169	◆	
LA 7	Occupational health and safety and absenteeism	Chapter 15, p.163-166, 168-171 and 174	◆	1
LA 8	Education to assist workforce	Chapter 15, p.173, 175	◆	1
LA 10	Training per employee	Chapter 15, p.175	◆	
LA 13	Employee diversity & governance	Chapter 15, p.172-173	◆	1, 6
LA 14	Remuneration by gender	Chapter 9, p.130 and Chapter 15, p.172	◆	1, 6

◆ Fully reported ■ Partly reported ● Not relevant to TNT

Annex 2
GLOBAL COMPACT AND GRI G3 INDEX CONTINUED

	G3 INDICATOR	Disclosure page number/reference	Extent of reporting	Global Compact Principles
Human rights performance indicators				
DMA	Objectives & results	Chapter 3. p.23-24, Chapter 4, p.36-37, Chapter 5, p.45 and Chapter 15, p.171		
DMA	Responsibility	Chapter 11, p.144-145		
DMA	Policy	Chapter 2, p.16-17		
DMA	Monitoring	Chapter 15, p.171		
HR 1	Human rights clauses in investment	Chapter 2, p.16-17 and Chapter 7, p. 120	◆	1, 2, 3, 4, 5, 6
HR 2	Supplier screening on human rights	Chapter 17, p.188	◆	1, 2, 3, 4, 5, 6
HR 4	Discrimination	Chapter 15, p.171-172	■	1, 2, 4, 6
HR 5	Association and collective bargaining	Chapter 15, p.171. TNT recognises the risk for freedom of association in non-OECD countries. TNT certifies all entities outside OECD countries to SA 8000.	◆	1, 2, 3
HR 6	Child labour	Chapter 15, p.171	◆	1, 2, 5
HR 7	Forced labour	Chapter 15, p.171	◆	1, 2, 4
Society performance indicators				
DMA	Objectives & results	Chapter 3. p.23-24, Chapter 4, p.36-37, Chapter 5, p.45 and Chapter 15, p.171		
DMA	Responsibility	Chapter 7, p.120 and Chapter 11, p.144-145		
DMA	Policy	Chapter 2, p.16-17 and Chapter 7, p.120		
DMA	Monitoring	Chapter 2, p.17 and Chapter 7, p.120		
SO 1	Impact on communities	Chapter 18, p.190-191	◆	
SO 2	Corruption risks	Chapter 7, p.120	◆	10
SO 3	Anti-corruption training	Chapter 7, p.120	◆	10
SO 4	Actions against corruption	Chapter 7, p.120	◆	10
SO 5	Lobbying	Chapter 14, p.166-167	◆	1, 2, 3, 4, 5, 6, 7, 8, 9, 10
SO 8	Regulatory non-compliance sanctions	Chapter 16, p.186 and Chapter 20, p.200-202	◆	
Product responsibility performance indicators				
DMA	Objectives & results	Chapter 2, p.14, Chapter 4, p.34-35, Chapter 5, p.43-44 and Chapter 17, p.187-188		
DMA	Responsibility	Chapter 11, p.144-145		
DMA	Policy	Chapter 2, p.16-17		
DMA	Monitoring	Chapter 2, p.17		
PR 1	Product life cycle	Chapter 2, p.10-11	◆	1
PR 3	Product information	Chapter 2, p.10-11	◆	8
PR5	Customer satisfaction	Chapter 17, p.187	◆	
PR 6	Communication programmes	TNT's marketing communication does not conflict with general accepted ethical or cultural standards, neither is a vulnerable group targeted.	◆	
PR 9	Product non-compliance	Chapter 6, p.107	◆	

◆ Fully reported ■ Partly reported ● Not relevant to TNT

	G3 INDICATOR	Disclosure page number/reference	Extent of reporting	Global Compact Principles
Sector supplement indicators			●	
LT 1	Ship registry	This indicator is not relevant. TNT does not own ships.		
LT 2	Fleet composition	Chapter 16, p.181-183	◆	
LT 3	Environmental reduction	Chapter 16, p.181-183	◆	
LT 4	Renewable direct energy sources and energy efficiency	Chapter 16, p.184	◆	
LT 5	Renewable indirect energy sources and energy efficiency	Chapter 16, p.184	◆	
LT 6	Traffic congestion	Chapter 2, p.14-15	◆	
LT 7	Noise management and abatement	Chapter 16, p.186	◆	
LT 8	Environmental impact of real estate	Chapter 16, p.184	◆	
LT 9	Work patterns of mobile worker	Chapter 15, p.168-171	◆	
LT 10	Personal communication	Chapter 15, p.171	◆	
LT 11	Substance abuse	Chapter 15, p.168-171	◆	
LT 12	Road fatalities per kilometres driven	Chapter 15, p.170	◆	
LT 13	Ship safety inspections	This indicator is not relevant. TNT does not own ships	●	
LT 14	Mail accessibility	Chapter 5, p.41-42	◆	
LT 15	Humanitarian Programmes	Chapter 18, p.190-191	◆	
LT 16	Labour providers	Chapter 17, p.188-189	■	
LT 17	Continuity of employment	Chapter 15, p.168, 171	■	

◆ Fully reported ■ Partly reported ● Not relevant to TNT

GRI G3 application levels

	Report Application Level	C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures — Output	Standard Disclosures 1.1 2.1–2.10 3.1–3.8, 3.10–3.12 4.1–4.4, 4.14–4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5–4.13, 4.16–4.17	Report Externally Assured	Same requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures — Output	Not Required		Management Approach Disclosures for each indicator Category		Management Approach Disclosures for each indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators — Output	Report on a minimum of 10 Performance Indicators, including at least one from each of: social economic, and environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labour society, product responsibility.		Respond on each core G3 and Sector Supplement* Indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission	

*Sector supplement in final version

Annex 3 Data clarification table

The data clarification table clarifies the coverage of each indicator as presented in the CR section of the annual report. For each indicator the coverage is expressed as percentage of FTE's of the total number of FTEs that should ideally report within the defined reporting scope.

FTEs reporting on:	Mail 2009	Mail 2008	Express selected 2009	Express selected 2008	TNT Total selected 2009	TNT Total selected 2008	TNT Total 2009	TNT Total 2008
Workforce								
Headcount	**70,899**	76,383	**51,205**	54,125	**123,762**	132,164	**147,899**	154,289
Full time equivalent	**38,684**	39,504	**49,366**	49,599	**89,454**	90,498	**113,747**	112,213
EMPLOYEES								
Training hours								
Transport safety training hours	**99%**	80%	**91%**	91%	**93%**	85%	**94%**	88%
Fatal accidents								
Workplace fatal accidents	**100%**	100%	**100%**	100%	**100%**	100%	**100%**	100%
Blameworthy road traffic fatal accidents (with a TNT employee involved)	**100%**	100%	**100%**	100%	**100%**	100%	**100%**	100%
Non-blameworthy road traffic fatal accidents (with a TNT employee involved)	**100%**	100%	**100%**	100%	**100%**	100%	**100%**	100%
Blameworthy road traffic incidents								
Blameworthy road traffic incident rate	**88%**	84%	**75%**	72%	**80%**	77%	**84%**	76%
Lost time accidents								
Number of lost time accidents	**91%**	94%	**100%**	100%	**96%**	97%	**97%**	98%
Lost time accident frequency rate	**91%**	94%	**100%**	100%	**96%**	97%	**97%**	98%
Diversity								
Gender profile	**100%**	86%	**100%**	100%	**100%**	94%	**100%**	95%
Gender profile of management	**91%**	86%	**91%**	91%	**91%**	89%	**93%**	91%
Employees with a disability	**91%**	85%	**74%**	76%	**81%**	79%	**85%**	82%
Employees with a disability (in percentage of headcount)	**89%**	85%	**73%**	76%	**79%**	79%	**84%**	82%
Absenteeism								
Absenteeism	**91%**	100%	**98%**	96%	**95%**	98%	**96%**	87%
Turnover and promotion								
Voluntary turnover	**100%**	100%	**99%**	100%	**98%**	99%	**99%**	99%
Internal promotion	**100%**	100%	**100%**	100%	**99%**	99%	**99%**	99%

FTEs reporting on:	Mail 2009	2008	Express selected 2009	2008	TNT Total selected 2009	2008	TNT Total 2009	2008
ENVIRONMENT								
Operational vehicles								
Number of small trucks and vans (< 7.5 tonnes)	**92%**	100%	**100%**	100%	**96%**	100%	**97%**	100%
Number of large trucks (>7.5 tonnes)	**100%**	100%	**100%**	100%	**100%**	100%	**100%**	100%
CO_2 efficiency small trucks and vans (< 7.5 tonnes)	**91%**	84%	**89%**	79%	**90%**	81%	**92%**	79%
CO_2 efficiency large trucks (> 7.5 tonnes)	**88%**	100%	**82%**	79%	**85%**	88%	**88%**	90%
Small trucks and vans fuel efficiency (diesel)	**91%**	85%	**89%**	80%	**90%**	83%	**92%**	86%
Small trucks and vans fuel efficiency (gasoline)	**91%**	86%	**100%**	88%	**96%**	88%	**97%**	84%
Large trucks fuel efficiency (diesel)	**92%**	100%	**82%**	80%	**87%**	89%	**90%**	91%
Aviation								
CO_2 efficiency aircraft	**100%**	100%	**100%**	100%	**100%**	100%	**100%**	100%
Buildings								
CO_2 efficiency buildings	**100%**	100%	**100%**	100%	**100%**	100%	**100%**	100%
Electricity efficiency for buildings	**90%**	85%	**89%**	91%	**89%**	88%	**91%**	79%
Gas efficiency for buildings	**89%**	84%	**81%**	84%	**85%**	84%	**88%**	75%
Energy efficiency buildings	**100%**	100%	**100%**	100%	**100%**	100%	**100%**	100%
Sustainable electricity usage	**100%**	100%	**100%**	100%	**100%**	100%	**100%**	100%
Company cars								
Number of company cars	**90%**	100%	**98%**	100%	**95%**	100%	**96%**	100%
EU standards for trucks (only EU countries)								
Small trucks	**91%**	100%	**98%**	100%	**93%**	100%	**93%**	100%
Large trucks	**100%**	100%	**98%**	100%	**98%**	100%	**98%**	100%
Waste								
Total waste per FTE	**86%**	77%	**81%**	80%	**82%**	78%	**73%**	64%
Percentage of waste separated for recycling	**86%**	74%	**65%**	73%	**73%**	73%	**66%**	60%
Noise complaints								
Noise complaints	**31%**	100%	**100%**	100%	**69%**	99%	**63%**	87%
Environmental incidents								
On-site environmental incidents	**100%**	100%	**100%**	100%	**99%**	99%	**86%**	87%
Off site environmental incidents	**100%**	100%	**100%**	100%	**99%**	99%	**86%**	87%
OTHER STAKEHOLDERS								
Subcontractors								
Subcontractor road traffic fatal accidents	**100%**	89%	**100%**	100%	**100%**	95%	**100%**	96%

Annex 4 Glossary and definitions

AA1000 framework
The AA1000 framework is a generally-applicable standard for assessing, attesting to and strengthening the credibility and quality of organisations' sustainability reporting and the underlying processes, systems and competencies. The standard is issued by AccountAbility, an organisation that promotes accountability for sustainable development. The AA1000 framework is based on three key elements: responsiveness, completeness and materiality.

Absenteeism
Total days absence versus potential working days, calculated at year-end.

All training hours
All training hours are the number of hours spent on training by the total of employees on payroll (including social responsibility training hours) during the reporting period (both on-and off-job and both internal and external programmes).

Biofuel
Biofuel (also called agrofuel) can be broadly defined as solid, liquid, or gas fuel consisting of or derived from biomass. Biofuel consists of CO_2 that has recently been extracted from the atmosphere as a result of growing of plants and trees and therefore does not influence the CO_2 concentration in the atmosphere over a longer period of time. This is in contrast to fossil fuels, such as natural gas or crude oil, which are stored over billions of years so that their combustion and subsequent emissions do influence CO_2 levels in the atmosphere.

Blameworthy road traffic incident
A road traffic incident is defined by TNT as a crash or collision involving a TNT vehicle. A vehicle incident can also result into an accident to be reported if the TNT employee is also injured or death. Road traffic incidents are considered blameworthy if a TNT driver is at fault. A road traffic incident excludes superficial damage to windscreens or paintwork, damage due to environmental conditions, vandalism, animals and theft.

Blameworthy road traffic fatal accident
A blameworthy road traffic fatal accident is where a TNT employee or third party is fatally injured, which means that the employee or third party died because of the accident of any person driving a TNT company-owned or operated vehicle. This indicator does not include blameworthy road traffic fatal accidents caused by subcontractors. Accidents that occur in company-owned or leased vehicles during weekends, non-working days or on the way to and from the office are also counted. An accident is considered blameworthy when the TNT driver is at fault.

Business travel
Business travel refers to all business-related air flights.

Carbon dioxide emissions
Carbon dioxide emissions relate to the gas formed during the combustion of fossil fuel. Carbon dioxide (CO_2) is referred to as a greenhouse gas.

Civil society
Civil society as a stakeholder group includes academic and research institutes, financial and investment service organisations, government agencies, industry associations and international organisations, NGOs and trade unions.

CO_2 efficiency
CO_2 efficiency expresses the efficiency of TNT's business in terms of CO_2 emissions, i.e. the CO_2 emitted per service provided, per letter or parcel delivered.

CO_2-neutral
Carbon-neutral is where the net CO_2 equivalent emissions from activities are zero.

Community investment
World Food Programme including costs for knowledge transfer, hands-on support, raising awareness and funds for WFP and cash donations. Planet Me investments are aimed at reducing CO_2 emissions of TNT's activities and its employees.

Company cars
Company-owned or leased vehicles made at the disposal of a TNT employee for commuting and business travel. This category also includes hired vehicles used for business expansion reasons (not replacement vehicles hired for vehicles under repair).

Corporate governance
The OECD (see reference below in this glossary) defines corporate governance as the system by which corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants such as the board, managers, shareholders and other stakeholders, and defines the rules and procedures for making decisions. In doing so, it also provides the structure through which company objectives are set, the means of attaining those objectives and monitoring performance.

Corporate responsibility
Corporate responsibility is the umbrella term for the obligation a company has in considering the social (corporate social responsibility) and environmental (sustainability) impact of its activities and to go beyond this obligation in the treatment of economic, environmental and social activities to sustain its operations, financial performance and ultimately its reputation.

Customer satisfaction
Customer satisfaction is a indicator of the number of customers that confirmed through external channels such as correspondence, surveys, focus groups, trade bodies and so forth that they were (un)satisfied or more overall with the service provided in the reporting period.

Disabled employees
Disabled employees are employees on payroll whose medical condition is recognised by the relevant authorities as a disability.

Dow Jones Sustainability Indexes
Launched in 1999, the Dow Jones Sustainability Indexes are the first global indexes to track the financial performance of the leading sustainability-driven companies worldwide. They provide asset managers and other stakeholders with reliable and objective benchmarks for managing sustainability portfolios. For further information see www.sustainability-indexes.com.

Employee engagement
Employee engagement relates to the number of employees (employed by TNT for 3 months or more) who stated in the employee engagement survey that they were engaged or more than engaged by TNT as an employer.

Environmental incident
An environmental incident is an incident that has led to the pollution of soil, water or air. This includes failures, breakdowns, floods, spillages, leaks, leakages and so forth.

European emission standards
Euro 4 and Euro 5 are mandatory European emission standards (EU directives) applicable to new road vehicles sold in the European Union that define levels of vehicular emissions like NO_x and particulate matter (PM).

European Union Emission Trading Scheme (EU ETS)
In January 2005, the European Union Greenhouse Gas Emission Trading Scheme (EU ETS) commenced operation as the largest multi-country, multi-sector greenhouse gas emission trading scheme worldwide. The concept of emission trading can be summarised as the obligation for large emitters such as energy producers to monitor and report on CO_2 emissions and to buy or sell when surpassing the agreed emission allowance. This scheme will become applicable to aviation as of 2012.

Full time equivalents (FTEs)
FTEs is the total number of hours worked by the headcount divided by the local number of contract hours (e.g. 40 p/w or 196 p/m).

Global Reporting Initiative (GRI)
The GRI is a multi-stakeholder process and independent institution whose mission is to develop and disseminate globally-applicable sustainability reporting guidelines for voluntary use by organisations that report on the economic, environmental and social dimensions of their business. The GRI incorporates participation of business, accountancy, investment, environmental, human rights and research and labour organisations from around the world. Starting in1997, the GRI gained independence in 2002, is an official collaborating centre of the United Nations Environment Programme, and works with the United Nations Global Compact. For more information, see www.globalreporting.org.

Greenhouse Gas Protocol
The Greenhouse Gas Protocol Initiative (GHG Protocol) was established in 1998 to develop internationally-accepted accounting and reporting standards for greenhouse gas emissions from companies.

Hazardous waste
Hazardous waste is waste that could prove harmful to human health or the natural environment.

Headcount
Headcount is the number of own employees on the payroll in active duty working for fully-consolidated companies.

Internal promotion
The number of TNT employees appointed to vacancies in management positions at the end and of a reporting period. This refers to the number of actual appointments, not the number of FTE positions.

International Organization for Standardization (ISO)
The ISO is a network of national standards institutes from 146 countries working in partnership with international organisations, governments, industry, business and consumer representatives. The ISO is the source of ISO 9000 standards for quality management, ISO 14000 standards for environmental management and other international standards for business, government and society. For further information see www.iso.org.

Investors in People (IiP)
Developed in 1990 by a partnership of leading businesses and national organisations, Investors in People helps organisations to improve performance and realise objectives through the management and development of their staff. For further information www.investorsinpeople.co.uk.

ISO 9001 (quality management)
The ISO 9000 standards cover an organisation's practices in fulfilling customers' quality requirements and applicable regulatory requirements while aiming to enhance customer satisfaction and achieve continual improvement of its performance in pursuit of these objectives.

ISO 14001 (environmental management)
The ISO 14001 standard is an international standard for controlling environmental aspects and improving environmental performance, minimising harmful effects on the environment and achieving continual improvements in environmental performance.

Annex 4
GLOSSARY AND DEFINITIONS CONTINUED

Key Performance Indicators (KPIs)
KPIs are measurements that focus on achieving outcomes critical to the current and future success of an organisation. These indicators should deal with matters that are linked to the organisation's mission and vision, and are quantified and influenced where possible.

Lost time accident
For the purpose of CR reporting lost time accidents are defined as the number of employees that are absent from work as a result of a work related accident for at least one day in the reporting period, excluding the day that the accident occurred.

Management positions by gender
Management positions are defined as the number of females/males employed in management positions or above (i.e. with responsibilities for other employees (including subcontractors) or with budget responsibility).

Noise complaints
Noise complaints are the number of written or documented verbal expression of grievance and/or dissatisfaction from external parties received during the reporting period relating to noise caused by an operation on-or off-site.

Non-blameworthy road traffic incident
A road traffic incident is defined by TNT as a crash or collision involving a TNT vehicle. A vehicle incident can also result into an accident to be reported if the TNT employee is also injured or death. Road traffic incidents are considered non-blameworthy if a TNT driver is not at fault. A road traffic incident excludes superficial damage to windscreens or paintwork, damage due to environmental conditions, vandalism, animals and theft.

Non-blameworthy road traffic fatal accident
A non-blameworthy road traffic fatal accident is where a TNT employee or third party is fatally injured. This means that the employee or third party died because of the accident of any person driving a TNT company-owned or operated vehicle. non-blameworthy road traffic fatal accidents that occur in company-owned or -leased vehicles during weekends, non-working days or on the way to and from the office are also counted. An accident is considered non-blameworthy when the TNT driver is not at fault. Non-blameworthy road traffic accidents at subcontractors are not included.

Non-OECD countries
Please refer to the definition below for the OECD. Non-OECD countries in which TNT (Mail and Express) has operations include Argentina, Bahrain, Brazil, Bulgaria, Cambodia, Chile, China, Cyprus, Egypt, Estonia, Fiji, Hong Kong, India, Indonesia, Israel, Jordan, Kenya, Kuwait, Latvia, Lithuania, Malaysia, Namibia, Philippines, Romania, Russia, Saudi Arabia, Singapore, Slovenia, South Africa, Taiwan, Thailand, United Arab Emirates and Vietnam.

On-time delivery
Delivery of a consignment within the timeframe set for the service in question.

Organisation for Economic Co-Operation and Development (OECD)
The Organisation for Economic Co-Operation and Development (OECD) comprises 30 member countries that share a commitment to democratic government and the market economy. Member countries – sometimes referred to as OECD countries – represent the world's most developed countries. For further information see www.oecd.org.

OHSAS 18001 (occupational health and safety management)
OHSAS 18001 is a standard for occupational health and safety management systems. It is intended to help organisations control occupational health and safety risks and was developed in response to widespread demand for a recognised standard for certification and assessment. OHSAS 18001 was created through collaboration of several of the world's leading national standards bodies, certification organisations and consultancies. For further information see www.ohsas-18001-occupational-health-and-safety.com.

PACI (Partnering Against Corruption Initiative) Principles
The PACI's mission is to develop multi-industry principles and practices that will result in a competitive level playing field, based on integrity, fairness and ethical conduct. The PACI places the private sector in a unique position to guide governments' and international organisations' strategies and policies on anti-corruption and has built strong relationships with the key players and institutions from the global anti-corruption landscape. For more information go to www.weforum.org/en/initiatives/paci.

Planet Me
The TNT Planet Me programme was initiated in 2007. The programme is divided into three initiatives:
- Code Orange includes initiatives that the company is implementing to reduce the impact the company has on the environment,
- Choose Orange will make employees more aware of their contribution to reducing their impact on the environment, and
- Count Carbon focuses on internal processes to manage, measure and report CO_2 emissions.

Road traffic fatal accident
A road traffic fatal accident is one where a TNT employee or third party is fatally injured such that the employee or third party died because of the accident and where any person driving a TNT company-owned or company-operated vehicle is involved. Road traffic fatal accidents that occur in company owned or leased vehicles during weekends, non-working days or on the way to and from the office are included also.

Road traffic serious accident
A road traffic serious accident is defined as a physical injury to a TNT employee or third party where the injured person(s) is admitted to hospital for more than 24 hours due to a work related road traffic accident.

SA 8000 (social accountability management)
SA 8000 is a standard issued by human rights organisation Social Accountability International (SAI). The standard is designed to maintain just and decent working conditions throughout a supply chain. It is based on international workplace standards in the International Labour Organization conventions and the UN's Universal Declaration of Human Rights and the Convention on Rights of the Child. It covers child labour, forced labour, health and safety, freedom of association and right to collective bargaining, discrimination, discipline, working hours, compensation and management systems. For further information see www.sa-intl.org.

Soot filters
Exhaust gases from diesel engines contain soot, which is harmful for one's health. For this reason, the European Commission has set standards for soot emission levels. Soot emission levels are reduced significantly by the introduction of a soot filter. Soot filters consist of a porous wall that allows exhaust gases to pass through it but stop the majority of fine soot particles from leaving.

Subcontractor road traffic fatal accident
A subcontractor road traffic fatal accident occurs when a subcontractor or other third party is fatally injured by a person driving a subcontractor-owned or -hired vehicle, which is operated on behalf of TNT.

Sustainable energy
Sustainable energy is energy from 'green' or 'renewable' sources such as solar, wind, geothermal, biomass, hydroelectric and ocean energy purchased during the reporting period for power and lighting of all company locations (where this can be established from utility suppliers' invoices or other means). It does not include nuclear energy.

Transport safety training hours
Transport safety training hours are the number of hours spent by the total of employees on payroll on transport safety training during the reporting period (both on and off the job training and both internal and external programmes).

Voluntary turnover
Voluntary turnover is the number of TNT employees on permanent contract (full-time or part-time) who resigned from the company of their own free will. This includes all resignations but not redundancies, dismissals, retirement or transfers.

Working hours
The definition of working hours is based on the total number of individually-calculated hours adjusted for overtime, leave or similar deviations.

Workplace fatal accident
The death of a TNT employee due to a work-related accident or the death of a third party whilst working at a TNT facility.

Workplace serious accident
A workplace serious accident is defined as a physical injury to a TNT employee or third party where the injured person(s) is admitted to hospital for more than 24 hours due to a work related workplace accident.

World Economic Forum
The World Economic Forum is an independent international organisation committed to improving the state of the world. It provides a collaborative framework for the world's leaders to address global issues and engage its corporate members in global citizenship. For further information see www.weforum.org.

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