

Sure we can

Annual overview 2008

The information contained in this annual overview is a selection from our 2008 Annual Report. For a complete presentation of the facts presented in this overview you should consult the annual report. In case of any discrepancy between the information in this overview and the annual report, the text in the annual report prevails.

A Dutch translation of this document is also available. Information contained in this overview and in the annual report can also be found on our website at group.tnt.com.

For additional copies of the English or Dutch overview or of the annual report, e-mail a request to annualreport@tnt.com, fax a request to + 31 26 319 5221 or send a request to TNT Investor Relations.

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2008 IN BRIEF

7 January	TNT completes its €200 million tranche of share buy-back programme and starts a second €100 million tranche
18 February	TNT completes €100 million tranche of its share buy-back programme
5 March	TNT Post and Postbank to transfer their services from the 250 main post offices to existing and new locations in their own networks by the end of 2012. This will involve discontinuing their partnership in Postkantoren BV
7 March	Berlin Administrative Court confirms: minimum wage not binding for TNT Post. The German State files an appeal
11 March	TNT opens scheduled road connection to Ukraine
11 April	TNT invests €100 million to capture freight opportunities between Southeast Asia, Europe and China
28 April	TNT announces start of last tranche under its up to €500 million share buy-back programme
8 May	TNT introduces new brand in Brazil: "TNT Mercúrio" - Major step towards full integration of Mercúrio
15 May	TNT doubles its effort to cut carbon emissions of its road fleet with the introduction of more than 100 electric trucks in the UK, China, and Australia
30 May	TNT mobilises fleet to deliver aid to Nargis victims in Myanmar
1 July	TNT completes €500 million share buy-back programme
4 July	TNT starts the only scheduled road services between China and Southeast Asia
18 July	TNT and trade unions agree on collective labour agreement in the Netherlands
5 August	TNT successfully places benchmark Eurobond of £450 million
18 August	TNT completes integration of Speedage. India-based road express arm rebranded as TNT
4 September	TNT sustains leadership in Dow Jones Sustainability Indexes. TNT again elected 'super sector leader' in industrial goods and services
22 September	TNT captures 'can do' mentality in new strap line. The company will apply 'sure we can' to all its vehicles, such as the trucks and planes, as well as to communication materials and campaigns
16 October	TNT issues trading statement: Trading conditions in TNT's European Express business have significantly worsened in September and TNT expects this pressure to continue in the fourth quarter
27 October	TNT opens first "green" depot in the Netherlands
16 December	TNT announces interest to explore strategic partnership with Royal Mail
18 December	Appeal court: minimum wage German postal sector void

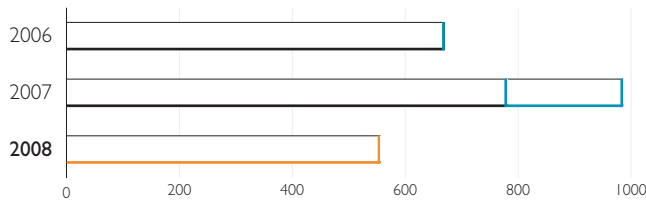
TNT AT A GLANCE

Shareholder's dashboard

Source: TNT annual reports 2006, 2007 and 2008

Shareholders' profit

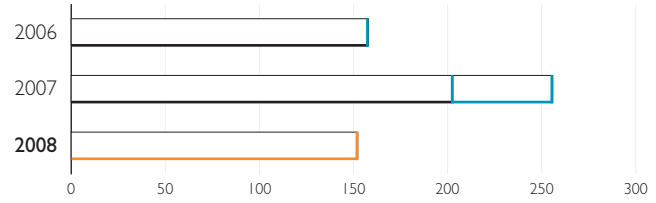
in € millions



The extended section of the 2007 bar relates to discontinued operations

Earnings per diluted ordinary share

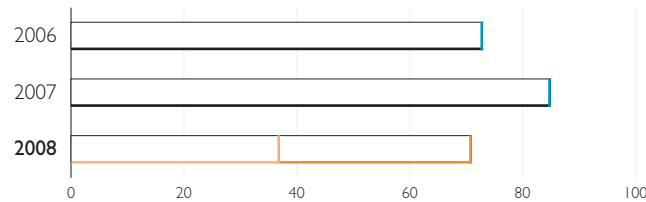
in € cents



The extended section of the 2007 bar relates to discontinued operations

Dividend per share

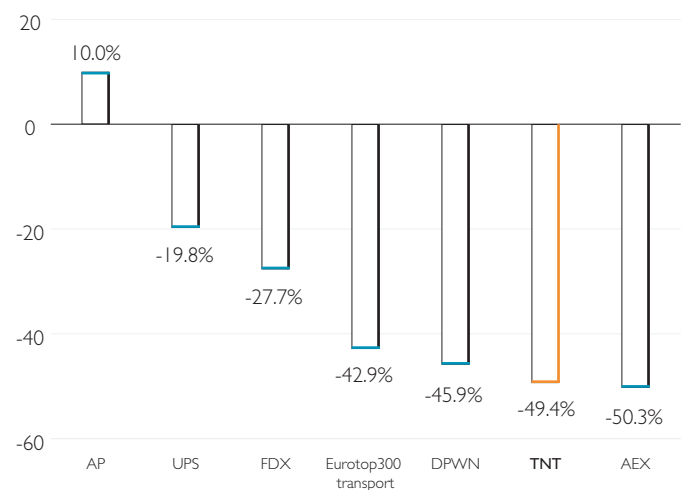
in € cents



The extended section of the 2008 bar relates to the pro forma value of the proposed stock dividend. Dividend per share for 2008 is calculated on the basis of the cash dividend of €34 cents per share and the proforma value of €37 cents for the proposed share dividend of one share for every forty shares to be paid out of distributable reserves and based on the volume weighted average share price of 11–13 February 2009 (€14.66).

Shareholder return

2008



AP: Austria Post FDX: FedEx DPWN: Deutsche Post World Net

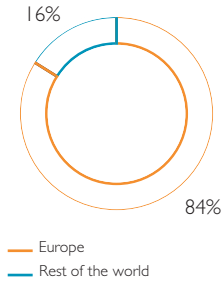
Bron: Bloomberg Professional (own currency based)

TNT around the world

Source: TNT annual report 2008

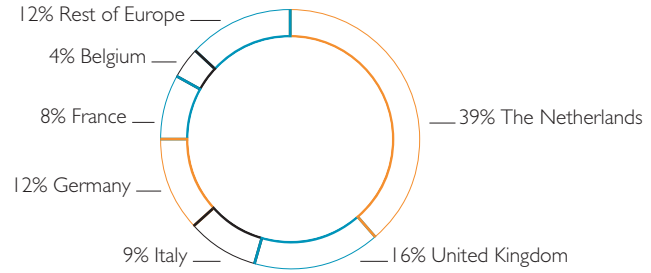
Net sales – 2008

€10,983 million



Net sales Europe 2008

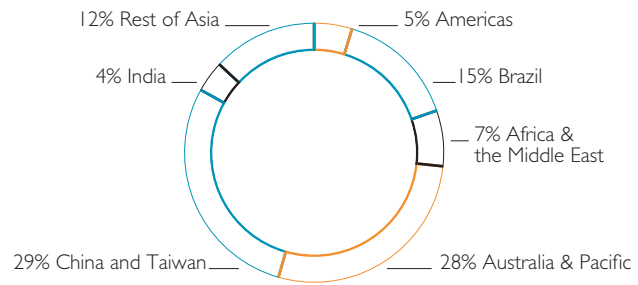
€9,224 million



sure *we can* 7

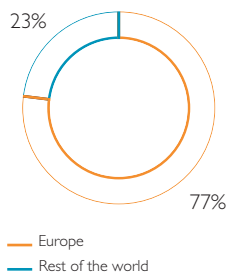
Net sales rest of the world 2008

€1,759 million



Employees around the world – 2008¹

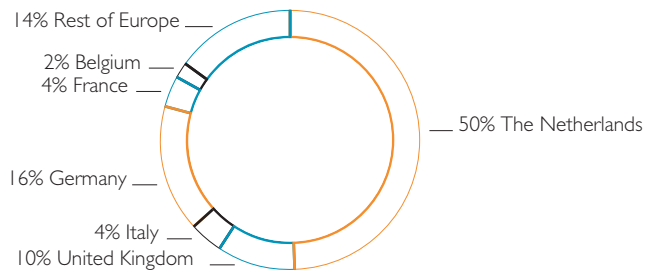
163,245



¹ – Excluding joint ventures

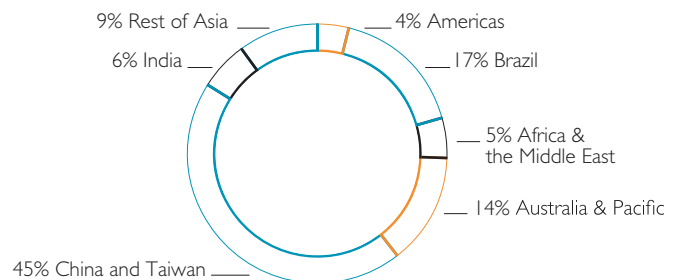
Employees in Europe 2008

126,096



Employees rest of the world 2008

37,149



LETTER FROM THE CEO



TNT's Board of Management. From left to right: Harry Koorstra, Marie-Christine Lombard, Peter Bakker and Henk van Dalen.

Navigating the perfect storm

Dear readers,

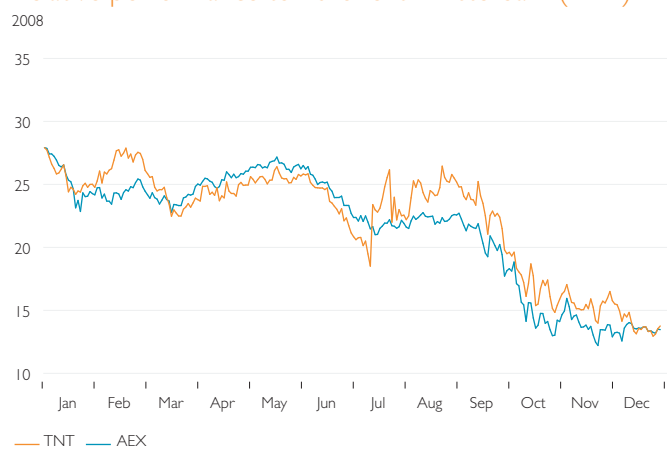
It is clear that all is not well with the world. We are in the midst of an unprecedented financial crisis combined with a harsh economic recession. And yet it is not just the economy that is in trouble. Of all the global issues the price of oil and measures required to prevent a climate crisis will most likely continue to impact our business.

Our report on 2008 contains two separate documents: in this annual report we report mainly on our business and financial performance. In our corporate responsibility report, published at the same time as our annual report, we provide information on many of the non-financial elements of our business, like our people, integrity, energy and climate performance.

Financial and operational performance

So how did TNT perform during a year in which "a perfect storm" hit globally affecting all sectors of business and most geographies? Stock exchanges across the world have gone through unprecedented declines and also the TNT share has depreciated by 51%, largely in line with the Euronext Amsterdam. The sudden decline in the economy and the speed of it has taken us all by surprise, leading to two profit outlook adjustments in October and December of 2008.

Relative performance to Euronext Amsterdam (AEX)



Looking at our business performance in Express, the year started out in line with the trends from the last quarters of 2007. In June 2008, our Express air volumes started to decline and we witnessed further declines of volumes in September and from November onwards. An increasing number of our customers either

lowered their output or decided to move their consignments out from our air network and into our road network for slower delivery at a lower cost, both trends adding up to a particularly negative impact on volumes in our air network although from November also our road volumes in Europe showed a clear decline. Network optimisation programmes have been implemented to cut costs to adjust for the volume declines, but given the speed and unprecedented levels of declines, significant pressure on profits in Express was unavoidable.

In Mail, the impact of the economy on the volume developments was much less visible. Mail volumes continued to decline in the Netherlands as a result of mainly substitution by electronic alternatives as well as ongoing growth in competitive networks, including our own VSP alternative network. We need to make the TNT Post activities in the Netherlands ready for full liberalisation. For this reason we continued discussions with the unions about a new collective labour agreement (CLA). For the first time since 1984 this led to limited work stoppages in several parts of the country. Both parties agreed to adopt a new one-year CLA, which will expire on 1 April 2009. Talks on a new production CLA commenced in the latter part of 2008 and will likely bring about a new CLA in the first quarter of 2009.

The liberalisation of the European mail market further requires our continuous attention. The situation surrounding the unfairly high minimum postal wage in Germany continues to be unsatisfactory and together with the unfair VAT rules provide real hindrance to the successful development of postal competition in Germany. In the Netherlands the government concluded not all conditions were met for a full opening of the postal market per end of the year. Political pressure to open the Dutch market in 2009 remains high.

In December, TNT expressed its interest to explore a strategic partnership with Royal Mail. Our interest was triggered by the publication of the Hooper Commission report, which recommends a strategic partnership with a private sector company and sets out a number of critical requirements for a sustainable future for Royal Mail. We believe that a strategic partnership with Royal Mail could make a lot of sense for both our companies.

Our brand and the TNT employees' can-do mentality has been captured in a new strap line: "sure we can". Internal workshops are being held to explain its meaning in the daily work of employees with customers and we are updating the orange livery of our vehicles and aircraft.

New corporate responsibility strategy

It is clear that in the current economic environment we will need to more than ever manage our financial performance. And yet it is our view, that in the current age a company cannot be led anymore just focusing on its financial performance alone. In order to perform well, to attract and motivate the people in our workforce and retain our licence to operate we need to broaden our focus on all stakeholders of the company.

For this reason we have reviewed and updated our corporate responsibility (CR) strategy in 2008. Corporate responsibility combines sustainability, which focuses on the environment, and corporate social responsibility, which deals with our people, our customers, our investors and society as a whole. The TNT CR strategy underlines our firm resolution to continue to strive for responsible leadership.

Looking ahead to 2009

More than any other year in the first decennium of TNT's existence 2009 will be a challenging year. TNT will focus its efforts around "six C's".

The first C stands for **Customers**. We need to keep in very close touch with our customers in this economic downturn, monitor their problems and needs and try to assist them in every way we can, by coming up with proposals and innovative solutions that will allow them to use our services in the most cost efficient manner possible. This way we can weather the storm together.

The second C stands for **Cost**. The challenge is to effectively manage costs to offset the volume decreases in Express and Mail. This challenge will be biggest for Express, as this division will most probably continue to face volume declines in its networks. Express will have to consider its entire cost structure and not rule out any cost saving measure, including decommissioning part of its air fleet. In 2009 structural cost savings of €90-125 million are to be achieved, mostly to come from further network optimisation in networks and centralisation of customer services. In addition, Express is targeting to implement further variable cost saving measures up to an amount of about €200 million of savings in 2009 to cope with expected volume declines.

In Mail cost cutting has been on the agenda for some fifteen years now. As a consequence of the impact of electronic media on the demand for mail services, TNT anticipates that the mail volume decline could rise to around 6% annually in the period to 2012. This necessitates additional cost management programmes on top of the existing Master Plans that were announced in 2006 and aim to realise €395 million of annualised cost savings by 2015. TNT has started work on a complete redesign of its Dutch mail network - called Master Plan III - that aims to deliver a further €200 million annual savings in the future.

The third C stands for **Cash**. In 2009 we will have to focus on careful cash management. The economic crisis means that cash is a scarce resource, which needs to be treated with prudence. At the end of 2005 - as part of our Focus on Networks strategy - we have begun to optimise our capital structure. Over the last three years more than €3.2 billion has been returned to our shareholders. We defined an optimal capital structure for TNT at an investment grade BBB+ credit rating, which in the mean time we have now achieved. The aim of our cash flow management is to maintain our current strong financial position.

Especially in the uncertain and declining economic environments in which we now operate a prudent approach to all our stakeholders is essential.

The fourth C stands for **Care**. As a people company we aim to create a workplace where a diverse set of people are engaged, rewarded competitively, work in a safe place, are treated equally, can speak up freely and will be responsible and accountable. However, due to the economic downturn and the changing environment in the mail market we will have to shrink some parts of our operations. We will do our best to ensure any remuneration adjustments or job losses will be dealt with in a socially responsible manner. In this context we have also found it appropriate to adjust top management remuneration to a significantly lower overall level. **Care** also captures all our voluntary contributions and activities, like our partnership with WFP. These are what makes us a special company, a company that people like to work for and are proud of. We will remain committed to this fundamental part of our company's values.

The fifth C stands for **Climate**. The economic downturn notwithstanding TNT must continue its quest to reduce its CO₂ footprint. Later this year the leaders of the world will gather in Copenhagen to decide on future regulation to combat the climate change globally. We need to prepare our business model for long term rising oil prices and the possible introduction of carbon pricing, as well as test new technologies that can clean up our operations.

The sixth and final C stands for **Confidence**. When we look at the operating environment the world is in, glance over the challenges set out above it could be easy to become disheartened by them. Easy, but wrong. It is my firm conviction that we can overcome all these challenges. At TNT we are not believers in doom; at TNT we are can-do people.

At the end of this letter I would like to thank a number of people. Firstly I would like to thank Mr Jan Hommen, who has guided us as chairman of the Supervisory Board for the past four years and who has now given over to our new chairman, Mr Piet Klaver.

To all our people, and in particular the members of our works councils and other employee representative bodies, I would like to say thank you for all your energy and commitment to TNT. Times are not easy, but together we can surmount the obstacles and come out stronger. Sure we can!

Wishing you all the best, on behalf of my colleagues in the Board of Management,



Peter Bakker, CEO

Hoofddorp, the Netherlands
16 February 2009

MISSION AND STRATEGY

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.

Focus on Networks strategy

TNT's strategy is to focus on providing delivery solutions by expertly managing delivery networks. TNT calls its strategy "Focus on Networks". This strategy was first presented in the fourth quarter of 2005, contains manageable execution risks, and is based on TNT's core strengths, with the objective of achieving profitable growth.

In the first phase of its Focus on Networks strategy, TNT concentrated on transforming its foundations by exiting its logistics and freight management activities, concentrating on (Mail and Express) networks and optimising its capital structure.

Since the start of the second phase (called "Grow and Build Value") in December 2007, the emphasis is now on further strengthening the core of the portfolio (Mail Netherlands and Express Europe) and accelerating the build-up of the emerging platforms in European Mail Networks and Parcels and Express emerging businesses. In addition, other "delivery solution opportunities" such as deferred services and niche solutions for specific client sectors are being actively developed.

TNT picks up, transports, sorts, handles, stores 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.

TNT uses a clear express market definition to clarify its position within the sector. This 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 2007, TNT estimated the size of this market in Europe to be approximately €21 billion. TNT consolidated its market leadership in Europe with a market share of 18%, followed by DHL (16%), UPS (9%) and La Poste (7%).

TNT takes different positions in the European mail market, the size of which is estimated at 102 billion items and at €56 billion revenue. In the Netherlands, TNT is the historical incumbent that has to manage the decline of its market share, which market share is estimated at 86% in 2008. In other European countries, TNT takes the challenger position. TNT estimates its market share

in volume in the addressed mail market at 3% in Germany, 12% in the United Kingdom and 2% in Italy. For the smaller countries in which TNT is active (Austria, Belgium, Czech Republic and Slovakia), the market share is around 1%. In unaddressed mail, TNT's market share is around 7% in Germany, 13% in the United Kingdom, 31% in Italy, and 55% in smaller countries.

Corporate Responsibility

TNT reviewed and updated its strategy for social and environmental objectives during 2008. The first result is the adoption of a new term: corporate responsibility. For TNT this combines sustainability, which focuses on the environment, and corporate social responsibility, which deals with people and society as a whole.

TNT's policy over the past four years has been to lay a solid foundation across both social and environmental agendas to ensure all fully-owned TNT operations comply with five certified management systems as appropriate to each company component:

- OHSAS 18001 (occupational health and safety)
- Investors in People (personal growth of employees),
- SA 8000 (social responsibility in non OECD countries),
- ISO 9001 (quality management leading to operational excellence), and
- ISO 14001 (environmental management).

TNT actively seeks to limit the environmental impact of its business activities. In particular, CO₂ emissions, generated by TNT's operational activities, are a key area of focus. Besides its own CO₂ footprint, TNT acknowledges co-responsibility for the emissions resulting from transport activities that are contracted out and reports on the subcontracted CO₂ emission in addition to its own footprint. The CO₂ footprint is completed by including the CO₂ emissions from business travel by air and company cars.

TNT has built a reputation of CR leadership through special initiatives, such as its innovative corporate partnership with the United Nations World Food Programme (WFP). Since 2002 TNT has been bringing its people, capabilities and skills into action to help WFP in its fight against world hunger. This partnership has been very successful, with benefits for WFP and TNT. Total volume of in-kind and cash contribution and employee fundraising in 2008 was €7.8 million. In addition, 66% of TNT's employees indicated in the 2008 annual employee engagement survey that they considered TNT a more attractive employer as a result of the partnership with WFP.

Whilst TNT's CR performance has been recognised as innovative and achieved desired outcomes, it is clear from the intensive examination made during 2008 that there are points for improvement, especially in aligning the priorities in TNT's CR strategy with the areas where TNT makes the biggest impact: employees and the environment. Developing a framework that establishes the CR standards for subcontractors and other stakeholders and realigning voluntary and philanthropic contributions behind overall CR objectives are two other priorities.

GROUP FINANCIAL REVIEW

Group consolidated results

Consolidated group results

Year ended at 31 December

	2008	variance %	2007
Total operating revenues	11,152	1.2	11,017
Other income	35	(53.3)	75
Operating expenses excluding depreciation, amortisation and impairments	(9,806)	(2.7)	(9,551)
EBITDA	1,381	(10.4)	1,541
Depreciation, amortisation and impairments	(399)	(14.3)	(349)
Total operating income	982	(17.6)	1,192
as % of total operating revenues	8.8		11
Net financial expense	(147)	56.4	(94)
Income taxes	(242)	23.4	(316)
Results from investments in associates	(33)	(3,400.0)	1
Profit for the period from continuing operations	560	(28.5)	783
Profit from discontinued operations	0		206
Profit for the period	560	(43.4)	989
Attributable to:			
Minority interests	4	33.3	3
Equity holders of the parent	556	(43.6)	986
Earnings per ordinary share (in cents) ¹	152.9	(40.6)	257.4
Earnings per diluted ordinary share (in cents) ²	152.5	(40.5)	256.1

(in millions, except percentages and per share data)

1 – In 2008 based on an average of 363,566,403 of outstanding ordinary shares (2007: 383,028,938). See note 31 to the consolidated financial statements.

2 – In 2008 based on an average of 364,704,745 of outstanding ordinary shares (2007: 385,071,986). See note 31 to the consolidated financial statements.

In 2008, TNT had total operating revenues of €11,152 million (2007: 11,017).

Total operating revenues increased by 1.2% in 2008 compared to 2007. Operating income decreased by 17.6%, mainly caused by the economic downturn which resulted in reduced volumes within Express, resulting in lower operating results predominantly in the International and Domestic business cluster. The significant change of foreign exchange rates against the euro compared to 2007 (mainly the British pound and the US dollar) has a negative impact on group operating revenue of €308 million.

Net assets and financial position group

Overview

	2008	variance %	2007
Balance sheets			
Non-current assets	4,730	(1.9)	4,823
Current assets	2,430	7.9	2,252
Assets held for sale	25	150.0	10
Total assets	7,185	1.4	7,085
Equity	1,757	(9.9)	1,951
Non-current liabilities	2,756	23.5	2,232
Current liabilities	2,672	(7.9)	2,902
Liabilities related to assets classified as held for sale	0	0.0	0
Total liabilities and equity	7,185	1.4	7,085
Net return on equity ¹ (%)	31.6		50.5
Equity as % of total liabilities and equity	24.5		27.5
Cash flow statements			
Net cash from operating activities	923	43.5	643
Net cash used in investing activities	(257)	(3,112.5)	(8)
Net cash used in financing activities	(458)	27.9	(635)
Changes in cash and cash equivalents from continuing operations	208		0
Net cash from operating activities	0		(19)
Net cash used in investing activities	0		4
Net cash used in financing activities	0		16
Changes in cash and cash equivalents from discontinued operations	0	0.0	1

(in millions, except percentages)

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

Outlook 2009

Due to the highly uncertain macro-economic and business environment, instead of giving an outlook for 2009 on revenue growth and operating margin, TNT will provide certain indications only:

- Express: revenues expected to decline due to volume declines and lower fuel surcharge,
- Mail: as previously guided, addressed volumes in the Netherlands expected to show an increasing rate of decline,
- Additional pension P&L charge: €40 million compared to 2008; mainly Mail,
- Approximately €400 million total cost savings targets pursued.

EXPRESS

In 2008, TNT's Express division earned revenues of €6,653 million. The Express division accounted for 59.7% of TNT's group operating revenues and 38.3% of TNT's group operating income.

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

Express financial overview

Year ended at 31 December

	2008	variance %	2007 ¹
Total operating revenues	6,653	1.6	6,551
as % of total operating revenues TNT	59.7		59.5
Other income	7	(22.2)	9
Total operating expenses	(6,284)	(5.4)	(5,961)
Total operating income	376	(37.2)	599
as % of express operating revenues	5.7		9.1

(in millions, except percentages)

Express operating revenues

Year ended at 31 December

	2008	variance %	2007
International & Domestic	5,438	(0.2)	5,448
Express Emerging Platforms ¹	1,215	10.2	1,103
Total operating revenues	6,653	1.6	6,551
as % of total operating revenues TNT	59.7		59.5

(in millions, except percentages)

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

Express operating expenses

Year ended at 31 December

	2008	variance %	2007
Cost of materials	325	21.7	267
Work contracted out and other external expenses	3,330	2.4	3,252
Salaries and social security contributions	1,996	4.3	1,913
Depreciation, amortisation and impairments	261	24.9	209
Other operating expenses	372	16.3	320
Total operating expenses	6,284	5.4	5,961

(in millions, except percentages)

Express operating statistics

Year ended at 31 December

	2008	2007
Number of consignments (in thousands)	230,431	228,199
Number of tons carried	7,451,803	7,390,779
Average of number of working days	254	252
Number of depots/hubs	2,376	2,331
Number of vehicles ¹	26,610	26,760
Number of aircraft ¹	46	47

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

During 2008, TNT's Express division realised modest growth in operating revenues due to strong performance in the first half of 2008 through volume growth in both domestic and international products. This was offset by negative growth in the second half of the year due to the economic downturn especially in Europe. Compared to last year operating income was lower by 37.2% impacted by lower capacity utilisation of the networks due to lower volumes and inflationary pressures due to the peak in fuel prices during July. After restating for the impact of foreign currency rates, restructuring provisions and impairments operating income was 22.5% lower than last year.

Business performance

In 2008, TNT's Express business achieved revenue growth of €102 million (1.6%) and an operating margin of 5.7%. The underlying organic revenue growth, adjusted for a fuel surcharge of €183 million, was -1.2%. The economic downturn, particularly in Europe, led to significant pressure on the business largely because of lower trading volumes from existing customers. As a result, operating income was adversely affected by sharply lower volumes in premium express products (air), which could not be compensated by cost reductions in the network.

In weeks 25 and 26, TNT saw a decline in air volumes in Europe. That decline accelerated, especially in September, to around -10%. Then, into November and December, TNT Express' air volumes turned yet more negative (around -20%) – and road volume growth, for the first time, was negative for the quarter as well. This negative development forced TNT to revise its 2008 outlook for Express twice. Operating income reduced to €376 million from €599 million in the prior year. In 2008, provisions and impairments were taken of €70 million in order to continue to align the business to lower volumes going forward.

Combined with the downturn in trading volumes, TNT continued to see a further shift from its international (premium) express products to Economy express products in 2008, a structural change that appeared more pronounced in 2008 as customers sought to control costs. In 2008, Express product volume decreased by 4.0% while Economy Express product volume increased by 2.5%.

International and domestic

The economic downturn negatively impacted trading volume, particularly in premium air services in Europe. In 2008, the large European countries (the United Kingdom, France, Germany and Italy) as well as the Benelux saw moderate organic revenue growth, albeit at a lower pace than last year. Cost control measures were implemented, with a focus on lowering overhead costs and achieving tighter operational planning.

As part of the network optimisation plan, ten airport connections in Europe were closed in 2008, leading to net annualised cost savings of €20 million, of which €5 million was realised in 2008.

Outside Europe, Australia continues to perform well through organic revenue and volume growth. The domestic express market of Australia is the largest market in the Pacific, where TNT holds a strong position.

Emerging platforms

In 2008, TNT's emerging platforms in China, India, South-east Asia, Middle East, Russia, Turkey and South America continued to achieve double-digit revenue growth and margins slightly below outlook target. Towards the end of 2008, the impact of negative global economic activity became also visible in the emerging platforms.

Economic conditions in South-east Asia and China continued to be relatively favourable in 2008 due to sound fundamentals and growing domestic demand. Nevertheless, economies with high international exposure were increasingly impacted by slowing demand in Europe and the Americas. China and India were driving economic growth in the region.

In India, TNT successfully integrated Speedage Express Cargo Services (Speedage) into its global Express network. Speedage, a domestic road express company, was acquired by TNT in September 2006. The integration will further strengthen TNT's strategy to become the market leader in India, using an integrated air and road network and operating under a single brand.

In South America, there was relatively good economic growth in Brazil, albeit at a slower pace than in previous years, due to the other currencies' depreciation and the slowdown in the US economy. Argentina was somewhat less impacted, as a relatively large share of its exports went to Asia.

MAIL

In 2008, TNT's Mail business earned revenues of €4,245 million, a 0.3% increase compared to 2007. Mail accounted for 38.1% of TNT's group operating revenues and 64.5% of TNT's group operating income.

In 2008, approximately 22% of TNT's Mail operating revenues and approximately 8% of the group's operating revenues (2007: 23% and 9%) were derived from reserved postal services in which TNT generally was not subject to competition.

In 2008 TNT experienced a volume decline of 2.4% per annum compared to 2007. The underlying decline of volumes adjusted for a comparable number of working days per year was 2.7% per annum. This is slightly better than the guidance TNT gave in 2004 of an average volume decline between 3% and 4% annually from 2004 up to 2012 onwards. The average decline since 2004 is around 3.5% per annum. The decline in 2008 was due in part to substitution by electronic media and accelerated by competition, offset by various one-off mailings.

Mail financial overview

Year ended at 31 December

	2008	variance %	2007
Total operating revenues	4,245	0.3	4,234
as % of total operating revenues TNT	38.1		38.4
Other income	26	(59.4)	64
Total operating expenses	(3,638)	0.9	(3,672)
Total operating income	633	1.1	626
as % of mail operating revenues	14.9		14.8

(in millions, except percentages)

Mail operating revenues

Year ended at 31 December

	2008	variance %	2007
Mail Netherlands and related business	2,751	(3.9)	2,862
Emerging Mail & Parcels	1,494	8.9	1,372
Total operating revenues	4,245	0.3	4,234
of which Emerging Mail & Parcels (excluding Germany)	1,246	8.8	1,145
total operating revenues as % of total operating revenues TNT	38.1		38.4

(in millions, except percentages)

Mail operating expenses

Year ended at 31 December

	2008	variance %	2007
Cost of materials	158	1.3	156
Work contracted out and other external expenses	1,473	5.7	1,394
Salaries and social security contributions	1,532	(5.1)	1,614
Depreciation, amortisation and impairments	131	(3.0)	135
Other operating expenses	344	(7.8)	373
Total operating expenses	3,638	(0.9)	3,672

(in millions, except percentages)

Mail operating statistics¹

Year ended at 31 December

	2008	2007
Addressed postal items delivered by Mail Netherlands (millions)	4,693	4,807
per Netherlands delivery address (items)	601	622
per Netherlands inhabitant (items)	285	294
per Mail Netherlands FTE ² (thousands of items)	162	160
operating revenues per FTE ² (thousands of €)	100	99
average percentage of national mail sorted automatically (%)	83	84
per delivery day (millions)	15.3	15.7

1 – Comparative statistics have been adjusted to reflect the changed business lines.

2 – The FTE (full time employee equivalent) definition is based on a 37-hour work week.

The operating revenues of the Mail business increased by 0.3% in 2008 (2007: 4.2%). In Mail Netherlands and related business revenues declined by 3.9%. Revenues in Emerging Mail and Parcels showed an 8.9% growth.

Operating expenses declined by 0.9% to €3,638 million. The decline was mainly due to a lower charge of €82 million for restructuring costs compared to €138 million in 2007.

Operating income increased by 1.1% in 2008 compared to 2007 mainly due to lower restructuring costs, partly offset by lower other income due to lower sales of buildings.

Business performance

In 2008, TNT Post took further steps in the Netherlands to implement the Master Plans, and reached agreement with the works council on the way forward. Equally important, significant progress was made in the restructuring of the labour costs, and the commercial approach was tuned further to the changing competitive situation.

The cost initiatives consist of efficiency measures and a restructuring of the labour costs. During 2008, TNT Post made a start with new working routines at its delivery and collection offices, leading to more standardisation. In autumn 2008, agreement was reached with the works council on the way forward with the upcoming efficiency projects. Also, TNT made progress reducing overhead costs.

Of the €395 million savings target of the Master Plans, TNT aims to realise €125 million through the restructuring of the labour costs. It proved to be a lengthy process to reach agreement with the labour unions on a new collective labour agreement and for the first time in 25 years TNT faced some local strikes of its postal workers. The collective labour agreement that was concluded in spring 2008 includes a salary increase of 3% as of 1 April 2008, and another 0.5% conditional on agreement of separate collective labour agreements for target groups with a different labour benchmark.

To TNT, the essential part of this new collective labour agreement is the acceptance of the labour unions that a fundamental step needs to be taken to come to more market oriented labour conditions for production workers. This involves the conclusion of a separate collective labour agreement for production workers as of April 2009, with the aim to reach a substantially lower salary level for these production workers. This should result in labour conditions more in line with the level common in production environments in the Netherlands. The discussions also involve accompanying transition arrangements for production workers.

Emerging mail markets

In addressed mail delivery the focus was on the major countries Germany, the United Kingdom and Italy.

Business performance was influenced by regulatory discussions in Germany on a minimum wage generally binding for all companies in the postal and delivery services sector; and the VAT exemption Deutsche Post enjoys. At the same time TNT focused on a healthy underlying performance of the organisation.

In the United Kingdom, the down stream access business has grown, and TNT started pilots with end-to-end delivery in the Liverpool area. At this moment regulation is however still a hurdle to a further roll-out.

In Italy, the service Formula Certa continues to grow rapidly whilst TNT Post Italy continues to provide services to Poste Italiane. With this service, TNT offers a track-and-trace service on regular mail. This service is currently offered in around 25% of Italy. It is the intention to extend this over the coming years.

In 2008, 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, – though the market position of TNT compared to competitors has not deteriorated. Unaddressed mail, however, is still of value to TNT in most countries.

CORPORATE GOVERNANCE

Pursuant to the Enabling Act as currently in force, TNT is subject to the full Dutch large company regime. Under these rules, TNT 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. Both the supervisory board and the board of management are accountable to the general meeting of shareholders for the performance of their duties.

Under the full large company regime, 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. Further, under these rules certain resolutions of the board of management require the prior approval of the supervisory board.

Members of the Board of Management



M.P. (Peter) Bakker (1961)

Chief Executive Officer

Peter Bakker has been CEO since 1 November 2001. His portfolio includes corporate strategy, corporate relations, general counsel, corporate responsibility, human resources and internal audit.



C.H. (Henk) van Dalen (1952)

Chief Financial Officer

Henk van Dalen has been CFO and a member of the Board of Management since April 2006. His 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.



H.M. (Harry) Koorstra (1951)

Group Managing Director Mail

Harry Koorstra has been Group Managing Director Mail and a member of the Board of Management since 1 July 2000.



M.C. (Marie-Christine) Lombard (1958)

Group Managing Director Express

Marie-Christine Lombard has been Group Managing Director Express and a member of the Board of Management since January 2004.

The business address of the members of the Board of Management and the Supervisory Board is TNT N.V., Neptunusstraat 41-63, 2132 JA Hoofddorp, the Netherlands.

Members of the Supervisory Board



P.C. (Piet) Klaver (1945) – chairman
Nationality – Dutch
Appointed – April 2008
Term expires – 2012
Committee membership –
Remuneration, public affairs



J.H.M. (Jan) Hommen (1943)
Nationality – Dutch
Appointed – June 1998
Term expires – 2009
Committee membership –
Nominations (chair), remuneration



S. (Shemaya) Levy (1947) – vice-chairman
Nationality – French
Appointed – April 2005
Term expires – 2009
Committee membership –
Remuneration (chair)



G. (Giovanna) Kampouri Monnas (1955)
Nationality – Greek
Appointed – April 2005
Term expires – 2009
Committee membership –
Audit, public affairs



R.J.N. (Robert) Abrahamsen (1938)
Nationality – Dutch
Appointed – May 2000
Term expires – 2012
Committee membership –
Audit (chair), nominations



R. (Roger) King (1940)
Nationality – American
Appointed – April 2006
Term expires – 2010
Committee membership –
Remuneration



V. (Victor) Halberstadt (1939)
Nationality – Dutch
Appointed – June 1998
Term expires – 2010
Committee membership –
Public affairs (chair), nominations



W. (Wim) Kok (1938)
Nationality – Dutch
Appointed – April 2003
Term expires – 2011
Committee membership –
Nominations, public affairs



M. (Mary) Harris (1966)
Nationality – British
Appointed – April 2007
Term expires – 2011
Committee membership –
Audit



G.J. (Gerard) Ruizendaal (1958)
Nationality – Dutch
Appointed – April 2008
Term expires – 2012
Committee membership –
Audit

INFORMATION FOR SHAREHOLDERS

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 2008, 642 million TNT shares were traded on Euronext Amsterdam (2007: 611 million).

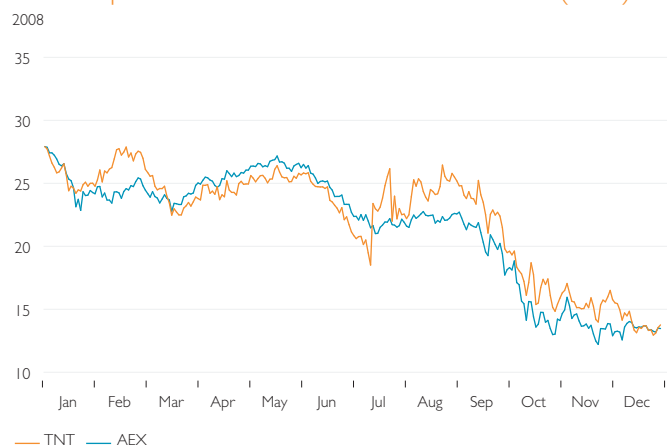
Share performance

	2008	2007
Stock price (in €)		
High	27.92	36.08
Low	12.95	25.67
Close	13.76	28.25
Earnings per outstanding share (in € cents)	152.9	257.4
Dividend (in € cents) ¹	71.0	85.0
Dividend pay-out ratio (as a %) ¹	46.4	33.0
Dividend yield (based on closing rate for the year)	6.18	3.01
P/E Ratio	8.44	10.98
Number of issued ordinary shares at year end	360,021,821	379,224,255
Stock market capitalisation (in € billions)	4,954	10,713
Adjusted stock market capitalisation (in € billions) ²	4,939	10,467

1 – Dividend per share for 2008 is calculated on the basis of the cash dividend of €34 cents per share and the proforma value of €37 cents for the proposed share dividend of one share for every forty shares to be paid out of distributable reserves and based on the volume weighted average share price of 11–13 February 2009 (€14.66).

2 – Adjusted for shares held at year end by the company for cancellation / coverage of share plans.

Relative performance to Euronext Amsterdam (AEX)



Source – Bloomberg Professional (own currency based)

TNT dividend

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. 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 normalized 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.

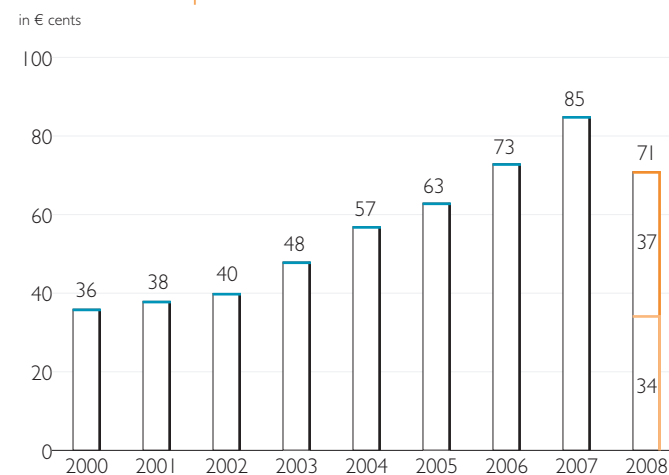
Repurchase of shares / share buy-back programmes

In 2008, TNT repurchased 12.2 million shares, representing €306 million. All these shares have been cancelled.

Market rumours regarding industry consolidation

During 2008, TNT was the subject of market speculation in the context of the company being split and/or acquired. This speculation neared its peak in mid-July, at which time TNT released a press release (12 July) reiterating its policy not to comment on market rumours. Market rumours introduced significant volatility into TNT's share price during the year.

Dividend TNT per share

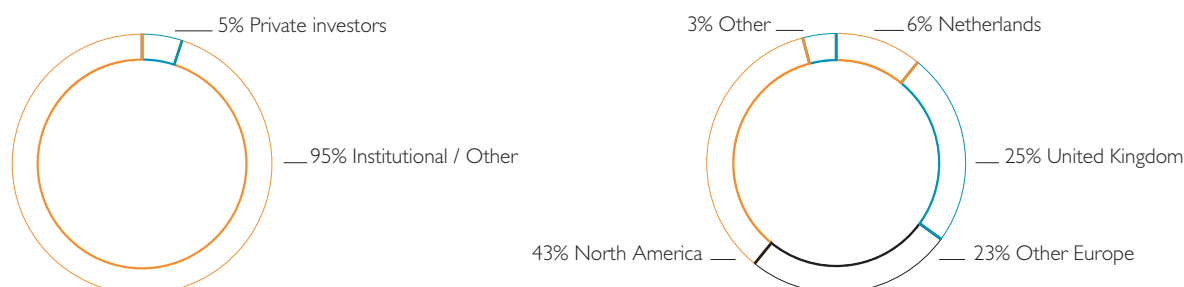


2008 includes the cash dividend and pro forma value of the proposed stock dividend

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 2008 and expressed as a percentage of total shares outstanding (excluding shares held by the company) on that date are:

Distribution of shares



Financial calendar for 2009

16 February	Publication of 2008 fourth quarter and full year results
8 April	TNT annual general meeting of shareholders
14 April	Final ex-dividend listing
21 April	Final dividend 2008 payment date
4 May	Publication of 2009 first quarter results
27 July	Publication of 2009 second quarter and half year results
28 July	Interim ex-dividend listing
4 August	Interim dividend 2009 payment date
2 November	Publication of 2009 third quarter results
3 December	Analysts' Meeting

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 TNT's 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.

