

Combining concern for others with business acumen, he has done much to contribute to TNT Taiwan's strong service reputation.

Justin Chou Business Development Manager
TNT Express | Taiwan





ADDITIONAL

INFORMATION

SHARE CAPITAL

Under our articles of association, our authorised share capital amounts to €1,152 million nominal value. Our authorised share capital consists of:

- 1,200,000,000 ordinary shares,
- 1 special share, and
- 1,199,999,999 preference shares B.

We have called an extraordinary general meeting of shareholders for 27 February 2006 at which we will propose to amend our articles of association in order to decrease the authorised share capital. Upon effectuation of this amendment to the articles of association, our authorised share capital would amount to €864 million nominal value. Our authorised share capital would then consist of:

- 900,000,000 ordinary shares,
- 1 special share, and
- 899,999,999 preference shares B.

Each of the above shares has a nominal value of €0.48.

As at the date of this annual report 479,999,999 ordinary shares and one special share were issued. No preference shares B were issued.

The State of the Netherlands is the holder of the special share. See for further information on the special share page 162.

Our ordinary shares are issued in bearer or registered form, at the option of the shareholder. Ordinary shares in bearer form may be converted into registered form, and vice versa, at any time without charge. The special share and the preference shares B are registered shares.

During the year we completed the repurchase of 20.7 million ordinary shares sold by the State of the Netherlands. On 7 April 2005, the annual general meeting of shareholders resolved to cancel these shares. The cancellation of 259,523 of these shares became effective on 16 June 2005. The cancellation of the remaining 20,440,477 shares shall become effective on the same date as the proposed decrease of our authorised share capital becomes effective.

On 6 December 2005, we commenced a share buy back programme of €1 billion worth of shares.

On 31 December 2005, 480,000,000 shares were outstanding (one special share and 479,999,999 ordinary shares). On 31 December 2005, 3,791,438 of the outstanding ordinary shares were held by us to cover share plans, and 29,460,477 of the outstanding ordinary shares were held by us for cancellation.

REPURCHASE OF SHARE/SHARE BUY BACK PROGRAMME

	Total number of shares purchased ¹	Average price paid per share (in €)	Number of shares purchased as part of publicly announced plans or programmes	Approximate value of shares that may yet be purchased as part of publicly announced plans or programmes (in € million)
Repurchased in January 2005	13,100,000	19.74	13,100,000	0
Repurchased in December 2005	9,020,000	25.60	9,020,000	769
Total	22,120,000	22.13	22,120,000	769

¹ Between 1 February 2005 and 30 November 2005 we repurchased no shares.

On 29 September 2004, we announced that we would repurchase 20.7 million ordinary shares from the State of the Netherlands. Transfer of the repurchased shares took place in two tranches: the first tranche of 7.6 million shares was transferred to us on 4 October 2004; the transfer of the remaining 13.1 million shares was completed on 5 January 2005, both at a share price of €19.74.

On 6 December 2005, we announced a programme to repurchase €1 billion worth of ordinary shares. In December 2005, we repurchased 9,020,000 shares under this programme at an average price of €25.60 per share.

The programme will end 6 April 2006 unless prior to such date:

- the aggregate value of shares acquired would exceed €1.0 billion,
- 10% of the outstanding ordinary shares have been repurchased, including any ordinary shares already held by the company, or
- if a cash or exchange offer with respect to our shares is publicly launched through the publication of an offer document.

The maximum consideration to be paid per ordinary share under this repurchase programme is the higher of the price of the last independent trade in our shares and the highest current independent bid price on the trading venues where the purchase is carried out. Furthermore, this price will not exceed the normal trade price plus 10%. The normal trade price is the average closing price during the five trading days prior to the day of purchase. Not more than 25% of the average daily volume of the ordinary shares will be repurchased in any one day on the regulated market on which the purchase is carried out. The average daily volume figure is based on the average daily volume traded in the 20 trading days preceding the date of purchase.

In 2005, we did not repurchase any of our shares other than those shares repurchased pursuant to the above publicly announced programmes.

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

GENERAL

To our knowledge, no one, except for the State of the Netherlands, owns 5% or more of our shares and there are no arrangements the operation of which might result in a change in our control.

The State of the Netherlands sold part of its ordinary shares in 2005 and owns on 22 February 2006 46,073,810 ordinary shares, representing approximately 10% of our outstanding ordinary shares. Furthermore, the State of the Netherlands owns 1 special share. There are no others holding special shares. The State of the Netherlands announced that it has agreed with ABN Amro-Rothschild, Citigroup and the purchasing parties in July 2005, to not sell any of its shares in TNT until July 2006 (standstill agreement).

For information as to the portion of each class of shares held in the United States and the number of record holders in the United States, see chapter 15.

THE OWNERSHIP INTERESTS OF THE STATE OF THE NETHERLANDS

Overview

An effectively operating postal system is of great importance to Dutch society for various reasons, including economic, strategic and national security reasons, and is therefore of general interest to the State of the Netherlands. For certain important postal services we are the exclusive holder of the Postal Concession granted by the State of the Netherlands (see chapter 13). As a result, we are crucial to the maintenance of an effectively operating postal system in the Netherlands.

The State of the Netherlands holds approximately 10% of our ordinary shares. In addition to being a significant holder of ordinary shares, the State of the Netherlands has influence on

us and our affairs through corporate governance mechanisms, its ownership of a special share and a longer term equity interest.

Special share

The State of the Netherlands holds a special share. For more information on the special share see note 31 of our consolidated financial statements on page 162.

Pending changes to relation with the State of the Netherlands

The European Commission sent the State of the Netherlands a formal request to give up the special share the State of the Netherlands holds in us. The State of the Netherlands has reacted that it has no intention of giving up its special share in our company. The State of the Netherlands is, however, considering the possibility of transferring the Postal Concession from TNT N.V. to Royal TPG Post B.V., our subsidiary for postal services, and limiting the applicability of the rights attached to the special share to apply only to that subsidiary. On 17 December 2003 the European Commission has brought this matter before the European Court of Justice to compel the State of the Netherlands to give up the special rights conferred by the special share.

ARTICLES OF ASSOCIATION

Following is a brief description of certain provisions of our articles of association as last amended on 11 April 2005, pertaining to the rights and restrictions applicable to our ordinary shares. A description pertaining to the powers and restrictions applicable to members of the Board of Management and members of the Supervisory Board can be found in chapter 7 and chapter 9. These descriptions do not purport to be complete and are qualified in their entirety by reference to our articles of association, book 2 of the Dutch Civil Code and other Dutch laws. Copies of our articles of association are available on our website and upon request from us and have been filed with the SEC.

We have called an extraordinary general meeting of shareholders for 27 February 2006 at which we will propose to amend our articles of association in order to decrease the authorised share capital. The proposed amendment will not bring any changes to the rights and restrictions applicable to our ordinary shares as described in this chapter, nor to the powers and restrictions applicable to members of the Board of Management and members of the Supervisory Board as described in chapters 7 and 9.

The amendment of our articles of association that was effected on 11 April 2005 served to bring the articles of association further in line with the act on amendment of book 2 of the Dutch Civil Code in respect of the amendment of the Dutch large company rules that entered into force as per 1 October 2004. These amendments pertain to the provisions on appointment of members of the Supervisory Board,

approval of resolutions of the Board of Management by the general meeting of shareholders and the fact that the financial statements are adopted by the general meeting of shareholders and no longer by the Supervisory Board. Furthermore, the name of our company was changed from TPG N.V. into TNT N.V. and some technical amendments were implemented.

GENERAL

Pursuant to the Enabling Act as currently in force, we are subject to the full Dutch large company regime. Under these rules, we are required to adopt a two-tier system of corporate governance, comprising a board of management and a supervisory board. Under these rules, subject to statutory exceptions, the supervisory board, rather than the general meeting of shareholders,

- has the right to nominate members of the supervisory board for appointment by the general meeting of shareholders,
- appoints and dismisses members of the board of management, and
- must approve certain resolutions by the board of management.

See for further information on the applicable rules on the large company regime page 66.

We have our corporate seat in Amsterdam, the Netherlands. We are registered in the Commercial Register in Amsterdam under number 27168968.

CORPORATE PURPOSE

Article 4 of our articles of association provides that our business activity shall be, among other things:

- to conduct holding activities in enterprises that, among other things, operate in the field of the transportation, distribution and delivery of letters, messages, parcels and goods, as well as the storing, converting and transmitting of information, the management and disposal of information, the providing of logistics services and the providing of money transactions,
- to permit our subsidiaries to carry out the concessions or licences granted by the Dutch government for the activities described above, and
- to conduct other holding and financing activities.

ISSUANCE OF ORDINARY SHARES

We may issue ordinary shares and grant rights to subscribe for ordinary shares, including options and warrants, pursuant to a resolution of the Board of Management, subject to the approval of the Supervisory Board and the holder of the special share. The scope and duration of this authority of the Board of Management is to be determined by the general meeting of shareholders. Under our articles of association as they currently read, we may issue up to a maximum of 1,200,000,000 ordinary shares. Provided that the proposed amendment of our articles of association, that will be submitted to the extraordinary general meeting of

shareholders to be held on 27 February 2006, is effectuated, we may then issue up to a maximum of 900,000,000 ordinary shares. On 7 April 2005, the annual general meeting of shareholders extended the current authority of the Board of Management to issue ordinary shares, up to a maximum of 10% of the issued share capital and an additional 10% of the issued share capital in case an issuance takes place in relation to a merger or acquisition. This authority will terminate on 7 October 2006. The general meeting of shareholders can, in accordance with our articles of association and subject to approval of the holder of the special share, extend this authority for a period not exceeding five years or extend this authority by amending our articles of association to that effect. If no such extension is given, the issuance of ordinary shares or rights to subscribe for ordinary shares requires a resolution of the general meeting of shareholders, upon a proposal of the Board of Management approved by the Supervisory Board. Such resolution of the general meeting of shareholders also requires the approval of the holder of the special share.

RIGHTS ATTACHED TO EACH CLASS OF SHARES

Voting rights and general meetings of shareholders

We are required to hold a general meeting of shareholders within six months after the end of the financial year, among other things, to adopt the financial statements. Other general meetings of shareholders are held as often as the Board of Management or the Supervisory Board deem necessary, subject to applicable provisions of Dutch law. One or more shareholders representing at least 10% of our issued share capital may, upon their request, be authorised by the president of the court to call a general meeting of shareholders. The president will only give this authorisation if these shareholders have a reasonable interest in a general meeting of shareholders being held, if these shareholders have requested our Board of Management and our Supervisory Board in writing to call a general meeting of shareholders, stating their proposed agenda in detail, and our Board of Management and our Supervisory Board have not taken steps to ensure that a general meeting of shareholders can be held within six weeks after their request. General meetings of shareholders are convened by 15 days' prior notice published in a nationally distributed daily newspaper and in the Official Price List of Euronext Amsterdam N.V. There are no quorum requirements applicable to general meetings of shareholders, unless otherwise required by Dutch law. General meetings of shareholders may only be held in Amsterdam, The Hague, Hoofddorp or in the municipality of Haarlemmermeer (Schiphol).

One or more shareholders holding shares representing at least 1% of our issued share capital or representing according to the Official Price List a value of €50 million 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.

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 our articles of association, provided that such shareholder has the aforementioned rights on the applicable record date set by the Board of Management, which date may not in any event be earlier than seven days prior to the date of the meeting. Holders of shares in registered form must notify us in writing of their intention to attend, in each case by the date specified in the notice of the meeting, which date may not in any event be earlier than seven days prior to the date of the meeting. Holders of shares in bearer form must request their relevant associated institution within the meaning of the Dutch Securities Bank Giro Transfer Act (*Wet giraal effectenverkeer*) to deliver a written statement, to the address specified in the notice of the meeting and in each case by the date specified in the notice of the meeting, which date may not in any event be earlier than seven days prior to the date of the meeting, stating that the relevant holder of shares is entitled to a given number of shares in bearer form on the record date. Instruments of proxy must be delivered to us no later than on the date specified in the notice of the meeting, which date may not in any event be earlier than seven days prior to the date of the meeting. Each of the shares in our capital carries the right to cast one vote. Unless otherwise required by Dutch law or our articles of association, resolutions are passed by a simple majority of votes cast.

Dividend rights

Our articles of association provide that within five months after the end of our financial year, the Board of Management must prepare financial statements accompanied by an annual report, to be adopted by the general meeting of shareholders. Within this same period, the Supervisory Board shall prepare a report that shall be added to the financial statements and the annual report. The general meeting of shareholders can extend this period of five months by a maximum of six months on account of special circumstances.

We pay dividends on profits or by exception out of the distributable part of our shareholders' equity as shown in our financial statements. We may not 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 our articles of association. Subject to certain exceptions, if a loss is sustained in any year, we may not pay dividends for that year and we may not pay dividends in subsequent years until the loss has been compensated for out of subsequent years' profits.

We first have to pay dividends on the special share equal to 7% of its nominal value each year. If preference shares B have been issued and there are remaining profits available for payment of dividends, we then have to pay dividends on the paid-up portion of the nominal value of such preference shares

B, 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, depending on prevailing market conditions, over the financial year to which the distribution relates.

After payment of dividends on the special share and the preference shares B, the Board of Management may then determine, with the approval of the Supervisory Board, to appropriate part of the remaining profits to reserves. The profits remaining after appropriation to reserves are at the disposal of the general meeting of shareholders.

The Board of Management may pass a resolution that has been approved by the Supervisory Board and the holder of the special share that any dividend on ordinary shares be paid, at the shareholder's option, wholly or partly in our ordinary shares rather than in cash. The State of the Netherlands, in its capacity as holder of the special share, has agreed with us that it will give any such approval within a period of two business days after a written request from us. The State of the Netherlands will give this approval without prejudice to the option, if such option is made available to holders of ordinary shares, of the State of the Netherlands in its capacity as holder of ordinary shares to choose between a dividend paid in cash or in ordinary shares.

The Board of Management may, with the prior approval of the Supervisory Board and subject to provisions of Dutch law, distribute one or more interim dividends.

In accordance with article 35, paragraph 6 of the articles of association, no dividend shall be paid on shares held by us in our own capital. Shares we hold in our own capital 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.

Our policy on additions to reserves and on dividends (the level and purpose of the addition to reserves, the amount of the dividend and the type of dividend) at the time of determination and in the event of any change and the resolution to determine and pay dividends shall be dealt with and explained as a separate agenda item at the annual general meeting of shareholders. The policy on additions to reserves and on dividends can be viewed on our website.

Liquidation rights

In the event of our 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 the special share and all outstanding preference shares B, 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.

Redemption provision

None of our ordinary shares is subject to any redemption provisions.

Sinking fund provision

None of our ordinary shares is subject to any sinking fund provisions under our articles of association or as a matter of Dutch law.

Liability to further calls or assessments

All of our outstanding shares are fully paid and non-assessable.

Discriminatory provisions

There are no discriminatory provisions against any of our shareholders as a result of owning a substantial number of shares.

Pre-emptive rights

Except for issuances of ordinary shares for non-cash consideration and issuances to our employees, holders of ordinary shares have pre-emptive rights to subscribe for new issuances of ordinary shares in proportion to their shareholdings. These rights may be restricted or excluded by a resolution of the Board of Management, subject to the approval of the Supervisory Board and the holder of the special share. The State of the Netherlands, in its capacity as holder of ordinary shares and the special share, has agreed with us that it will vote in favour of any proposal submitted annually to the general meeting of shareholders by the Board of Management to extend the authority of the Board of Management to restrict or exclude the pre-emptive rights of holders of ordinary shares. On 7 April 2005, the annual general meeting of shareholders extended the current authority of the Board of Management to restrict or exclude the pre-emptive rights of holders of ordinary shares, up to a maximum of 10% of the issued share capital and an additional 10% of the issued share capital in case an issuance takes place in relation to a merger or acquisition. The authority will terminate on 7 October 2006. Holders of ADSs may not be able to exercise pre-emptive rights granted to holders of ordinary shares.

ACQUISITION BY US OF OUR OWN SHARES

We may acquire our own shares, subject to the requirements of Dutch law and our articles of association, if:

- our shareholders' equity less the payment required to make the acquisition does not fall below the sum of paid-up capital and any reserves required by Dutch law or the articles of association, and
- after the share acquisition, we would not hold shares with an aggregate nominal value exceeding one-tenth of our issued share capital.

We cannot vote on shares held by us in our own capital.

An acquisition by us of shares in our own capital may be effected by the Board of Management, subject to the approval of the Supervisory Board and, if the acquisition amounts to

more than 1% of the issued ordinary shares, the approval of the holder of the special share. We may only acquire shares in our own capital if the general meeting of shareholders has granted the Board of Management the authorisation to effect such acquisitions. Such an authorisation may apply for a maximum period of 18 months 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. The current authorisation expires on 7 October 2006. Under this authorisation, the maximum number of ordinary shares that can be acquired cannot exceed the maximum amount authorised by law (currently 10%) of the issued ordinary shares at the time of the acquisition, for a price per ordinary share not less than €0.01 and not exceeding the average of the closing prices of the ordinary shares as published in the Official Price List for the five trading days prior to the day of acquisition, plus 10% of such average.

We may acquire our own shares for the purpose of transferring those shares to our employees pursuant to any arrangements applicable to such employees, subject to the requirements of Dutch law, provided however, that our Board of Management shall not require authorisation by the general meeting of shareholders for such acquisitions.

REDUCTION OF CAPITAL

Upon a proposal of the Board of Management, which proposal must be approved by the Supervisory Board, the general meeting of shareholders may reduce our outstanding share capital by cancellation of shares or by reducing the nominal value of shares subject to the provisions of the articles of association.

CHANGES IN CAPITAL

The conditions imposed by our articles of association for changes in capital are described above under "Issuance of ordinary shares" (page 195), "Pre-emptive rights" (page 197), "Acquisition by us of our own shares" (page 197) and "Reduction of capital" (page 197).

The following conditions for changes in capital are more stringent than required under Dutch law:

- resolutions of the general meeting of shareholders to extend the authorisation of the Board of Management to issue shares and to restrict or exclude pre-emptive rights of holders of ordinary shares are subject to the approval of the holder of the special share,
- resolutions of the general meeting of shareholders to reduce the issued capital can only be adopted upon a proposal of the Board of Management, and
- resolutions of the Board of Management to issue shares, to restrict or exclude the pre-emptive rights of holders of ordinary shares and to have the company acquire/alienate more than 1% of the issued capital in the form of ordinary shares are subject to the approval of the holder of the special share.

RELEASE FROM LIABILITIES

At the annual general meeting of shareholders, the general meeting of shareholders is, after the adoption of the financial statements, requested to adopt resolutions, releasing the members of the Board of Management and the members of the Supervisory Board respectively from actual or potential liabilities in connection with the execution of their duties during the financial year. The release from liability obtained by the members of the Board of Management and the members of the Supervisory Board is limited to the facts reflected in the financial statements or otherwise disclosed to the general meeting of shareholders prior to the adoption of the financial statements. However, the scope of a release from liability is subject to limitations by virtue of the law.

INDEMNITY

The company indemnifies the members of the Board of Management and of the Supervisory Board against any and all liabilities incurred by the relevant member as a result of any action brought by any party other than the company itself or its group companies, in relation to acts or omissions related to his/her capacity as a member of the Board of Management or of the Supervisory Board. The company reimburses any expenses incurred by such member in connection with such actions, but only upon receipt of a written undertaking by that member that the member will repay such expenses if a competent court determines that the member is not entitled to be indemnified. This indemnity does not apply to claims relating to the gaining of personal profits, advantages or remuneration to which the member was not legally entitled, or if the relevant member is adjudged to be liable for willful misconduct (*opzet*) or intentional recklessness (*bewuste roekeloosheid*). The indemnity does not cover liability of a member of the Board of Management or of the Supervisory Board toward the company itself. Nor does the indemnity apply to the extent claims and expenses are reimbursed by insurers.

REMUNERATION POLICY FOR THE BOARD OF MANAGEMENT/SUPERVISORY BOARD

The general meeting of shareholders adopts the remuneration policy for the Board of Management. The remuneration itself is determined by the Supervisory Board.

The general meeting of shareholders determines the remuneration of the members of the Supervisory Board.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION, STATUTORY MERGER AND DISSOLUTION

A resolution of the general meeting of shareholders to amend the articles of association (including with respect to changing the rights of holders of our ordinary shares), to enter into a statutory merger or demerger within the meaning of part 7, book 2 of the Dutch Civil Code or to dissolve us may only be adopted upon a proposal of the Board of Management that has been approved by the Supervisory Board. The holder of the special share must approve the resolutions of the general meeting of shareholders as described on page 194 under "The ownership interests of the State of the Netherlands".

CHANGE IN CONTROL PROVISIONS

None of our shares is subject to any change in control provision.

LARGE COMPANY REGIME

Pursuant to the Enabling Act as currently in force, we are subject to the full large company regime.

APPOINTMENT OF MEMBERS OF SUPERVISORY BOARD UNDER LARGE COMPANY REGIME

Under the provisions of the large company regime, the members of the Supervisory Board are appointed by the general meeting of shareholders following nomination by the Supervisory Board. Both the general meeting of shareholders and the central works council may make recommendations and must be informed about this right as well as of the profile of vacancies. Nominations by the Supervisory Board must be reasoned against the Supervisory Board profile, which will be made available and must be discussed with the general meeting of shareholders and the central works council at the time of determination and in the event of any change.

The central works council has a special right of recommendation for one-third of the total number of members of the Supervisory Board. The only circumstances in which the Supervisory Board may decide not to put a person on the nomination as recommended by the central works council are if the nominee is considered unsuitable to fulfil the function of a member of the Supervisory Board or if, upon acceptance, the Supervisory Board would not be composed properly. The Dutch Enterprise Chamber is the competent court to decide on disputes between the central works council and the Supervisory Board in this respect.

The transitional arrangement of the provisions of Dutch law on the large company regime obligates the Supervisory Board to grant the special right of recommendation to the central works council on every second vacancy until one-third of the members of the Supervisory Board has been appointed accordingly.

The general meeting of shareholders may reject a nomination by the Supervisory Board with a majority of votes representing one-third of the issued share capital. If the general meeting of shareholders resolves by majority of votes to reject the nomination, but the quorum is not met, a new meeting should be convened, in which case the quorum requirement is not applicable.

The general meeting of shareholders can dismiss the Supervisory Board as a whole, with a majority of votes representing one-third of the issued share capital.

APPROVAL GENERAL MEETING OF SHAREHOLDERS

Pursuant to article 107a, book 2 of the Dutch Civil Code, certain resolutions of the Board of Management entailing a significant change in the identity or character of TNT or its business are subject to the approval of the general meeting of shareholders.

When the Board of Management represents the company in a matter described in article 107a, book 2 of the Dutch Civil Code whilst the general meeting of shareholders has not approved the underlying resolution of the Board of Management, the company will be bound towards the third party involved. The approval of the general meeting of shareholders is not indispensable for the Board of Management to effectuate its resolution.

RESTRICTION ON NON-DUTCH SHAREHOLDERS' RIGHTS

Under our articles of association there are no limitations on the rights of Dutch, non-resident or foreign shareholders to hold or exercise voting rights in respect of our securities, and we are not aware of any such restrictions under Dutch corporate law.

OBLIGATIONS OF SHAREHOLDERS TO DISCLOSE HOLDINGS

The Act on Disclosure of Holdings in Listed Companies 1996 (*Wet melding zeggenschap in ter beurze genoteerde vennootschappen 1996*) applies to any person who, directly or indirectly, acquires or disposes of an interest in the voting rights and/or the capital of a public limited liability company incorporated under Dutch law with an official listing on a stock exchange within the European Economic Area, if as a result of such acquisition or disposal the interest falls within a different percentage range. The percentage ranges referred to in the Act on Disclosure of Holdings in Listed Companies 1996 are 0-5, 5-10, 10-25, 25-50, 50-66.6 and over 66.6.

Failure to comply with the Act on Disclosure of Holdings in Listed Companies 1996 constitutes an economic offence. In addition, a civil court can issue sanctions against any person who fails to notify, or incorrectly notifies us and the Authority Financial Markets in accordance with the Act on Disclosure of Holdings in Listed Companies 1996. Possible court sanctions include the suspension of voting rights with respect to the ordinary shares held by such person.

MATERIAL CONTRACTS

On 23 June 1998, we entered into an agreement with the State of the Netherlands. The terms of this agreement were modified, subject to the approval of the Dutch parliament, by a letter agreement dated 9 March 2001, between us and the State of the Netherlands. For a description of certain terms of this agreement, see page 194 – “The ownership interests of the State of the Netherlands”.

EXCHANGE CONTROLS

There are no legislative or other legal provisions currently in force in the Netherlands or arising under the articles of association restricting remittance to holders of our securities not resident in the Netherlands. Cash dividends payable in euro on our ordinary shares may be officially transferred from the Netherlands and converted into any other convertible currency.

SIGNIFICANT SUBSIDIARIES

TNT N.V. is the parent company of the group. The following table sets forth, as at 31 December 2005, the name and jurisdiction of incorporation of our significant subsidiaries.

Significant subsidiaries

Company	Country	Equity interest
Royal TPG Post B.V.	Netherlands	100%
TNT Express Holdings B.V.	Netherlands	100%
TNT Logistics Holdings B.V.	Netherlands	100%
TNT Holdings (UK) Ltd.	United Kingdom	100%
TNT Newco Ltd.	United Kingdom	100%
TNT Headoffice B.V.	Netherlands	100%
TNT Finance B.V.	Netherlands	100%
TNT Holdings B.V.	Netherlands	100%
TNT Holdings (Deutschland) GmbH	Germany	100%

The full list containing the information referred to in article 379 and article 414, book 2 of the Dutch Civil Code is filed at the office of the Chamber of Commerce in Amsterdam.

PROPERTY, PLANTS AND EQUIPMENT

We use 1,554 buildings, not including buildings used by our discontinued operations. In general, we believe that our facilities are significantly utilised and we believe they contain sufficient capacity for next year's business forecast.

MAIL

Our mail division uses 546 sorting centres and distribution depots in the Netherlands. No material portion of our mail properties is subject to any encumbrances. The principal mail facilities are as follows:

Mail facilities

Location	Owned/leased	Principal use	Site area
Amsterdam-Schiphol, the Netherlands	Leased	Sorting centre (international mail)	13,125 sq. metres
Amsterdam, the Netherlands	Owned	Sorting centre (letters)	48,970 sq. metres
's Hertogenbosch, the Netherlands	Owned	Sorting centre (letters)	49,460 sq. metres
The Hague, the Netherlands	Owned	Sorting centre (letters)	48,110 sq. metres
Nieuwegein, the Netherlands	Owned	Sorting centre (letters)	57,530 sq. metres
Rotterdam, the Netherlands	Owned	Sorting centre (letters)	40,240 sq. metres
Zwolle, the Netherlands	Owned	Sorting centre (letters)	56,560 sq. metres
Amsterdam, the Netherlands	Owned	Sorting centre (parcels)	31,460 sq. metres
Dordrecht, the Netherlands	Owned	Sorting centre (parcels)	28,250 sq. metres
Zwolle, the Netherlands	Owned	Sorting centre (parcels)	32,210 sq. metres
Arnhem, the Netherlands	Owned	Sorting centre (registered mail)	48,920 sq. metres

EXPRESS

Our express segment uses 882 depots, road and air hubs. The principal express facilities are as follows:

Express facilities

Location	Owned/leased	Principal use	Site area
Liège, Belgium	Leased	International air hub	100,528 sq. meters
Wiesbaden, Germany	Owned	Sorting centre and road hub	65,500 sq. metres
Arnhem, the Netherlands	Owned	International road hub	120,930 sq. metres
Brussels, Belgium	Leased	Sorting centre and road hub	67,150 sq. metres

No material portion of our properties is subject to any encumbrances.

FREIGHT MANAGEMENT

Freight management uses 126 offices and warehouses, representing in total approximately 175,000 square metres, all of which are leased and none of which are considered principle facilities.

EMPLOYEES

For the number of employees and full-time equivalents see note 19 of our consolidated financial statements on page 144.

LABOUR RELATIONS

European region

A significant number of our employees in Europe is presently represented by trade unions. Our labour relations in Europe have been good and we have not experienced any material

work stoppages in recent years. In 2004 there was a four day stoppage at Turin TNT Automotive Logistics and there was a 22-day stoppage in one plant due to issues related to a customer. During 2005, there were stoppages in Italy amounting to a total of 4,643 hours (covering 3,800 blue collar workers in 17 locations), and in France limited action also took place (two day stoppage at one site for 100 workers).

Wages and general working conditions in the Netherlands and the United Kingdom are the subject of centrally negotiated collective bargaining agreements. Within the limits established by these agreements, our operating companies negotiate directly with unions and other labour organisations representing our employees. Collective bargaining agreements relating to remuneration typically have a term of one or two years.

In addition to trade unions, we also consult from time to time with various local, national and European works councils.

Employees generally elect the members of works councils. Some of these works councils primarily have an advisory role, but in other cases, e.g. the Netherlands, we may be required to consult or ask approval from one or more of the works councils before proceeding with a course of action. Under Dutch law, our central works council may make recommendations for candidates to fill vacancies on our Supervisory Board. For further information on the recommendation rights of the central works council, see page 198. Furthermore, we are obliged to apprise the European works council of activities that affect our workforce in Europe.

Other regions

Except for our employees in Australia and those of our discontinued logistics business in the United States, our employees outside Europe are generally neither represented by trade unions nor employed pursuant to collective labour agreements. Trade unions represent less than 50% of our employees in Australia and fewer than 50% within our discontinued logistics operations in the United States. Labour relations have been good and we have not, apart from certain labour disputes and some small (1/2 - 1 day) work stoppages in 2004 in Australia, experienced any material work stoppages in recent years.

LEGAL PROCEEDINGS

For an overview of the legal proceedings, see chapter 12, page 160.

TAXATION

GENERAL

The following is a summary of the material Dutch and US tax consequences of the ownership of ordinary shares or American Depositary Shares (ADSs), in particular by US holders (as defined below). The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase ordinary shares or ADSs, and prospective investors should consult their professional advisors as to the tax consequences of their purchase, ownership and disposition of the ordinary shares and ADSs, including the consequences under applicable federal, state, local and foreign law. In particular, the summary does not address US holders that do not hold the shares or ADSs as capital assets and the tax treatment of holders subject to special tax rules, such as banks, insurance companies and dealers in securities, investors liable for alternative minimum tax or investors who hold ordinary shares or ADSs as part of a straddle or a hedging or conversion transaction, some of which may be subject to special rules. This summary should not be read as extending by implication to matters not specifically discussed herein. Additional rules may apply to holders who themselves or through affiliates actually or constructively own 10% or more of the voting power or value of the ordinary shares or ADSs as determined by US Federal income tax law.

The Dutch rules applying to holders of a “substantial interest”, in broad terms, foreign entities and individuals who hold or have held directly or indirectly, either independently or jointly with certain close relatives, at least 5% of the nominal paid-up capital of any class of shares in the company - or rights to acquire such shares - are not addressed in this summary other than in general terms. With respect to US holders, this discussion generally applies only to such holders who hold ordinary shares or ADSs as a portfolio investment. This summary does not take into account the specific circumstances of any particular US holder although such circumstances might materially affect the general tax treatment of such US holder.

For the purposes of this discussion, a US holder is a holder of ordinary shares or ADSs that is a person who is a citizen or resident of the United States or who holds ordinary shares or ADSs as assets effectively connected with a US trade or business. This discussion does not purport to be a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of ordinary shares or ADSs.

In general, for Dutch tax purposes, US holders of ADSs will be treated as the beneficial owners of the ordinary shares represented by such ADSs.

It is assumed for purposes of this summary that a US holder is entitled to the benefits of the 1992 Treaty (as defined below). However, US holders should consult with their tax advisors regarding their status under the limitation of benefits article under the 1992 Treaty. With respect to the applicable 1992 Treaty it is important to notice that during the year 2004 a new protocol to the 1992 Treaty was ratified by both the Dutch parliament (in June 2004) and the US senate (on 17 November 2004). The protocol became effective for taxable periods beginning on or after 1 January 2005. The provisions of the protocol relating to withholding taxes became effective for amounts paid or credited on or after 1 February 2005.

DUTCH TAXATION

General

The descriptions of the Dutch tax laws and practices set forth below are based on the statutes, regulations, rulings, judicial decisions and other authorities in force and applied in practice on 1 January 2006, all of which are subject to change (possibly with retroactive effect) and differing interpretations. In this description Dutch legal concepts are sometimes expressed in English terms and not in their original Dutch terms. These concepts may not be identical to the concepts designated by the same English term, as they exist under the laws of jurisdictions other than the Netherlands.

In this chapter a distinction is made between residents of the Netherlands and non-residents of the Netherlands. Whether an investor qualifies as a resident of the Netherlands or as a non-resident of the Netherlands is based on facts, as well as on several fictions in Dutch tax legislation. In this section we will address the relevant Dutch dividend withholding tax, personal income tax, corporate income tax and gift, estate and

inheritance tax aspects of the ownership of ordinary shares or ADSs.

Dutch withholding tax on dividends

Dividends (or similar income derived from shares qualifying as such under the Dutch Dividend Withholding Tax Act 1965 hereinafter referred to as income) distributed by the company are in principle subject to tax at source at the current rate of 25%, which will be withheld and remitted by the company to the Dutch tax authorities.

As regards US holders the following will apply. A US holder can only claim the benefits of the tax treaty for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income signed on 18 December 1992 between the State of the Netherlands and the United States, as modified by the protocol of 8 March 2004 (together, the 1992 Treaty), if:

- the person is a resident of the United States as defined in the 1992 Treaty,
- the person's entitlement to these benefits is not limited by the limitations on benefits provisions of article 26 of the 1992 Treaty, and
- the person can be considered to be the beneficial owner of the dividend. A person may not be considered to be the beneficial owner if a dividend would fall under the Netherlands' anti-dividend stripping rules.

Under the 1992 Treaty, dividends paid by the company to a resident of the United States, other than an exempt organisation or exempt pension trust, as described below, are generally eligible for a reduction of the 25% Dutch withholding tax to 15%, provided that the holder does not carry on an enterprise in the Netherlands through a permanent establishment, permanent representative or fixed base to which or to whom the ordinary shares or ADSs are attributable. If and to the extent the ordinary shares or ADSs are attributable to such a permanent establishment or representative, Dutch withholding tax will in principle amount to 25%. The 1992 Treaty provides for a complete exemption for dividends received by exempt pension trusts and exempt organisations, as defined in the 1992 Treaty. Except in the case of exempt organisations, this reduced dividend withholding rate can be applied for at source upon payment of the dividend; exempt organisations remain subject to the statutory dividend withholding tax rate of 25% and are required to file for a refund of this dividend withholding tax.

A US holder other than an exempt organisation, generally may claim the benefits of a reduced withholding tax rate pursuant to the 1992 Treaty by submitting a Form IB 92 USA, which includes a banker's affidavit stating that the ordinary shares or ADSs are in the bank's custody in the name of the applicant, or that the ordinary shares or ADSs have been exhibited to the bank as being the property of the applicant. If the Form IB 92 USA is submitted prior to the dividend payment date, the reduced withholding tax rate can be applied to the dividend.

A US holder unable to claim withholding tax relief in this manner can obtain a refund of excess tax withheld by filing a Form IB 92 USA and describing the circumstances that prevented a claim for dividend withholding tax relief at source.

Qualifying exempt organisations other than exempt pension trusts may seek a refund of the tax withheld by submitting Form IB 95 USA, which also includes a banker's affidavit.

Under the Dutch anti-dividend stripping rules the recipient of a dividend is not considered to be the beneficial owner if it is plausible that:

- the recipient paid, directly or indirectly, a consideration, in cash or in kind, in connection with the dividend distribution, and the payment forms part of a sequence of related transactions,
- an individual or a company benefited, in whole or in part, directly or indirectly, from the dividend, and that individual or company would have been entitled to a less favourable relief from Dutch dividend withholding tax than the recipient of the dividend distribution, and
- that individual or company directly or indirectly retains or obtains a position in the shares that is comparable to its position in similar shares before the sequence of related transactions commenced.

As described above, as of January 2005 the protocol of the 1992 Treaty became effective. With respect to withholding taxes the protocol became effective as of 1 February 2005. The new protocol, under strict conditions, provides for 0% Dutch dividend withholding tax on dividends paid to a US company owning shares that represent at least 80% of the voting power in a Dutch company. Furthermore shareholders that do not qualify for the 0% rate may, under certain conditions, qualify for a 5% withholding tax rate. In all other cases, as described above, a company, apart from those listed above, that can claim treaty benefits is entitled to a reduction of the Dutch withholding tax to 15%. In addition, as of 1 January 2005, several changes apply to article 26, stipulating which shareholders can benefit from the 1992 Treaty.

Personal income tax in respect of dividends

Under the Personal Income Tax Act 2001, income is divided into three separate "boxes" each of which is governed by its own rules:

- box I (work and private residence) includes business and employment income, income from receivables and income from assets made available to a company in which the individual holds a substantial shareholding and income from the main private residence,
- box II (substantial interest) includes dividend income and capital gains from substantial shareholdings, and
- box III (savings and investments) covers passive income from capital.

Losses from one box can, in principle, not be offset against income from another box. The elements of income will be allocated to the spouse or partner that has received the income. A summary of the box system is described below in respect of the ordinary shares and ADSs.

Personal income tax in respect of the ordinary shares or ADSs

RESIDENT INDIVIDUALS OF THE NETHERLANDS AND CERTAIN NON-RESIDENT INDIVIDUALS THAT HAVE ELECTED TO BE TAXED AS A RESIDENT

BOX I (WORK AND PRIVATE RESIDENCE)

An individual Dutch shareholder, who holds the ordinary shares or ADSs that can be attributed to the business assets of an enterprise which is, in whole or in part, carried on for the account of this shareholder, is liable to income tax on the dividends derived from the ordinary shares or ADSs at the progressive rates of box I, the maximum rate being 52%. Income derived or gains realised that qualify as “income from miscellaneous activities” (*resultaat uit overige werkzaamheden*), which include activities with respect to the ordinary shares or ADSs that exceed “regular, active portfolio management” (*normaal, actief vermogensbeheer*), are also taxable at the progressive rates of box I.

BOX II (SUBSTANTIAL INTEREST)

Income from substantial interests (broadly, shareholdings of at least 5% including rights to acquire such shareholdings) is taxed in box II. The tax rate amounts to 25%. Losses from a substantial interest may only be offset against income from a substantial interest and not against income from box I (work and private residence) or box III (savings and investments). There is a possibility for a credit for losses not compensated against the income tax liability of box II. Such tax credit is limited to 25% of the amount of the loss, and can only be claimed on condition that the holder of the substantial interest has sold all of that interest and holds no such interest in another entity. Interest related to the financing of a substantial interest is only deductible against the 25% rate. Income from loans to the company as well as income from other assets which are made available to the company are not taxable in box II, but in box I. Stock dividends received/derived will not be considered to form taxable income in box II at the moment of receipt. The purchase price of such stock dividend will in principle amount to zero.

BOX III (SAVINGS AND INVESTMENTS)

Income derived from capital (savings and investments) is taxed according to the regime of box III. Taxable income is determined annually on the basis of a fictitious - i.e. deemed - return on capital. This deemed return has been fixed at 4% of average net capital, assets less liabilities at market value, on 1 January and 31 December of any year. In this respect, assets and liabilities relating to income from box I and box II are not taken into account. The taxable income is computed without regard to the actual income and capital gains received. Thus, if actual income exceeds 4%, tax will still only be levied on the

basis of 4%. On the other hand, there is no reduction in tax if the actual income is less than 4%. The deemed income is taxed at 30%.

In principle, under the provisions of the Personal Income Tax Act 2001 the Dutch dividend tax can be credited, or refunded, for Dutch residents. This credit is also available against tax under box III. However, in case of dividend stripping transactions, the dividend withholding tax cannot be credited or refunded if the recipient cannot be considered to be the beneficial owner of the dividend. See the discussion on Dutch dividend withholding tax above.

NON-NETHERLANDS RESIDENT INDIVIDUALS

EU residents and residents of specified countries with which the Netherlands has concluded a tax treaty providing for the exchange of information who are liable for Netherlands taxation may elect to be taxed according to the rules applicable to resident taxpayers. They are then taxed as if they were a resident of the Netherlands (see above).

Non-resident individual holders of the ordinary shares or ADSs will be taxable in the Netherlands in respect of income or gain from this shareholding if these shares:

- are attributable to the business assets of a permanent establishment or permanent representative in the Netherlands (box I),
- generate income or gains that qualify as “income from miscellaneous activities” (*resultaat uit overige werkzaamheden*) in the Netherlands, which include activities in the Netherlands with respect to these shares that exceed “regular, active portfolio management” (*normaal, actief vermogensbeheer*) (box I), or
- belong to a substantial interest of the shareholder in the company and this substantial interest does not form part of the business assets of an enterprise of the shareholder (box II).

The right of the Netherlands to levy personal income tax on dividends received by non-resident individuals may be restricted under specific provisions of applicable tax treaties.

Dutch corporate income tax

COMPANIES RESIDENT IN THE NETHERLANDS

Under the Corporate Income Tax Act 1969, dividends received are in principle taxed at the ordinary Dutch rate. The ordinary corporate income tax rate in 2005 was 31.5% (reduced to 29.6% as of 1 January 2006), although the first €22,689 of taxable profit is taxed at 27% (reduced to 25.5% as of 1 January 2006). A legal entity or a similar entity qualifying as such under Dutch tax law (an entity) which is the beneficial owner of the ordinary shares or ADSs and who resides, or is deemed to reside, in the Netherlands, is, in principle, able to set off in full the dividend withholding tax withheld against its Dutch corporate income tax or claim a refund if it exceeds corporate income tax due. If, however, a Dutch resident company receives a dividend which is exempt

in the Netherlands (e.g. under the participation exemption) and tax has been withheld such tax cannot be credited against the corporate income tax due but will be refunded to the company receiving the dividend. An entity resident in the Netherlands which is not subject to Dutch corporate income tax can, under certain conditions, request a refund of the dividend tax withheld. An entity subject to Dutch corporate income tax for which the shareholding in the company qualifies for the participation exemption pursuant to article 13 of the Corporate Income Tax Act 1969 will not be subject to Dutch corporate income tax on income derived from the ordinary shares or ADSs and is entitled to an exemption from dividend tax. The participation exemption normally applies if a Dutch resident entity which is subject to corporate income tax at the ordinary rates holds an interest of at least 5% of the nominal paid-up share capital of the company. Under specific circumstances the participation exemption can also apply to interests of less than 5%.

An entity subject to Dutch corporate income tax will not be subject to corporate income tax on income derived from the ordinary shares or ADSs if the participation exemption pursuant to article 13 of the Corporate Income Tax Act 1969 applies with respect to the shareholding in the company.

COMPANIES NOT RESIDENT IN THE NETHERLANDS

If the ordinary shares are attributable to a permanent establishment or permanent representative in the Netherlands of a non-resident entity, the income distributed by the company will, in principle, be subject to corporate income tax at the rate of 31.5% (29.6% as of 1 January 2006), unless the participation exemption of article 13 of the Corporate Income Tax Act 1969 applies with respect to the shareholding in the company. Any dividend tax withheld can generally be set off against the Dutch corporate income tax due on this income, provided the recipient is the beneficial owner of the dividend.

The State of the Netherlands has concluded tax treaties with Canada, the United States, Switzerland, Japan, all EU member states, Norway and a large number of other countries. Most tax treaties concluded by the State of the Netherlands provide for a reduced dividend withholding tax rate of 15% for portfolio investment.

If the shares are not attributable to a Dutch permanent establishment or a permanent representative, dividends paid to non-resident entities which are shareholders of the company are in principle not subject to Dutch corporate income tax (other than the dividend withholding tax mentioned above), unless the non-resident shareholder holds a substantial interest in the company and the substantial interest does not form part of the business assets of an enterprise of the shareholder. The right of the Netherlands to tax the dividends may be restricted under specific provisions of applicable tax treaties.

Personal income tax and corporate income tax on capital gains

RESIDENTS OF THE NETHERLANDS

In principle, capital gains derived from the sale of the ordinary shares or ADSs by an individual shareholder who resides, or is deemed to reside, in the Netherlands are not subject to Dutch personal income tax provided that the ordinary shares or ADSs do neither form part of a substantial interest nor can be attributed to the enterprise of that individual nor do the capital gains realised qualify as “income from miscellaneous activities”, which include activities with respect to the ordinary shares or ADSs that exceed “regular, active portfolio management”. Capital gains realised on the disposal of ordinary shares or ADSs that form part of a substantial interest of an individual are subject to tax in box II at the special 25% rate. The capital gains are subject to personal income tax at the ordinary progressive rates of box I, currently up to 52%, if the ordinary shares or ADSs form part of the business assets of an enterprise carried on, in whole or in part, for the account of an individual or if the capital gains realised qualify as “income from miscellaneous activities”, which include activities with respect to the ordinary shares or ADSs that exceed “regular, active portfolio management”.

If the ordinary shares or ADSs are held by a Dutch resident entity, any capital gains derived from the sale of the ordinary shares or ADSs are subject to corporate income tax at 31.5% (29.6% as of 1 January 2006), unless the shareholding in the company qualifies for the participation exemption of article 13 of the Corporate Income Tax Act 1969.

NON-RESIDENTS OF THE NETHERLANDS

Capital gains realised by non-resident individuals who, or non-resident entities which, are shareholders of the company are in principle not subject to Dutch personal income tax or Dutch corporate income tax, provided that these shareholders:

- do not hold a substantial interest in the company, or
- do not conduct a business, trade or other taxable activities, in whole or in part, through a permanent establishment or permanent representative in the Netherlands to which or to whom the ordinary shares or ADSs are attributable, or
- if they are individuals, do not realise capital gains that qualify as income from “miscellaneous activities” in the Netherlands, which include the performance of activities in the Netherlands with respect to the shares that exceed “regular, active portfolio management”.

If the ordinary shares or ADSs form part of a substantial interest, the capital gain on the disposal of the ordinary shares or ADSs is, in principle, subject to tax at a rate of 25% for individuals or 31.5% (29.6% as of 1 January 2006) for entities, unless the substantial interest forms part of the business assets of an enterprise of the shareholder.

If the ordinary shares or ADSs are held by a non-resident entity and can be allocated to a permanent establishment or permanent representative in the Netherlands, the capital gains may be exempt if the participation exemption applies.

Furthermore, the right of the Netherlands to tax the capital gain may be restricted under specific provisions of applicable tax treaties.

Gift, estate or inheritance tax in the Netherlands

Generally, gift, estate and inheritance tax will be due in the Netherlands with respect to the gift or inheritance of the ordinary shares or ADSs if the donor or deceased who owned the ordinary shares or ADSs is or was a resident or is or was deemed to be a resident of the Netherlands for purposes of Dutch gift and inheritance tax.

No gift, estate or inheritance tax will arise in the Netherlands on a gift of the ordinary shares or ADSs by, or on the death of, a holder of the ordinary shares or ADSs who at the moment the gift is made is neither a resident nor deemed to be a resident of the Netherlands for purposes of Dutch gift and inheritance tax, provided that:

- such holder does not die within 180 days after having made a gift, while being on the moment of his death a resident or a deemed resident of the Netherlands, and
- such holder at the time of the gift, or at the time of his or her death did not have, an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which permanent establishment or a permanent representative, the ordinary shares or ADSs are or were attributable.

If the donor or the deceased is an individual who holds the Dutch nationality, he will be deemed to be resident in the Netherlands for purposes of Dutch gift and inheritance tax if he has been resident in the Netherlands at any time during the 10 years preceding the date of the gift or his death. If the donor is an individual who does not hold the Dutch nationality he will be deemed to be resident in the Netherlands for purposes of Dutch gift tax if he has been resident in the Netherlands at any time during the 12 months preceding the date of the gift. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

Furthermore, in exceptional circumstances, the donor or the deceased will be deemed to be resident in the Netherlands for purposes of Dutch gift and inheritance tax if the beneficiary of the gift, or all beneficiaries under the estate jointly, as the case may be, make an election to that effect.

UNITED STATES TAXATION

The following is a summary of certain US Federal income tax consequences of the purchase, ownership and disposition of ordinary shares as evidenced by ADSs. This summary does not purport to be a complete analysis of all potential US Federal income tax consequences of the purchase, ownership and disposal of ordinary shares or ADSs.

For purposes of this discussion, a US holder means an individual, citizen or resident of the United States for US Federal income tax purposes, a corporation, a partnership or other entity created or organised under the laws of the United States or any state thereof or the District of Columbia, or an estate or trust which is resident in the United States for US Federal income tax purposes, in each case who

- is not also resident of, or ordinarily resident in the Netherlands for Dutch tax purposes,
- is not engaged in a trade or business in the Netherlands through a permanent establishment, and
- does not own, directly, indirectly or by attribution, 10% or more of the shares of the company (by vote or value).

This summary is of a general nature only and does not discuss all aspects of the US and Dutch taxation that may be relevant to a particular investor. The summary deals only with ADSs held by US holders as capital assets and does not address special classes of purchasers, such as dealers in securities, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, persons that hold ordinary shares or ADSs as part of a straddle or a hedging or conversion transaction or as part of a “synthetic security” or other integrated transaction for US Federal income tax purposes, US holders whose functional currency is not the US dollar and certain US holders (including, but not limited to, insurance companies, tax-exempt organisations, financial institutions and persons subject to the alternative minimum tax) who may be subject to special rules. If a partnership holds shares or ADSs, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership.

Owners of ADSs are urged to consult their tax advisors with respect to the tax consequences to them of the ownership and disposition of such shares in light of their particular circumstances, including the tax consequences under state, local, foreign and other tax laws, and the possible effects of changes in US Federal or other tax laws.

In addition, this summary is based, in part, upon representations made by the depositary to us and assumes that the deposit agreement, and all other related agreements, will be performed in accordance with its terms. The US Treasury Department has expressed concern that depositaries for ADSs, or other intermediaries between the holders of shares of an issuer and the issuer, may be taking actions that are inconsistent with the claiming of US foreign tax credits by US holders of such receipts or shares. Accordingly, the analysis regarding the availability of a US foreign tax credit for Dutch taxes and sourcing rules described below could be affected by ongoing and future actions that may be taken by the US Treasury Department.

For purposes of tax treaties and the US Internal Revenue Code of 1986, as amended, US holders that own ADSs will be treated as owning ordinary shares.

Under the 1992 Treaty, the company, other than through its US subsidiaries, will generally not be subject to US Federal income tax unless it engages in a trade or business in the United States through a permanent establishment. The company intends to conduct its business activities in a manner that will not result in its non-US entities being considered to be engaged in a trade or business or to have a permanent establishment in the United States.

Taxation of dividends

To the extent paid out of current or accumulated earnings and profits of the company, as determined under US Federal income tax principles (E&P), a distribution made with respect to ordinary shares or ADSs (including the amount of any additional payment, and any Dutch withholding tax) will be includable for US Federal income tax purposes in the income of a US holder as ordinary income on the day received by the US holder, in the case of ordinary shares, or on the day received by the depositary, in the case of ADSs and will be treated as foreign source dividend income. Distributions in excess of current and accumulated E&P of the company will be treated as a non-taxable return of capital to the extent of the US holder's adjusted tax basis in the ordinary shares or ADSs and thereafter as taxable capital gain. The company has not historically maintained calculations of earnings and profits under US Federal income tax principles, although it may be required to do so in the future.

Any such dividend paid in euros will be included in the gross income of a US holder in an amount equal to the US dollar value of the euros on the date of receipt, which in the case of ADSs is the date they are received by the depositary. If dividends received in euro are converted into US dollars on the day they are received by the depositary, the US holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

Certain dividends paid to non-corporate US holders of ADSs in taxable years beginning after 31 December 2002 and before 1 January 2009 may be taxable at the rate applicable to long-term capital gains (generally at a maximum rate of 15%). This reduced income tax rate is only applicable to dividends paid by domestic corporations and "qualified foreign corporations" and only with respect to shares held by a qualified US holder (i.e. an individual) for a minimum holding period (generally, 61 days during the 121-day period beginning 60 days before the ex-dividend date). Based upon the information contained within the filing of this document with the SEC along with other factors the company may be considered a qualified foreign corporation. Accordingly, dividends paid to individual US holders on shares held for the minimum holding period may be eligible for a reduced income tax rate. The reduced income tax rate is not applicable to dividends paid by a company that is a passive foreign investment company for the corporation's taxable year in which the dividend is paid or for the preceding year. This reduced tax rate for qualified dividends is scheduled

to expire on 31 December 2008, unless further extended by congress. Each prospective investor should consult its own tax advisor regarding the implications of this legislation. In the case of a corporate US holder, dividends on shares and ADSs are taxed as ordinary income and will not be eligible for the dividends-received deduction generally allowed to US corporations in respect of dividends received from other US corporations.

Dividends paid to US holders will generally be subject to a Dutch withholding tax of 25% and will generally be eligible for a foreign tax credit. This amount may be reduced under the 1992 Treaty and is referred to above under "Dutch Taxation - Dutch withholding tax on dividends".

If the US holder is a US partnership, trust or estate, the foreign tax credit will be available only to the extent that the income derived by such partnership, trust or estate is subject to US tax either as the income of a US resident in its hands or in the hands of its partners or beneficiaries, as the case may be. The withholding tax may, subject to certain limitations, be offset against US Federal taxes on foreign source income by filing Internal Revenue Services (IRS) Form 1116 (or IRS Form 1118 for corporations) "Foreign Tax Credit" with the Federal income tax return. IRS Form 1116 can be obtained by calling 1-800-TAX FORM. This tax credit will normally reduce the US tax liability on the dividend. A US holder of ADSs or ordinary shares nonetheless will not be entitled to claim the tax credit for withholding taxes if the holding of ADSs or ordinary shares:

- is effectively connected with a permanent establishment situated in the Netherlands through which the holder carries on business in the Netherlands, or
- is effectively connected with a fixed base in the Netherlands from which the holder performs independent personal services.

Further, special rules apply if the holder:

- owns at least 10% of the ordinary shares of the company (or, in the case of a holder that is a US corporation, controls, alone or with one or more associated corporations, at least 10% of the voting stock of the company), or
- is exempt from tax in the US on dividends paid by the company.

A US holder may elect annually either to deduct the Dutch withholding tax (see "Dutch Taxation") from its income or take the withholding taxes as a credit against its US Federal income tax liability, subject to US foreign tax credit limitation rules.

If and to the extent that the company pays a dividend on the common shares or ADSs out of dividend income from its non-Dutch subsidiaries and is, therefore, entitled to a credit for Dutch tax purposes for foreign taxes attributable to such dividend income from non-Dutch subsidiaries, there is a risk

that the IRS might take the position that the allowable credit for Dutch tax purposes constitutes a partial subsidy of the company's withholding tax obligation and that, therefore, a US holder would not be entitled to a foreign tax credit with respect to the amount so allowed. However, this Dutch tax credit is available only to the company and does not reduce the amount of withholding tax applied against the dividends paid by the company. The company does not believe that such a position would be correct because such Dutch credit is based primarily on the net dividend received and the US holder does not receive any benefit from such Dutch tax credit available to the company.

Taxation of capital gains

In general, a US holder who is a resident of the United States for purposes of the 1992 Treaty and who is entitled to benefits of the 1992 Treaty under the limitations on benefits provision contained therein will not be subject to Dutch taxation on any gain derived from the sale or exchange of ADSs, except in certain instances where the US holder maintains a permanent establishment or fixed base in the Netherlands. A US resident holder of ADSs or ordinary shares generally will be liable for US Federal income tax on such gains to the same extent as on any other gains from sales of stock.

For US tax purposes, US holders will generally recognise gain or loss upon the sale or exchange of ADSs equal to the difference between the amount realised from the sale or exchange of the ADSs and the US holder's basis in such ADSs. In general, such gain or loss will be US source capital gain or loss. In the case of individual US holders, capital gains are subject to US Federal income tax at preferential rates if specified minimum holding periods are met and if such shares are held as a capital asset. If held for more than one year, such gain or loss will generally be long term capital gain or loss. Long term capital gain of a non-corporate US holder that is recognised on or after 6 May 2003 and before 1 January 2009 is generally taxed at a maximum rate of 15%.

Subject to the discussion below under "Passive foreign investment company considerations", a US holder will be liable for US Federal income tax on gains from sales or dispositions of ADSs or ordinary shares to the same extent as on any other gains from sales or dispositions of shares.

Passive foreign investment company considerations

In general, a foreign corporation becomes a passive foreign investment company (PFIC) if either 75% of its gross income for a year is "passive income" or 50% of its assets during the year produce or are held for the production of "passive income". Based on the manner in which the company has historically operated its business, the company does not believe that it is a PFIC for US Federal income tax purposes. However, the company can give no assurances that it will not at some time in the future become a PFIC. If the company were classified as a PFIC for any taxable year during which a US holder held an ADS or ordinary share, certain adverse tax

consequences could apply to the US holder. A prospective purchaser of the company's ADSs should consult with its tax advisor regarding the application of the PFIC rules to its ownership of an ADS or ordinary share.

US information reporting and backup withholding

Generally, the amount of dividends paid to US holders of ADSs, the name and address of the recipient and the amount, if any, of tax withheld must be reported annually to the IRS. A similar report is sent to the US holder.

A holder of ordinary shares or ADSs may be subject to US backup withholding tax, unless such holder:


- is a corporation or other exempt recipient and, if required, demonstrates its status as such, or
- provides a US taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with any applicable backup withholding requirements. Holders who fail to furnish certain identifying information under the US information reporting rules will be subject to backup withholding. Amounts withheld from payments will be allowed as a credit against such US holder's US Federal income tax liability.

The backup withholding is currently 28% but this rate is subject to change.

Persons required to establish their exempt status generally must provide such certification on IRS Form W-9 (Request for Taxpayer Identification Number and Certification) in the case of US persons and on the appropriate IRS Form W-8 in the case of non-US persons. Holders of ordinary shares should consult their tax advisors regarding the application of the information reporting and backup withholding rules, including the finalised Treasury regulations.

United States gift and estate tax

An individual US holder will be subject to US gift and estate taxes with respect to the ADSs in the same manner and to the same extent as with respect to other types of personal property.



She's won internal recognition
for her hard work and selfless
support of people across the
entire country organisation.

Beth Williams Administration Coordinator
TNT Logistics | North America