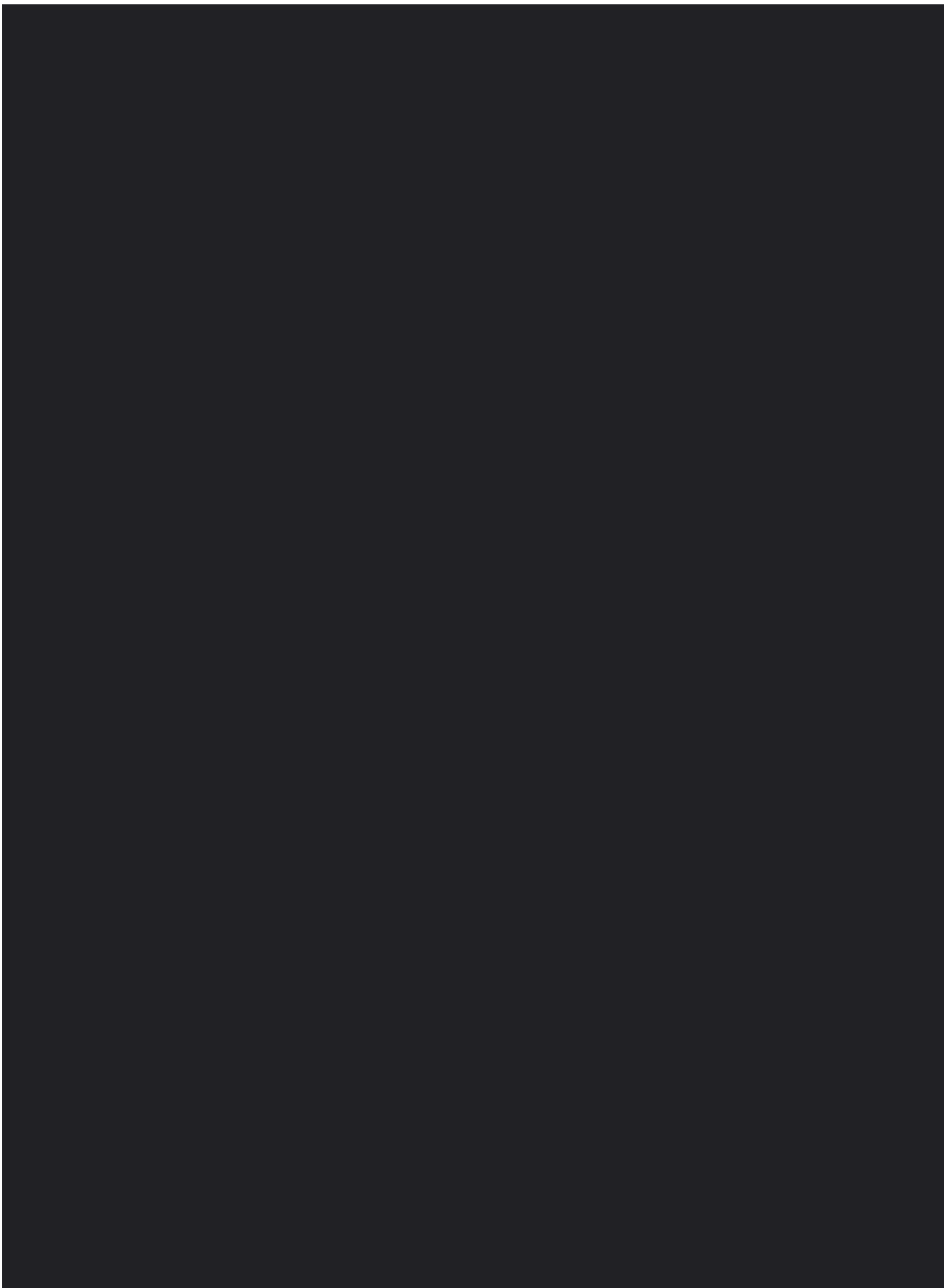
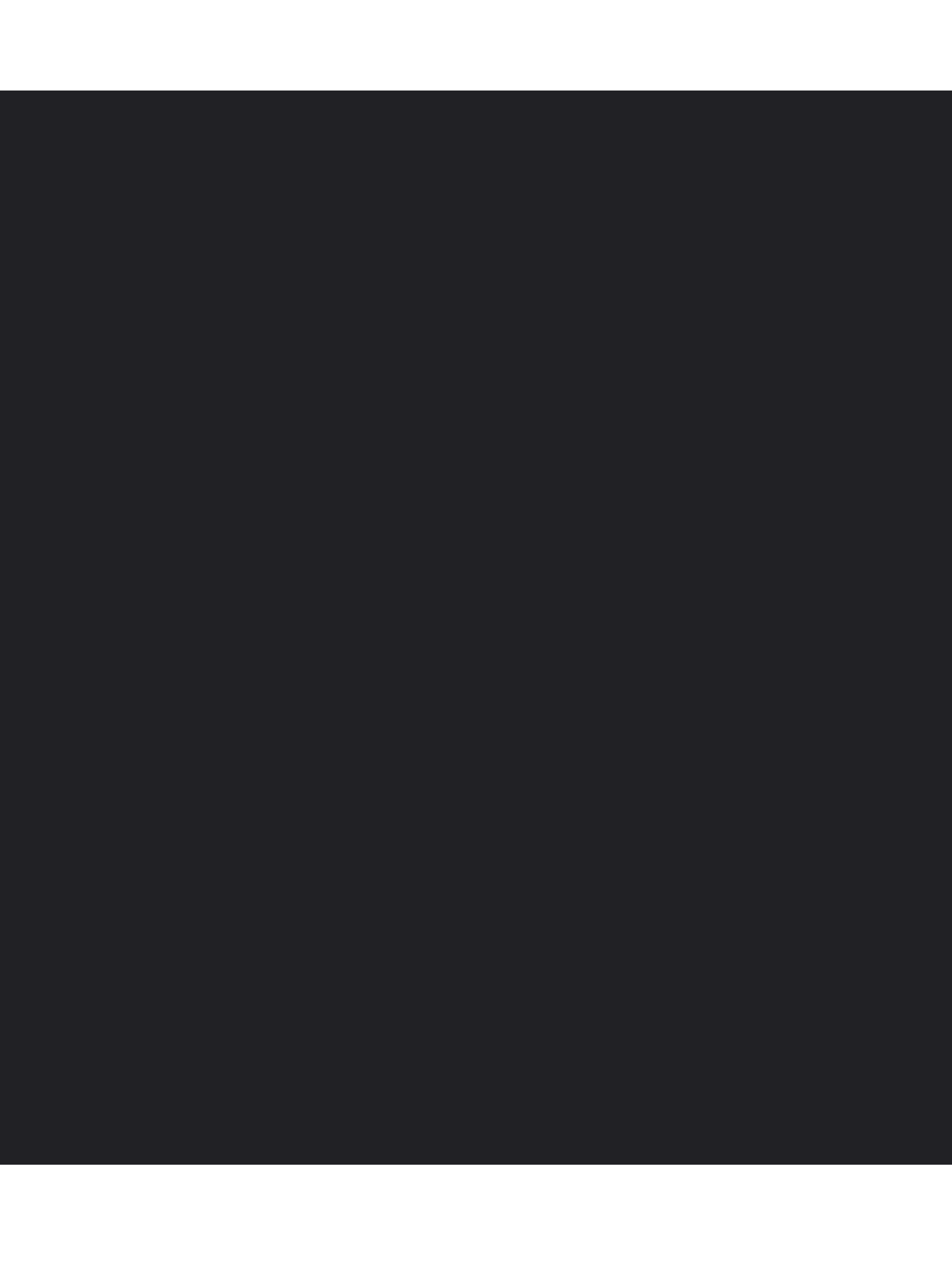


# ANNUAL REPORT









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## ORANGE ON THE INSIDE

The employees depicted in this annual report have, through their individual actions and team efforts, made an extraordinary contribution to TNT's success as a company. They have exhibited all the best aspects of our company's personality in the course of making their contribution. We call this "orange on the inside". To TNT, orange is more than a colour. It is an idea, a feeling, an attitude and a way of doing things. The employees in this annual report and their colleagues around the world are "orange on the inside".

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## PRESENTATION OF INFORMATION AND EXCHANGE RATES

Unless otherwise specified or the context requires otherwise, “us”, “we”, “our”, “TNT” and the “company” refer to TNT N.V. and all its group companies as defined in article 24b, part I, book 2 of the Dutch Civil Code.

References to “dollars”, “US dollars” and “\$” are to United States dollars. References to “euro” and “€” are to the currency introduced at the start of the second stage of the Economic and Monetary Union pursuant to the Treaty establishing the European Economic Community as amended by the Treaty on the European Union. Our financial statements are reported in euro.

In 2004 we prepared our consolidated financial statements in accordance with accounting principles generally accepted in the Netherlands (Dutch GAAP). As of 2005, all European listed companies are required to prepare their consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. As a result our 2005 consolidated financial statements have been prepared in accordance with IFRS, and the comparative 2004 data has been adjusted to IFRS. For TNT, there are no differences between the IFRS as adopted by the EU and the IFRS as issued by the International Accounting Standards Board. A detailed explanation of the transition to IFRS and the impact on our financial numbers is given in chapter 12. For a description of the differences between IFRS and US GAAP that affect the reconciliation of our IFRS net income and shareholders’ equity to those under US GAAP, see note 34 to our consolidated financial statements.

US dollar amounts presented are unaudited and have been translated solely for your convenience from euro into US dollars at an exchange rate of \$1.1842 per €1.00, the noon buying rate in the City of New York on 30 December 2005 for cable transfers as certified by the Federal Reserve Bank of New York. We do not represent that the US dollar amounts presented in the US dollar convenience translations or any amounts translated from euro into any other currency could have been converted from euro at the rates indicated. Historical exchange rate information can be found in chapter 15, page 212.

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## SELECTED FINANCIAL DATA

Since we are a non-US company that is a first-time adopter of IFRS, the United States Securities and Exchange Commission (SEC) has permitted us to present one year of comparative data instead of the normally required two years of comparative data.

The selected consolidated financial income statements data for the year ended 31 December 2005 and 2004 and the selected consolidated financial balance sheets data as at 31 December 2005 and 2004 have been derived from our audited consolidated financial statements and the related notes included in chapter 12 of this report. The selected consolidated financial data in accordance with US GAAP for 2005 has been derived from our audited consolidated financial statements. Prior year’s US GAAP selected consolidated financial data have not been adjusted to reflect the impact of our discontinued logistic business, other than the disposal of our French logistics business.

We have acquired a number of companies and businesses during the years, that are included in the following financial data, which limits the comparability of our year-on-year figures.

Selected financial data	2005		2004
	US\$	€	€
<b>INCOME STATEMENT</b>			
<b>Total revenues</b>	<b>11,967</b>	<b>10,105</b>	<b>9,106</b>
<b>Other income</b>	<b>45</b>	<b>38</b>	<b>8</b>
Salaries and social security contributions	(4,042)	(3,413)	(3,248)
Depreciation, amortisation and impairments	(379)	(320)	(303)
Other expenses	(6,219)	(5,251)	(4,447)
<b>Total operating expenses</b>	<b>(10,640)</b>	<b>(8,984)</b>	<b>(7,998)</b>
<b>Total operating income</b>	<b>1,372</b>	<b>1,159</b>	<b>1,116</b>
Profit before income taxes	1,363	1,151	1,096
Profit for the period from continuing operations	913	772	721
Profit/(loss) from discontinued operations	(131)	(111)	31
Profit attributable to the shareholders	780	659	752
<b>RATIOS</b>			
Operating margin (%) <sup>1</sup>	11.5	11.5	12.3
Average number of outstanding shares (in millions)	454.4	454.4	473.4
Earnings per ordinary share (in cents) <sup>2</sup>	171.7	145.0	158.9
Earnings from continuing operations per ordinary share (in cents) <sup>2</sup>	200.9	169.5	152.3
Earnings from discontinued operations per ordinary share (in cents) <sup>2</sup>	(28.8)	(24.5)	6.6
Average number of outstanding shares on diluted basis (in millions)	456.4	456.4	474.0
Earnings per diluted share (in cents) <sup>2</sup>	171.7	144.4	158.7
Earnings from continuing operations per diluted share (in cents) <sup>2</sup>	200.1	168.7	152.1
Earnings from discontinued operations per diluted share (in cents) <sup>2</sup>	(28.7)	(24.3)	6.6
Dividend per share (in cents) <sup>3</sup>	74.6	63.0	57.0
Dividend pay-out ratio (%) <sup>4</sup>	43.4	43.4	35.9
<b>BALANCE SHEET</b>			
Non-current assets	4,338	3,663	5,070
Current assets	2,789	2,355	3,159
Assets held for sale	2,816	2,378	
<b>Total assets</b>	<b>9,943</b>	<b>8,396</b>	<b>8,229</b>
Equity	3,883	3,279	3,344
as % of total liabilities and equity	39.1	39.1	40.6
Non-current liabilities	1,904	1,608	2,221
Current liabilities	2,699	2,279	2,664
Liabilities related to assets classified as held for sale	1,457	1,230	
<b>Total liabilities and equity</b>	<b>9,943</b>	<b>8,396</b>	<b>8,229</b>
<b>CASH FLOW STATEMENT CONTINUED OPERATIONS</b>			
Net cash from operating activities	1,165	984	708
Net cash used in investing activities	(314)	(265)	(268)
Net cash used in financing activities	(922)	(779)	(284)
<b>Changes in cash and cash equivalents</b>	<b>(71)</b>	<b>(60)</b>	<b>156</b>
<b>CASH FLOW STATEMENT DISCONTINUED OPERATIONS</b>			
Net cash from operating activities	33	28	250
Net cash used in investing activities	(22)	(19)	(22)
Net cash used in financing activities	22	19	(216)
<b>Changes in cash and cash equivalents</b>	<b>33</b>	<b>28</b>	<b>12</b>

(in millions, unless otherwise stated)

<sup>1</sup> Operating income as percentage of the total revenues.<sup>2</sup> Profit attributable to the shareholders divided by the average number of (diluted) ordinary shares.<sup>3</sup> For 2005 on a proposed basis.<sup>4</sup> Dividend as percentage of earnings per share (EPS).

Selected financial data US GAAP	2005		2004 <sup>1</sup>	2003 <sup>1</sup>	2002 <sup>1</sup>	2001 <sup>1</sup>
	US\$	€	€	€	€	€
Total revenues	15,798	13,341	12,328	11,492	11,364	10,790
Total operating income	1,503	1,269	1,215	866	1,165	926
Profit before income taxes	1,414	1,194	1,135	861	1,059	835
Profit for the period from continuing operations	931	786	739	464	729	476
Profit/(loss) from discontinued operations	(180)	(152)	(25)	(132)	(12)	8
Profit attributable to the shareholders	749	632	714	332	717	484
Profit attributable to minority interest	2	2				
Earnings per outstanding ordinary share (in cents)	164.8	139.1	151.9 <sup>2</sup>	69.9	150.9	101.9
Earnings per outstanding diluted ordinary share (in cents)	164.1	138.5	151.7 <sup>2</sup>	69.8	150.9	101.9
Non-current assets	5,997	5,064	5,006	5,261	5,797	5,521
Current assets	3,948	3,334	3,160	2,858	2,693	2,867
Assets held for sale	14	12				
<b>Total assets</b>	<b>9,959</b>	<b>8,410</b>	<b>8,166</b>	<b>8,119</b>	<b>8,490</b>	<b>8,388</b>
Equity	3,285	2,774	2,641	3,163	3,128	2,653
as % of total liabilities and equity	33.0	33.0	32.3	39.0	36.8	31.6
Non-current liabilities	2,837	2,396	2,602	2,482	2,772	2,855
Current liabilities	3,837	3,240	2,923	2,474	2,590	2,880
Liabilities related to assets classified as held for sale						
<b>Total liabilities and equity</b>	<b>9,959</b>	<b>8,410</b>	<b>8,166</b>	<b>8,119</b>	<b>8,490</b>	<b>8,388</b>

(in millions, unless otherwise stated)

<sup>1</sup> Prior years have been adjusted to reflect the logistics French business that qualifies as discontinued operations under US GAAP.<sup>2</sup> Number of shares used in calculation differ from number of shares used to calculate earnings per share under IFRS. The second tranche of shares repurchased from the State of the Netherlands were accounted for in 2004 under US GAAP and in 2005 under IFRS.



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This annual report constitutes TNT N.V.'s annual report for 2005 in accordance with Dutch regulations. It also forms the basis of our annual report on Form 20-F for the year ended 31 December 2005 for the SEC.

The report of the Board of Management is included in chapter 2 up to and including chapter 5 and chapter 11.

This annual report has been sent in hard copy form to shareholders who have requested to receive a copy and can be viewed on our website: [group.tnt.com](http://group.tnt.com). The information on our website, however, does not form part of this annual report.

TNT N.V. is a public limited liability company incorporated under the laws of the Netherlands currently listed on the Amsterdam, New York, London and Frankfurt stock exchanges.

Investing in our securities involves risk. Carefully consider the risk factors set out in chapter 10 of this annual report.

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**TO GUIDE YOUR READING OF THIS DOCUMENT, PLEASE FIND BELOW A SUMMARY OF EACH CHAPTER'S CONTENTS.**

**CHAPTER 1** contains the CEO letter to our shareholders and all other readers reviewing 2005 and looking forward to 2006.

**CHAPTER 2** discusses high-level information on our company, giving the reader a quick inside look into our strategy and the group operating and financial review and prospects.

**CHAPTERS 3 AND 4** discuss in more detail our mail and express divisions, respectively. Each chapter contains a business overview, the division's strategy, an operational overview and a financial overview. Chapter 3 on mail also gives a short summary of the regulatory environment in which our mail business operates. More comprehensive information on this regulatory environment can be found in chapter 13.

**CHAPTER 5** discusses our discontinued logistics business.

**CHAPTER 6** contains the report of our Supervisory Board.

**CHAPTER 7** discusses corporate governance. This chapter gives an overview of our procedures and the checks and balances that govern the way we manage our company.

**CHAPTER 8** deals with our Business Principles, as well as our social responsibility policy and humanitarian efforts.

**CHAPTER 9** contains our remuneration report. It comprises our remuneration policy and the detailed compensation plan for our Board of Management and Supervisory Board.

**CHAPTER 10** cautions against undue reliance on forward-looking statements and presents an overview of risk factors concerning our company and its business.

**CHAPTER 11** discusses certain financial information for the company, in particular with regard to cash flow, liquidity, capital resources and critical accounting policies.

**CHAPTER 12** contains our financial statements in accordance with IFRS and requirements as prescribed by the SEC, information as required by article 392, part 9, book 2 of the Dutch Civil Code and other financial information.

**CHAPTER 13** discusses in detail the regulatory environment in which our mail business operates.

**CHAPTER 14** contains additional information, including a description of our relationship with the State of the Netherlands and the rights attached to our shares.

**CHAPTER 15** discusses other information of interest to our shareholders, including with respect to the performance of our shares.

**CHAPTER 16** contains a cross reference table specifying where the various items required by Form 20-F can be found in this document.