

ALL THE RIGHT CONNECTIONS 2006 ANNUAL OVERVIEW



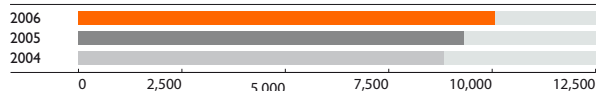
# **2006 TNT OVERVIEW**

---

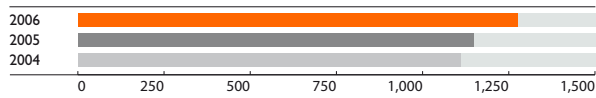
All the right connections 

# TNT AT A GLANCE

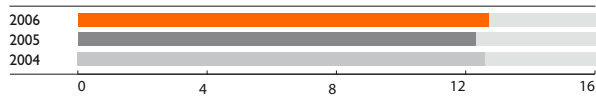
## Revenues (€ million)



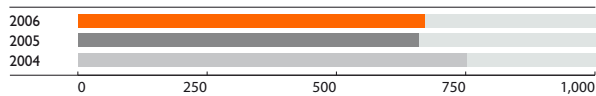
## Operating income (€ million)



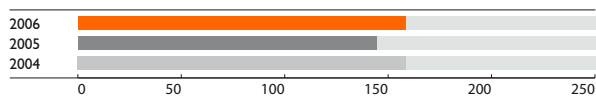
## Operating margin (%)



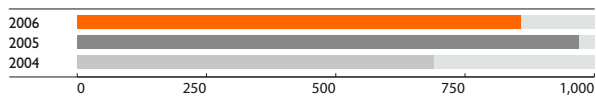
## Profits attributable to the equity holders of the parent (€ million)



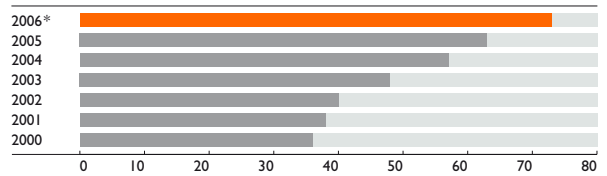
## Earnings per diluted ordinary share (in € cents)



## Net cash from operating activities (€ million)

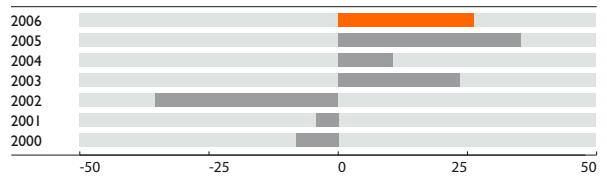


## Dividend per ordinary share 2000-2006 (€ cents)



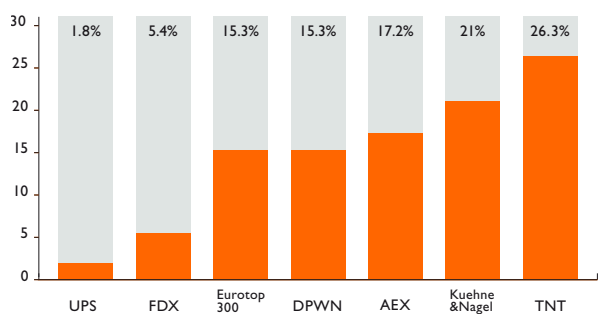
\* Estimate based on the number of outstanding shares per 26 February 2007.

## TNT total shareholder return 2000-2006 (%)



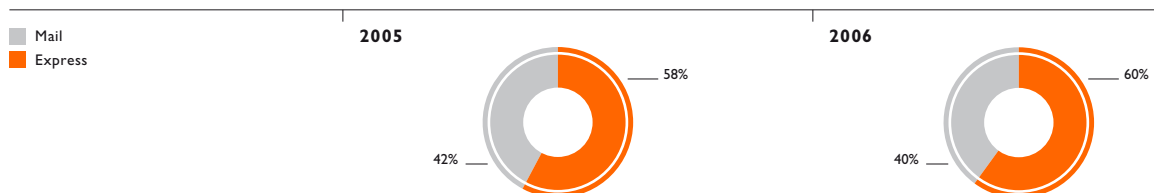
Source: Bloomberg Professional.

## Total shareholder return in FY 2006 (%)



Source: Bloomberg Professional (own currency based).

## Distribution of revenues per reportable segment



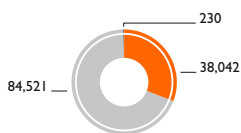
## TNT AROUND THE WORLD

### Europe and the Russian Federation

Net sales (total €8,761 million)

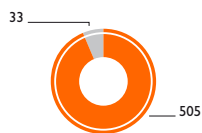


Employees (total 122,793)

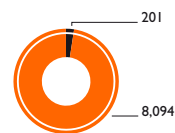


### Asia

Net sales (total €538 million)

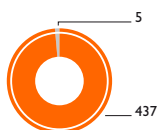


Employees (total 8,295)

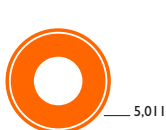


### Australia and the Pacific

Net sales (total €442 million)

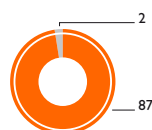


Employees (total 5,011)

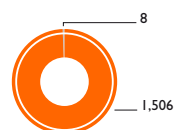


### Africa and the Middle East

Net sales (total €89 million)

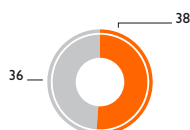


Employees (total 1,514)

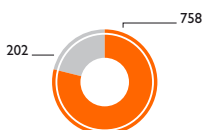


### USA and Canada

Net sales (total €74 million)



Employees (total 960)



### South and Middle America

Net sales (total €43 million)



Employees (total 649)



- MAIL
- EXPRESS
- NON-ALLOCATED (ONLY APPLICABLE TO EMPLOYEES IN EUROPE AND ASIA)

For more information regarding our company, please refer to our website <http://group.tnt.com> and our 2006 annual report.

# TABLE OF CONTENTS

<b>1 2006 IN BRIEF</b>	3
<b>2 LETTER FROM THE CEO</b>	4
<b>3 MISSION AND STRATEGY</b>	10
<b>4 GROUP FINANCIAL REVIEW</b>	13
<b>5 EXPRESS</b>	16
<b>6 MAIL</b>	18
<b>7 CORPORATE GOVERNANCE</b>	20
<b>8 MANAGEMENT REMUNERATION</b>	23
<b>9 INFORMATION FOR SHAREHOLDERS</b>	24
<b>10 SOCIAL RESPONSIBILITY</b>	26

The information contained in this annual overview is a selection from our 2006 Annual Report and Form 20-F (our "Annual Report"). For a complete presentation of the facts presented in this overview you should consult the Annual Report. In case of any discrepancy between the information in this overview and the Annual Report, the text in the Annual Report prevails.

A Dutch translation of this document is also available. Information contained in this overview and in the Annual Report can also be found on our website at [group.tnt.com](http://group.tnt.com).

For additional copies of the English or Dutch overview or of the Annual Report, e-mail a request to [annualreport@tnt.com](mailto:annualreport@tnt.com), fax a request to + 31 26 319 5221 or send a request to TNT Investor Relations.

# 2006 IN BRIEF

## 18 JANUARY

TNT completes the acquisition of TG+, a leading Spanish domestic distribution company

## 17 MAY

TNT Post UK Enters Consumer Parcels Market – Acquisition JD Williams provides TNT with 80% household coverage

## 23 AUGUST

TNT reaches agreement to sell its logistics division to Apollo Management, L.P. - Following completion TNT will launch a share buy-back programme of up to €1 billion

## 1 SEPTEMBER

TNT acquires Speedage to build leading position in domestic express market India

## 29 SEPTEMBER

TNT signs final agreement for acquisition Hoau Group - Completion expected early 2007

## 10 OCTOBER

TNT Post acquires PostCon Deutschland AG, Germany's market leader in mail consolidation

## 16 OCTOBER

TPG Post changes name to TNT Post

## 4 NOVEMBER

TNT completes sale of logistics division

## 16 NOVEMBER

TNT sells Freight Management to Geodis

## 16 NOVEMBER

TNT and the State of the Netherlands reach agreement on the transfer of the Special Share

## 20 NOVEMBER

TNT repurchases 18.2 million shares from the State of the Netherlands; the State reduces its holding in TNT to nil

## 20 DECEMBER

Boeing Delivers First 747-400ER Freighter to TNT, second to follow in 2007

# DELIVERING ON OUR PROMISES

## DEAR COLLEAGUES, FELLOW SHAREHOLDERS, CUSTOMERS AND OTHER READERS,

It is great when a plan comes together, and that's exactly what happened for TNT in 2006. This annual overview presents TNT's first year since we announced our Focus on Networks strategy.

We believe you will agree, after reading this annual overview, that 2006 was indeed a successful year for TNT. Not just because of our strong operational results, the successful ways some of the hard choices of 2005 were executed, or the imaginative new ways our people found to improve our business, but because all these things happened AND we laid the basis for continued success. In other words, strategy in action: delivering results and at the same time building new platforms for growth.

### FOCUS ON NETWORKS

With our newly focused strategy differentiating us in the market, we're pleased to report that the operating results in our mail and express networks were strong. The margins in both Mail and Express remained at best-in-industry levels. Overall, TNT's revenues grew by 7.8% compared to 2005, while operating income was up 11.1%. Our profit from continuing operations, which best reflects our business going forward, was up 7.5% in 2006.

In Express, revenue growth was well above 10%, and the margin approached 10% for the first time. Capacity at our air and road hubs in Liège and Duiven was expanded, and service quality was excellent throughout our European network despite occasional volume peaks caused by the kilo and consignment growth. We made significant progress in standardising our IT systems and key processes throughout our operations. In 2006, we added a Boeing 737 and a Boeing 747-400ERF to our air fleet. Three more

Boeing 737s and an additional Boeing 747-400ERF will follow in 2007. The Boeing 747-400ERFs will fly five times a week between our Liège hub and Shanghai, strengthening our Europe-to-China connection.

As part of our Focus on Networks strategy, we made important investments that increase our network coverage in selected markets. Simply put, TNT is acquiring domestic (road-based) network coverage in key growth markets around the world. We aim to upgrade service levels in these networks, standardise the processes and build connections with our express operations around the world. As part of this strategy, we acquired new growth platforms in 2006: TG+ in Spain and Speedage in India. We signed an equity transfer agreement with Hoau in China, and we expect to complete this transaction in early 2007. On 10 January 2007, we announced the acquisition of Brazilian express operator Mercúrio, establishing a leadership position in the domestic express market in South America. Integrating these large operations into the TNT express organisation will require our full attention in 2007.

In Mail, discussions around the liberalisation of the European market are playing out at two levels. We are awaiting the final decision from The Hague about the postal law in the Netherlands. Key outstanding questions concern the timing for fully opening the mail market - 1 January 2008 or later? - and the requirements of the Universal Service Obligation. We continue to lobby for a level playing field, which would mean opening the United Kingdom's and Germany's mail markets at the same time the Dutch market opens. In Brussels we've seen the European Commission's first proposal to open all European postal markets on 1 January 2009. Discussions in the European Parliament will continue in 2007.

In the Dutch market, where 55% of the volume is already open to competition, we have experienced competition as well as pressure from ongoing substitution. Our Dutch mail volumes declined by some 4% in 2006, in line with our expectations and cost-saving measures. The key priority for our mail business remains continuing to maintain the best possible service quality for our customers while making costs more flexible inside this leading mail delivery network.

In December 2006, we announced a series of new initiatives in the Master Plans for Mail in the Netherlands. In the coming years we expect to implement the next wave of measures aimed at realising additional cost savings of €300 million annually, as well as new commercial initiatives to counter-attack competition. These initiatives will make it possible to protect the future cash flow of Mail Netherlands despite ongoing volume declines of between 3% and 4% annually. In early 2007, we will give due attention to discussing these plans with our employees through their Works Councils and trade unions.

Outside the Netherlands, our mail activities saw revenue expansion of more than 25%. Our European Mail Networks are active in eight European countries. Our main push for growth is aimed at developing true competitive offerings in the United Kingdom and Germany. In the United Kingdom, where network access is part of the regulatory regime, TNT Post won significant mail contracts, more than any other market entrant. Transitioning to our own end-to-end delivery network, which we believe is the only sustainable way to compete, requires formidable efforts in 2007. In Germany we have focused mainly on expanding our household coverage by setting up our own networks. Germany is a difficult market; conditions there do not even resemble a level playing field. Expansion in the





market will continue to be expensive until mail volumes catch up with the delivery capacity we must put in place to offer German customers a competitive alternative. Given the size of the market and our progress to date, however, we remain highly committed to developing this opportunity.

As part of European Mail Networks expansion, we acquired PostCon in Germany and JD Williams in the United Kingdom, and various other smaller mail companies, including Italy.

### SALE OF NON-CORE BUSINESSES

During 2006 we were able to deliver on our promise to focus on what we do best: managing delivery networks. Two businesses were disposed of, reducing our workforce by approximately 35,500 employees and our revenues by some €3.7 billion. We believe we found good new owners for each of the businesses and good deals were made. We thank the various Works Councils for their involvement, advice and support during these often complex and sensitive projects.

In November 2006, we concluded the sale of our logistics business. After an intense sales process that involved many interested parties, we decided to sell TNT Logistics to Apollo Management L.P. for €1,480 million on a cash and debt free basis. Even though we had some difficult discussions on the deal and recorded a book loss of nearly €100 million, we're convinced that the sale was a better decision than continuing to try to improve returns from this complex business. We received proceeds of €1,335 million, of which

€15.5 million was received in the form of a 5% equity stake in the new company. On behalf of all of us in the Board of Management and our Supervisory Board, I thank Dave Kulik and all his colleagues, who left TNT to remain with the now CEVA Logistics.

On 16 November, we signed an agreement to sell our freight management business to French logistics service provider Geodis SA. We owned this good business for just over two years and came to the conclusion to sell it for a number of reasons: the logic of keeping it in our portfolio had decreased with our exit of logistics, and the fit with our remaining network businesses was not strong enough to pass on the excellent opportunity to exit. The transaction with Geodis was completed on 5 February 2007. The total net proceeds are approximately €450 million and the resulting book gain around €190 million. The result of the transaction will be accounted for in the first quarter of 2007.

Finally, we have made good progress in resolving our past tax matters. All relevant issues have been investigated and in several jurisdictions we have already reached agreements with those authorities. In the United Kingdom the tax authorities will issue initial assessments before they and we can effectively continue to seek an agreed solution. The amounts raised in such initial assessments could exceed our previous disclosed and unchanged estimated realistic total contingent liability range of €100-€250 million. However we believe, supported by strong external specialist advice, that it is unlikely that any of these past tax matters will lead to an additional liability beyond what has been accrued to date.

---

At TNT, we passionately believe that it is our people who make the difference

---

**INSTILLING PRIDE IN OUR PEOPLE**

At TNT, we passionately believe that it is our people who make the difference. We describe our belief in one sentence: *ordinary people doing extraordinary things by working together*. We have a large workforce. Their efforts to produce the best service quality every day, to listen to our customers and meet their needs are what make our business grow and succeed. Developing our talent and motivating all our staff is among TNT's most important strategic priorities.

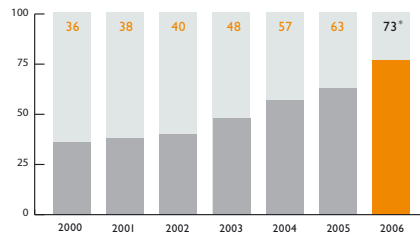
For this reason, every year we measure the engagement levels of our people, and improving these engagement scores is part of the annual compensation incentives for our key managers. Employee engagement scores are published in our Social Responsibility report. Increasing employee engagement isn't always easy; engaging people in regions where our business is growing is easier than doing so in changing or shrinking areas like our Dutch mail activities.

Instilling pride in our people is an important metaphor for working to continuously improve motivation among all our employees. The Board of Management is grateful to all the women and men who worked for TNT in 2006, and we congratulate them on their success. Through the acquisitions in Spain, China, India, Brazil, Germany and the United Kingdom, we added some 25,000 new people to our TNT family. We welcome all of you.

**CREATING VALUE FOR OUR SHAREHOLDERS**

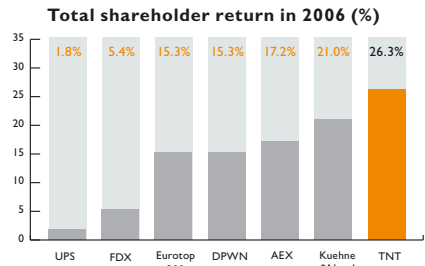
As part of our December 2005 strategy announcement, we promised to optimise our capital structure to reflect our reduced risk profile after exiting the logistics business. In 2006, we completed the first €1 billion share buy-back programme. We followed with another €1 billion share buy-back from the proceeds of the sale of our non-network logistics business, which completed on 23 January 2007. As part of the second buy-back, we also bought a substantial portion of the shares held by the Dutch government which had decided to sell all of its remaining shares in TNT, after having transferred its special share in the company to us for free. Since January 2005, TNT has distributed about €2.7 billion to its shareholders, through share buy-back programmes and through dividends, which have increased considerably in the past years.

**Dividend per ordinary share 2000-2006 (€ cents)**



\* Estimate based on outstanding number of ordinary

TNT's share price increased by 23.4% in 2006. In terms of total shareholder return TNT outperformed its peers and the AEX as shown below.



Source: Bloomberg Professional (own currency based).

For the first time, our Annual Report contains a report about our internal control over financial reporting, according to the US Sarbanes-Oxley Act standards. We are proud to present this report. Before we were able to do this, our people around the globe put in enormous amounts of work to standardise, improve, document and control our business processes.

The medium-term targets associated with our Focus on Network strategy are clear:

- For Express between 2007 and 2012: expand our leading position in Europe; build leading positions in emerging markets (particularly China, India and Brazil) and Special Services; grow revenues between 10-15% annually and maintain an operating income margin at around 10%.

Through the acquisitions in Spain, C  
and the United Kingdom, we added  
to our TNT family

- For Mail between 2007 and 2012: actively maintain our strong Dutch mail position amid liberalisation; expand European Mail Networks revenues by an average of approximately 18% annually, with a margin increasing to 10% in 2012.
- For TNT as a whole between 2007 and 2012: optimise our capital structure, while maintaining an investment-grade credit rating; find ways to reduce the effective tax rate and increase free cash flow.

### SHARING RESPONSIBILITY FOR THE WORLD IN WHICH WE OPERATE

Social responsibility is an integral part of the way we do business at TNT. When we talk with our stakeholders, it's clear that reducing our impact on the environment is one of their main concerns. In 2006, we undertook our Driving Clean project, which aims to achieve a sustainable and significant reduction of our vehicle emissions. We'll make our existing fleet cleaner by retrofitting trucks and vans with soot filters. We have started buying new vehicles that meet the highest environmental standards possible, and we are investigating all new technologies, both in terms of zero-emission vehicles and alternative fuels. In 2007, we'll launch new initiatives aimed at reducing our operations' impact on the global climate.

Our partnership with the World Food Programme (WFP) continued in 2006. Our specialists helped WFP enhance its capabilities

by implementing fleet management systems and providing training and expertise in supply chain management. We also assisted WFP in responding to emergency situations in Indonesia, Lebanon, Pakistan and Togo. In May 2006, our employees helped raise awareness for world hunger when more than 750,000 TNT and WFP personnel, families and friends participated in the third Walk the World event, a global sponsored walk encompassing more than 100 countries.

### IN CLOSING

All this made 2006 a successful year for TNT. We have many people to thank for their contributions to this success: our customers, our employees, our subcontractors and other business partners, our shareholders, our Supervisory Board members and every other stakeholder who has taken time to help make our company a better one.

With the group in good shape we look forward to the opportunities and challenges of 2007 with enthusiasm. We consider it our business to deliver yours.



Peter Bakker,  
CEO

# China, India, Brazil, Germany

# and some 25,000 new people

# MISSION AND STRATEGY

Our mission is to exceed our customers' expectations in the transfer of their goods and documents around the world. We deliver value to our clients by providing the most reliable and efficient solutions through delivery networks.

We seek to lead the industry by:

- instilling pride in our people,
- creating value for our shareholders, and
- sharing responsibility for the world in which we operate.

In 2006 we delivered on our promise to focus on networks, exit non-network related activities and optimise our capital structure:

- focus on our core capability: providing delivery services by expertly managing a portfolio of delivery networks in Mail and Express, where we believe our competitive advantage can be sustained and enhanced. We have successfully expanded in key markets like China, India and Brazil. We continue to explore the opportunity to expand the strategy by developing a standard parcels service and broader focused network services,
- disposal of non-core capability related activities: in 2006 we have successfully sold our logistics and freight management businesses,
- optimisation of our capital structure: we have regeared our balance sheet under the Focus on Networks strategy to reflect the more predictable cash flow profile of the group. A €1 billion share buy-back programme started on 6 December 2005 and was successfully completed in April 2006, and most of the logistics sales proceeds was returned to our shareholders through another €1 billion share buy-back programme that completed on 23 January 2007.

Based on our refined strategy we now manage our business through two divisions: Express and Mail.

## BRANDING

In a world where a strong brand is key in helping to drive a business forward, the implementation of a focused branding strategy is essential.

On 11 April 2005 we visibly launched our "one brand" initiative by changing our statutory name to TNT N.V., a clear signal that this globally recognised brand is to become the single face for all of TNT's activities.

The TNT one brand strategy is being implemented throughout the business, in 2006 most notably within the Netherlands where Royal TPG Post B.V. changed its statutory name to Royal TNT Post B.V. on 16 October 2006. The change of our name is accompanied by a change of the company's trucks, vans, letter boxes and corporate wear from red to orange. During 2006, this change has been substantially completed.

The strapline "It's our business to deliver yours", expressing our business and customer focus, was furthermore successfully launched for all our international activities in 2006.





# GROUP FINANCIAL REVIEW

As of 2005 all European listed companies are required to prepare their consolidated financial statements in accordance with IFRS as adopted by the European Union. For more details we refer to chapter 12 of our Annual Report.

As at and for the year ended at 31 December

	2006 US\$	2006 €	2005 €	2004 €
<b>Segmental operating revenues</b> <sup>1,2</sup>				
Express	7,933	6,011	5,363	4,963
Mail	5,365	4,065	3,955	3,852
Non-allocated and inter-company	(21)	(16)	11	12
<b>Total operating revenues</b> <sup>3</sup>	<b>13,277</b>	<b>10,060</b>	<b>9,329</b>	<b>8,827</b>
Depreciation, amortisation and impairments	420	318	303	296
Total operating income	1,683	1,276	1,148	1,110
as % of total operating revenues	12.7	12.7	12.3	12.6
<b>Profit for the year from continuing operations</b>	<b>1,093</b>	<b>828</b>	<b>770</b>	<b>720</b>
Profit/(loss) from discontinued operations	(207)	(157)	(109)	32
<b>Profit attributable to the equity holders of the parent</b>	<b>884</b>	<b>670</b>	<b>659</b>	<b>752</b>

(in millions, except percentages)

1 Comparative figures have been adjusted to reflect the transfer of Cendris UK from Mail to Express in 2006.

2 For net sales by geographic region see 'TNT at a glance'.

3 Includes net sales and other operating revenues.

In 2006, we had total operating revenues of €10,060 million

**2006**

In 2006, we had total operating revenues of €10,060 million. Our Express division accounted for 59.8% of our group operating revenues and 45.5% of our group operating income. Our Mail division accounted for 40.4% of our group operating revenues and 59.6% of our group operating income.

Year ended at 31 December

CONSOLIDATED GROUP RESULTS	2006	2006	variance %	2005	variance %	2004
	US\$	€		€		€
Total operating revenues	13,277	10,060	7.8	9,329	5.7	8,827
Other income	86	65	71.1	38	375.0	8
Total operating expenses	(11,680)	(8,849)	(7.7)	(8,219)	(6.4)	(7,725)
Total operating income	<b>1,683</b>	<b>1,276</b>	11.1	<b>1,148</b>	3.4	<b>1,110</b>
as % of total operating revenues <sup>w</sup>	12.7	12.7		12.3		12.6
Net financial expense	(62)	(47)		0		(16)
Income taxes	(521)	(395)	(5.1)	(376)	(1.1)	(372)
Results from investments in associates	(8)	(6)	(200.0)	(2)		(2)
Profit for the year from continuing operations	<b>1,092</b>	<b>828</b>	7.5	<b>770</b>	6.9	<b>720</b>
Profit/(loss) from discontinued operations	(207)	(157)	(44.0)	(109)	(440.6)	32
Profit for the year	<b>885</b>	<b>671</b>	1.5	<b>661</b>	(12.1)	<b>752</b>
Attributable to:						
Minority interests	1	1	(50.0)	2		0
<b>Equity holders of the parent</b>	<b>884</b>	<b>670</b>	1.7	<b>659</b>	(12.4)	<b>752</b>
Earnings per ordinary share (in cents) <sup>1</sup>	210.1	159.3	9.9	145.0	(8.7)	158.9
Earnings per diluted ordinary share (in cents) <sup>2</sup>	208.6	158.1	9.5	144.4	(9.0)	158.7

(in millions, except percentages and per share data)

<sup>1</sup> In 2006 based on an average of 420,701,641 of outstanding ordinary shares (2005 :454,367,662; 2004: 473,387,568).<sup>2</sup> In 2006 based on an average of 423,859,222 of diluted outstanding ordinary shares (2005 :456,360,619; 2004: 473,980,149).

Year ended at 31 December

OPERATING REVENUES BY SEGMENT	2006	2006	variance %	2005 <sup>1</sup>	variance %	2004 <sup>1</sup>
	US\$	€		€		€
Express	7,933	6,011	12.1	5,363	8.1	4,963
Mail	5,365	4,065	2.8	3,955	2.7	3,852
Non-allocated and inter-company	(21)	(16)	(245.5)	11	(8.3)	12
<b>Total operating revenues</b>	<b>13,277</b>	<b>10,060</b>	7.8	<b>9,329</b>	5.7	<b>8,827</b>

(in millions, except percentages)

<sup>1</sup> Figures have been adjusted to reflect the transfer of Cendris UK from Mail to Express in 2006.

Year ended at 31 December

OTHER INCOME BY SEGMENT	2006	2006	variance %	2005	variance %	2004
	US\$	€		€		€
Express	8	6				
Mail	77	58	123.1	26	225.0	8
Non-allocated	1	1	(91.7)	12		
<b>Total other income</b>	<b>86</b>	<b>65</b>	71.1	<b>38</b>	375.0	<b>8</b>

(in millions, except percentages)

Year ended at 31 December

OPERATING INCOME BY SEGMENT	2006	2006	variance %	2005 <sup>1</sup>	variance %	2004 <sup>1</sup>
	US\$	€		€		€
Express	765	580	21.8	476	25.9	378
Mail	1,004	761	(1.8)	775	(3.5)	803
Non-allocated	(86)	(65)	36.9	(103)	(45.1)	(71)
<b>Total operating income</b>	<b>1,683</b>	<b>1,276</b>	11.1	<b>1,148</b>	3.4	<b>1,110</b>

(in millions, except percentages)

<sup>1</sup> Figures have been adjusted to reflect the transfer of Cendris UK from Mail to Express in 2006.

## GROUP OVERVIEW

Total operating revenues increased by 7.8% in 2006 compared to 2005. Operating income increased by 11.1%, mainly due to an increase in our Express business.

Our Express business achieved 12.1% higher operating revenues compared to 2005. The improved performance is broadly based across the continents, but mainly due to continued growth in our international businesses as well as special services and further supported

by acquisitions. Express operating income increased by 21.8%, primarily due to substantial volume growth, particularly in the international business across all customer segments, and effective cost control, including further network optimisation and continued yield improvements.

In our Mail business, operating revenues increased by 2.8% in 2006, mainly due to substantial volume growth in addressed European Mail Networks and partly offset by the continued volume decline in addressed

Mail Netherlands. The latter volumes continued to decline due to competition, substitution and substantially fewer bank mailings. The volume decline was strongly mitigated by the product mix and, to a lesser extent, price effects. Operating income of our Mail business decreased by 1.8%. This decrease is mainly due to the continuing expansion of European Mail Networks capacity and rebranding costs and partly offset by positive price mix effects and continued progress in improving productivity and cost control in Mail Netherlands.

Year ended and position at 31 December

	2006	2006	2005	2004
	US\$	€	€	€
<b>BALANCE SHEETS</b>				
Non-current assets	4,985	3,777	3,663	5,070
Current assets	2,800	2,122	2,355	3,159
Assets held for sale	540	409	2,378	
<b>Total assets</b>	<b>8,325</b>	<b>6,308</b>	<b>8,396</b>	<b>8,229</b>
Equity	2,650	2,008	3,279	3,344
Non-current liabilities	2,127	1,612	1,608	2,221
Current liabilities	3,355	2,542	2,279	2,664
Liabilities related to assets classified as held for sale	193	146	1,230	
<b>Total liabilities and equity</b>	<b>8,325</b>	<b>6,308</b>	<b>8,396</b>	<b>8,229</b>
Net return on equity <sup>1</sup> (%)	33.4	33.4	22.9	22.5
Equity as % of total liabilities and equity	31.8	31.8	39.1	40.6
<b>CASH FLOW STATEMENTS CONTINUING OPERATIONS</b>				
Net cash from operating activities	1,131	857	969	690
Net cash used in investing activities	1,409	1,068	(262)	(266)
Net cash used in financing activities	(2,840)	(2,152)	(768)	(298)
<b>Changes in cash and cash equivalents</b>	<b>(300)</b>	<b>(227)</b>	<b>(61)</b>	<b>126</b>
<b>CASH FLOW STATEMENTS DISCONTINUED OPERATIONS</b>				
Net cash from operating activities	(83)	(63)	43	268
Net cash used in investing activities	(40)	(30)	(22)	(24)
Net cash used in financing activities	48	36	8	(202)
<b>Changes in cash and cash equivalents</b>	<b>(75)</b>	<b>(57)</b>	<b>29</b>	<b>42</b>

(in millions, except percentages)

<sup>1</sup> The profit attributable to the equity holders of the parent as a percentage of the total equity.

# EXPRESS

## BUSINESS DESCRIPTION

Our Express division provides on-demand door-to-door express delivery services for customers sending documents, parcels and freight. We offer regional, national and worldwide express delivery services, mainly for business-to-business customers. The express services we provide and the prices we charge to customers are primarily classified by transit times, distances to be covered and sizes and weights of consignments. We offer a comprehensive range of products to our customers that we divide into small and medium enterprises,

major account and global customers with each of these being managed by dedicated teams and processes. We build strong relationships with our customers through regular personal calls and visits, as well as a wide range of communications media.

In 2006, our Express division earned revenues of €6,011 million.

The following tables set out the financial performance of our express division for the past three years:

Year ended at 31 December

EXPRESS FINANCIAL OVERVIEW	2006	2006	variance %	2005 <sup>1</sup>	variance %	2004 <sup>1</sup>
	US\$	€		€		€
Total operating revenues	7,933	6,011	12.1	5,363	8.1	4,963
as % of total operating revenues TNT		59.8		57.5		56.2
Other income	8	6				
Total operating expenses	(7,176)	(5,437)	(11.3)	(4,887)	(6.6)	(4,585)
<b>Total operating income</b>	<b>765</b>	<b>580</b>	21.8	<b>476</b>	25.9	<b>378</b>
as % of express operating revenues		9.6		8.9		7.6

(in millions, except percentages)

<sup>1</sup> Figures have been adjusted to reflect the transfer of Cendris UK from Mail to Express in 2006.

During 2006, our Express division realised higher operating revenues and improved earnings as a percentage of operating revenues due to a strong performance in our international business attributable to our attractive product offering, disciplined pricing and an efficient sales process.

We continued to grow our profit margin, which was achieved through the implementation of standard commercial policies, cost control, including increased network utilisation, while maintaining service levels and the ongoing review of our revenue quality yield against cost inflation.

## STRATEGY

Our ambition is to be the leader in day certain and time certain door-to-door transport for our business-to-business clients with the widest geographical coverage.

We are a global express player. Our strategic intent is to:

- be number one in Europe in national, intra-European and Asia-Europe express flows,
- build volumes from China to fuel our European network and establish an intra-China network,
- be number one in selected emerging markets like India, Brazil and China, and

- be number one in special services: a range of flexible and value added solutions that are complimentary to the network services. These services are tailored to the customers' requirements and range from time critical and freight transportation through to special handling and distribution services.

## BUSINESS PERFORMANCE

In 2006 our Express business produced a strong performance driven by our international businesses, supported by a more balanced customer portfolio, growth in our global accounts, improved network optimisation and careful cost management. Our employees furthered our mission through strict adherence to our commercial policy, a focus on serving business-to-business customers and consistent company-wide deployment of our uniform best practices. These strong results are a continuation of previous years' results, which have seen solid

high single digit revenue growth and continuous improvement in operating margin.

We have a more extensive express delivery road network in Europe than any of our competitors. We continue to enhance our European air and road networks to be able to offer the most reliable service to our customers. Through these integrated road and air networks we are able to offer a range of fast and reliable express delivery services in most European countries. With respect to our European network, we added our own airport connections to Brno (the Czech Republic) and Vigo (Spain) in March and September 2006, respectively, and added St. Petersburg, Ljubljana and Zagreb as new co-load airport connections. We further expanded our already dense network coverage by introducing a road connection to Morocco between Madrid and Casablanca. TNT is the first major express company to create an owned time definite road linehaul connection between Africa and Europe, and this complements the focus on further

strengthening our networks by expanding into the emerging markets within and around Europe.

### Express Rest of the World

The Express Rest of the World business provides door-to-door express delivery of documents, parcels and freight worldwide in all areas outside Europe and from these areas to Europe. Our worldwide coverage extends to more than 200 countries. We are also building our position in Asia and have further improved service levels between Asia and Europe.

We have a more extensive  
express delivery road network  
in Europe than any of our  
competitors

# MAIL

## BUSINESS DESCRIPTION

Our Mail division provides services for collecting, sorting, transporting and distributing domestic and international mail, including letters, printed matter and parcels, as well as for distributing addressed direct mail and unaddressed mail (i.e. the item of correspondence does not carry an individual address). We also provide a range of data and document management services, including direct marketing and interactive services and services for managing physical and electronic information flows.

The following table sets out the financial performance of our Mail division for the past three years:

MAIL FINANCIAL OVERVIEW	Year ended at 31 December					
	2006	2006	variance %	2005 <sup>1</sup>	variance %	2004 <sup>1</sup>
	US\$	€		€		€
Total operating revenues	5,365	4,065	2.8	3,955	2.7	3,852
as % of total operating revenues TNT		40.4		42.4		43.6
Other income	77	58	123.1	26	225.0	8
Total operating expenses	(4,438)	(3,362)	(4.9)	(3,206)	(4.9)	(3,057)
<b>Total operating income</b>	<b>1,004</b>	<b>761</b>	(1.8)	<b>775</b>	(3.5)	<b>803</b>
as % of mail operating revenues		18.7%		19.6%		20.8%

(in millions, except percentages)

<sup>1</sup> Figures have been adjusted to reflect the transfer of Cendris UK from Mail to Express in 2006.

We want our mail operations to be benchmark for quality of service efficiency and for producing the best

In 2006, our Mail business earned revenues of €4,065 million, a 2.8% increase compared to 2005.

## STRATEGY AND ACTIONS

In the mail industry it is our ambition to become the leading provider of business and consumer related services for communication, transactions and delivery. We want our Mail operations to be recognised as the industry benchmark for quality of service, efficiency and customer service, for producing the best returns in the industry, and for making optimal use of both new technologies and European postal market liberalisation.

Our Mail strategy is based on two key elements:

- In our domestic Mail operations in the Netherlands, we focus on our customers and on the efficiency of our network. We implement our customer centric approach through our sales channels, product development and new business. The price/value strategy together with the implementation of our cost flexibility measures are designed to enable us to retain our margins within a stable band. In addition, we continue to offer high service quality and new services to customers that bring cost savings to their production chains.

- Internationally, we continue to expand in attractive markets along two tracks:
  - through an offensive approach we aim to build an alternative postal company to the incumbent operator in world-wide selected countries and markets. Our European Mail Networks business line offers addressed, unaddressed and segmented distribution solutions for letters and direct mail, brochures, leaflets and samples with an excellent price/quality ratio, and
  - through postal alliances we strive to strengthen our position by way of cooperation with other organisations and postal operators.

## BUSINESS PERFORMANCE

In the Netherlands we have announced new initiatives to:

- limit volume pressure through further product and price differentiation and investments to maintain and generate new volumes, and
- reduce costs further through initiatives that we expect to generate €300 million in additional annual savings on top of the already existing cost flexibility measures (under the so-called Master Plans).

In Germany, one of the key mail markets in Europe, we accelerated the expansion of our regional distribution networks to strengthen our position in nationwide addressed delivery. We have decided not to build a nationwide network, but will focus on high density areas, either through greenfield operations under the brand name TNT Post Regioservice or via acquisitions. In 2006 we acquired PostCon Deutschland AG, the market leader in consolidation in Germany. Through this acquisition we were able to grow our customer base and to bring volume into our own networks.

The United Kingdom is the second largest market in Europe and is therefore a key market for us. In the United Kingdom we have contracted with Royal Mail for downstream access which allows us to offer customers an alternative in the postal market. This arrangement was successful in 2006, as we gained many important contracts.

In the fourth quarter of 2006 we also launched a parcel service in the UK. The acquisition of the JD Williams courier network provides an entry for TNT Post UK to business-to-consumer and consumer-to-consumer parcel and delivery markets, providing 80% household coverage in the United Kingdom.

recognised as the industry  
 efficiency and customer  
 returns in the industry

# CORPORATE GOVERNANCE

## BOARD OF MANAGEMENT



**M.P. (Peter) Bakker (1961)**  
CHIEF EXECUTIVE OFFICER

Peter Bakker has been chief executive officer (CEO) since 1 November 2001.

Shares owned: 30,079



**C.H. (Henk) van Dalen (1952)**  
CHIEF FINANCIAL OFFICER

Henk van Dalen has been chief financial officer (CFO) since 1 April 2006 and a member of the Board of Management since 20 April 2006.

Shares owned: 0



**H.M. (Harry) Koorstra (1951)**  
GROUP MANAGING DIRECTOR MAIL

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

Shares owned: 18,133

Throughout 2006 we have spent considerable resources documenting and testing of our internal control over financial



**M.C. (Marie-Christine) Lombard (1958)**  
 GROUP MANAGING DIRECTOR EXPRESS

Marie-Christine Lombard has been Group Managing Director Express and a member of the Board of Management since 1 January 2004.

Shares owned: 7,741

## INTERNAL CONTROL

Throughout 2006 we have spent considerable time and resources documenting and testing the operational effectiveness of our internal control over financial reporting to comply with our obligations under Section 404 of Sarbanes-Oxley and to comply with (or, if appropriate to explain the deviations from) the Dutch corporate governance code. The report on our internal control can be found in chapter 7 of our Annual Report.

considerable time and  
 the operational effectiveness  
 al reporting

## SUPERVISORY BOARD

### J.H.M. (Jan) Hommen (1943)

CHAIRMAN

Mr. Hommen is chairman of the Supervisory Board since April 2005.

### R.J.N. (Robert) Abrahamsen (1938)

Mr. Abrahamsen was appointed as a member of the Supervisory Board on 9 May 2000.

### J.M.T. (James) Cochrane (1944)

VICE-CHAIRMAN

Mr. Cochrane was appointed as a member of the Supervisory Board on 28 June 1998.

### R. (René) Dahan (1941)

Mr. Dahan was appointed as a member of the Supervisory Board on 1 April 2003.

### V. (Victor) Halberstadt (1939)

Mr. Halberstadt was appointed as a member of the Supervisory Board on 28 June 1998.

### G. (Giovanna) Kampouri Monnas (1955)

Mrs. Kampouri Monnas was appointed as a member of the Supervisory Board on 7 April 2005.

### R. (Roger) King (1940)

Mr. King was appointed as a member of the Supervisory Board on 20 April 2006.

### W. (Wim) Kok (1938)

Mr. Kok was appointed as a member of the Supervisory Board on 1 April 2003.

### S. (Shemaya) Levy (1947)

Mr. Levy was appointed as a member of the Supervisory Board on 7 April 2005.

### R.W.H. (Rolf) Stomberg (1940)

Mr. Stomberg was appointed as a member of the Supervisory Board on 28 June 1998.

None of the Supervisory Board members own TNT shares.

## ADDITIONAL SUPERVISORY BOARD INFORMATION

Name	Nationality	Appointed	Term expires	Committee membership
J.H.M. Hommen	Dutch	June 1998	2009	Nominations, Public Affairs
R.J.N. Abrahamsen	Dutch	May 2000	2008	Audit, Nominations
J.M.T. Cochrane	British	June 1998	2010	Remuneration
R. Dahan	Dutch	April 2003	2007	Audit
V. Halberstadt	Dutch	June 1998	2007	Audit, Public Affairs, Nominations
G. Kampouri Monnas	Greek	April 2005	2009	Remuneration, Public Affairs
R. King	American	April 2006	2010	-
W. Kok	Dutch	April 2003	2007	Remuneration, Public Affairs
S. Levy	French	April 2005	2009	Audit
R.W.H. Stomberg	German	June 1998	2010	Remuneration, Nominations

# MANAGEMENT REMUNERATION

The remuneration of the members of the Board of Management is the responsibility of the Supervisory Board.

The remuneration committee is appointed by our Supervisory Board to assess and propose the remuneration policy for members of the Board of Management and to prepare the proposal for the remuneration of the individual members of the Board of Management.

The remuneration policy is adopted by the general meeting of shareholders. Material changes to the policy are submitted to the meeting for adoption.

The remuneration for members of our Board of Management consists of three elements:

1. Fixed base salary.
2. Variable compensation, linked to performance, consisting of:
  - a. a short term incentive component, and
  - b. a long term incentive component.
3. Pension arrangements.

The table below gives an overview of the three elements of the compensation and benefits calculated in 2006 for each member of the Board of Management.

There has not been any adjustment of the level of the fixed base salary, and the “at target” levels for the short term and long term incentives have not been adjusted for the Board of Management since 2004. As a result, the remuneration of the Board of Management is currently below the European reference market. Under the current policy we will increase the base salary and “at target” levels of the short term and long term incentive for all members of the Board of Management for 2007.

## Targets

The Supervisory Board sets the targets for the mission-related incentive plan at the beginning of each financial year.

For 2007 the following targets will apply:

- Financial targets:
  - economic profit,
  - earnings, and
  - revenue growth.

Since growth is a key target of our strategy, revenue growth has been added in the 2007 target setting with economic profit and earnings being continued from 2006.

Depending on the tasks and responsibilities of each individual member of the Board, the

financial targets are related to group or division performance.

- Non-financial targets:
  - exceeding customers' expectations: continued improvements in our relations with customers, which are measured through customer satisfaction surveys and by assessing the relationship with our customers in person,
  - instilling pride in our people: continuous improvement in engaging our staff, which is measured through employee engagement surveys, and
  - sharing responsibility for our world: implementing the agreed social responsibility standards; making a difference to our environment. This can be accounted for by our global initiatives to reduce the emission of CO<sub>2</sub> and our involvement with the United Nations World Food Programme.

	Base salary	Accrued short term incentive	as % of base salary	Accrual for long term equity incentive	as % of base salary	Pension related costs
Peter Bakker	900,000	741,067	82%	353,658	39%	121,825
Henk van Dalen <sup>1</sup>	450,000	378,000	84%	40,842	9%	314,968
Harry Koorstra	600,000	507,639	85%	177,617	30%	113,725
Marie-Christine Lombard	600,000	484,914	81%	206,775	34%	276,000
<b>Total</b>	<b>2,550,000</b>	<b>2,111,620</b>		<b>778,892</b>		<b>826,518</b>

(in €, except percentages)

<sup>1</sup> Employed as of 1 April 2006.

For detailed information concerning the remuneration of our Board of Management, see the remuneration report in the Annual Report. This report can also be viewed on our website.

# INFORMATION FOR SHAREHOLDERS

Since 29 June 1998, following our demerger from Royal KPN N.V., our ordinary shares have been listed on the Amsterdam Stock Exchange, which was renamed Euronext Amsterdam in connection with the merger of the Amsterdam, Brussels and Paris stock exchanges in 2000, and the New York Stock Exchange.

As per 21 March 2006 we ended our listing on the London Stock Exchange. We ended our listing on the Frankfurt Stock Exchange on 1 June 2006.

The principal market for trading in our ordinary shares is Euronext Amsterdam. TNT is included in the AEX index, which consists of the top 25 companies in the Netherlands, ranked on the basis of their turnover in the stock market and free float.

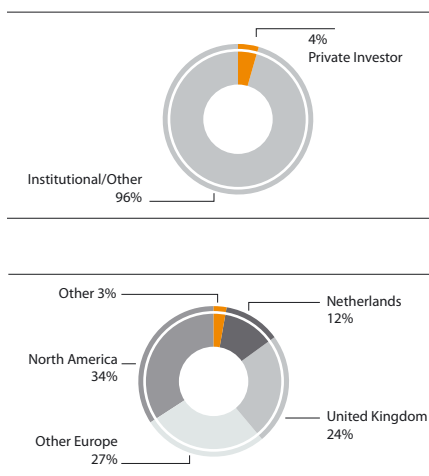
Our relative performance to the Euronext Amsterdam (AEX) at closing prices during 2006 (AEX index rebased to our company):



A proposal to cancel the 30,947,707  
 under the buy-back programmes w  
 of the annual general meeting of sha

## DISTRIBUTION OF SHARES

Since our ordinary shares are in bearer form, the analyses of shareholdings by region and investor type are estimates based on the limited information available to us through market sources. These estimates as of 31 December 2006 and expressed as a percentage of total shares outstanding (excluding treasury shares) on that date, are:



Source: Thomson Financial Shareholder information.

## SHARE BUY-BACK PROGRAMMES

The reduction of our issued share capital to its current amount was effected on 12 December 2006 following the completion in April 2006 of the share buy-back programme announced on 6 December 2005. Following the sale of our discontinued logistics business, we commenced another buy-back programme on 6 November 2006 with the intention to cancel the ordinary shares acquired through the programme. This programme was completed on 23 January 2007. A proposal to cancel the 30,947,707 shares repurchased under the programme will be part of the agenda of the annual general meeting of shareholders in 2007. Upon adoption the issued share capital may be reduced accordingly.

## FINANCIAL CALENDAR FOR 2007

26 February	2006 fourth quarter and full year results
20 April	General meeting of shareholders
24 April	Ex-dividend listing
2 May	Dividend payment
3 May	2007 first quarter results
30 July	2007 second quarter results
29 October	2007 third quarter results

7 shares repurchased  
will be part of the agenda  
shareholders in 2007

# SOCIAL RESPONSIBILITY

## TNT GROUP SOCIAL RESPONSIBILITY POLICY

### Our aspirations

TNT is a global business that strives to improve its social and environmental impact on communities around the world. We aspire to help people realise their potential and to meet the needs of the current generation without producing a poorer world for our children by compromising the ability of future generations to fulfil their own needs. To meet these aspirations towards our stakeholders, we subscribe to the United Nations Global Compact, which embraces, supports and enacts a range of values in the areas of human rights, labour standards and the environment that we can influence.

The quality of our footprint on local, regional, national and global societies is a determining factor when communities decide whether to extend their consent to our operations in the long term. TNT is developing and maintaining policies and practices that promote a positive and sustainable environmental and social contribution to every community in which we operate. The TNT Business Principles underpin this commitment to legal compliance, continuous improvement and social responsibility.

### Our initiatives

TNT is undertaking a variety of initiatives to support our aspirations and values:

- Encouraging operating units to achieve international standards including Investors in People, ISO 9001:2000, ISO 14001, OHSAS 18001 and SA 8000.
- Training employees on the social and environmental dimensions of their roles.
- Encouraging our suppliers to introduce programmes that support our own objectives and targets because we take responsibility for the effects of our entire supply chain in line with the TNT Business Principles.
- Benchmarking our policies, strategies and programmes internally and externally to encourage continuous improvement in all areas of our activities.
- Developing programmes that reduce the emissions of our operational activities.

### Our communications

We are committed to communicating and building a dialogue with internal and external stakeholders about our challenges and accomplishments in achieving our social responsibility and environmental management goals.

### Our internal award

We hold an annual competition to celebrate the best internal initiatives and results in the field of social responsibility and environmental management.

### Public reporting

We will reflect our progress and future plans in our social responsibility report to enable all our stakeholders to understand and monitor our performance and future plans.

We are committed to communicating and building a dialogue with stakeholders

## ACCOMPLISHMENTS AND CHALLENGES

This section deals with the accomplishments in our activities over 2006 as well as the challenges we still face.

### 2006 ACCOMPLISHMENTS

Our efforts have focused primarily on certifying all our fully-owned or majority-owned operations according to a range of recognised management systems by the end of 2007. In 2006, we obtained 99 new certificates in Express and 2 new certificates in Mail.

We have begun discussions with subcontractors on how they can improve their social responsibility performance. We also continued our discussions with customers in order to detail their wishes and concerns with respect to our social responsibility performance.

We have obtained a higher level of assurance by our external assurance provider in our Mail division.

We maintained our industry leadership position in the Dow Jones Sustainability Index, further improving our score from 75 points to 84.

We also entered the Top 5 of the AccountAbility global sustainability ranking and were a frontrunner in the Dutch Ministry of Economic Affairs' Transparency benchmark.

We have strengthened our collection systems for social responsibility data and we have implemented a protocol for roles and responsibilities. We have also introduced an internal auditing system.

### 2007 CHALLENGES

This coming year, we will be defining quantitative targets for 2008 and will implement these in management systems and compensation schemes.

We intend to further our discussions with subcontractors to develop a code of conduct and intend to engage customers further by creating a Customer Review Panel for social responsibility.

We aim to attain reasonable assurance by our external assurance providers on all our core KPIs.

We aim to improve further our position in the Dow Jones Sustainability Index, the AccountAbility global sustainability ranking and the Transparency benchmark of the Dutch Ministry of Economic Affairs over the coming year.

We will develop an action plan to improve the percentage of females in management positions based on the results of a gender diversity survey performed in 2006.

We intend to launch a consistent, coherent and differentiating initiative to reduce air pollution and CO<sub>2</sub> emissions resulting from our operations.

**PUBLISHED BY****TNT N.V.**

P.O. Box 13000  
1100 KG Amsterdam  
The Netherlands

**Telephone**

+ 31 20 500 6000 (General)  
+ 31 20 500 6241 (Investor Relations)

**Fax**

+ 31 20 500 7000

**Website**

group.tnt.com

**Chamber of Commerce**

Amsterdam Reg. No. 27168968

**Coordination and design**

Mattmo concept | design

**Photography**

Anton Corbijn

**Lithography and printing**

Thieme Amsterdam

**Binding**

Binderij Hexspoor

**Cautionary note regarding forward-looking statements**

Forward-looking statements include, without limitation, statements concerning our financial position and business strategy, our future results of operations, the impact of regulatory initiatives on our operations, our share of new and existing markets, general industry and macro-economic growth rates and our performance relative to these growth rates. Forward-looking statements generally can be identified by the use of terms such as "aim", "hope", "ambition", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "plan", "seek", "continue" or similar terms.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of our control and impossible to predict and may cause actual results to differ materially from any future results expressed in or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industries in which TNT operates, and management's beliefs and assumptions about future events. In addition to the assumptions specifically mentioned in this overview, important factors that could cause actual results to differ materially from those expressed or implied include, but are not limited to, the factors mentioned and/or discussed in our Annual Report on Form 20-F.

Given these uncertainties, no assurance can be given as to our future results and achievements. You are cautioned not to put undue reliance on these forward-looking statements, which only speak as of the date of this Annual Overview and are neither predictions nor guarantees of future events or circumstances. We do not undertake any obligation to release publicly any revision to any forward-looking statement to reflect events or circumstances after the date of this Annual Overview or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are similarly qualified.