





“The times I am happiest within TNT are those when my customers are happy.”

MUSA MIYEN

TNT Express South Africa - Front line customer service supervisor, 32 years old, single, 1 child

TNT EXPRESS SOUTH AFRICA

If ever there was someone who loves life it's Musa. Enjoyment and frenetic energy seem to ooze from his pores. He clearly has trouble sitting still. All to the benefit of TNT as it is said he has orange blood. Hugely dedicated to his job, he lives and breathes the company and has helped change and motivate the Customer Service Department and organisation as a whole. It's no surprise therefore that the praise from his colleagues and customers is frequent and that he has won various company awards.

"I'm a frontline customer service supervisor in the Johannesburg call centre, responsible for incoming calls from major accounts. Second, I'm responsible for monitoring the accessibility of my team for our clients, with a target of 90% calls answered in 10 seconds. The thing about my job is that the customer comes first. Always. It's important for the company that our clients are happy and come with return jobs. And it's important for me and my team – with no custom, none of us have a job!"

"Without my people, none of what we are achieving in South Africa would be possible. It's a matter of teamwork, and everyone has to be accountable for their own job. People have to feel the responsibility. It has to be part of who they are. And there's no hiding with me. Maintaining a good atmosphere is critical. That's why I like to know my people on a personal level, as individuals. It's easier if they open up so that you can help them solve whatever they're struggling with at the time. But if you're going to get a good response from your colleagues, you have to lead by example. Less talk, more action."

"Those awards? I have to tell you – of course I was delighted to receive them, but I didn't really understand it. I was just doing my job. Sure, I sometimes head off after work to deliver packages, and maybe it gets late if it's on the other side of the city. But that's no sweat. I love my job, I love it when my clients are happy and hey, I like driving. This way, when I then get back home, I can sleep well, and so can my customer. And I also know that we can start with a clean sheet the next day. Express means on time. If we don't meet our promises, we might as well pack up shop right now!"

MUSA MIYEN

TNT Express South Africa - Front line customer service supervisor

32 years old, single, 1 child





THE EXPRESS DIVISION

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.

FACILITIES

Our express division uses 1,231 of TNT's total of 1,707 buildings as depots, road and air hubs. We believe that these buildings are significantly utilized and provide sufficient capacity for 2007's business forecast. No material portion of our properties is subject to any encumbrances.

The principal express facilities are as follows:

Location	Owned/leased	Principal Use	Site Area
Liège, Belgium	Leased	International air hub	103,709 sq. metres
Wiesbaden, Germany	Owned	Sorting centre and road hub	65,500 sq. metres
Arnhem, the Netherlands	Owned	International road hub	120,930 sq. metres
Brussels, Belgium	Leased	Sorting centre and road hub	67,150 sq. metres

The following aircraft are in use:

Type	Owned	Leased	Chartered	Total	Net kilos per aircraft
Boeing 747-400ERF		1		1	111,900
Airbus A300-200F	5			5	37,400
Airbus A300-100F	1	1		2	37,400
Boeing B757-200PCF		3		3	26,100
Tupolev Tu204-120C			1	1	22,200
Boeing B737-300SF		7		7	14,600
Boeing B737-300QC		2	1	3	12,300
Lockheed Electra LI88A		1		1	11,300
British Aerospace BAe146-300QT	8			8	10,600
British Aerospace BAe146-200QT	11			11	9,500
British Aerospace BAe146-200QC	2			2	8,700
Total	27	15	2	44	

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 complementary 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.

To achieve these goals, our objectives are to:

- achieve profitable revenue growth through volume acquisitions at the optimal price,
- maintain a balanced customer portfolio (large, medium, small and adhoc customers),
- focus on product performance,
- improve cost effectiveness,
- ensure quality in all key areas,
- provide high-quality and cost-effective intra-European services through connecting our strong domestic businesses,
- secure outstanding levels of customer satisfaction,
- develop leading-edge support technologies that provide added-value for customers,

- strengthen the TNT brand and increase top-of-mind awareness of the comprehensive range of reliable on-demand express delivery services provided by the company, and
- recruit, develop and manage our employees towards the highest standard of customer care.

BUSINESS CONTEXT

We believe that the following are the main competitor and market trends affecting the express division.

Europe

In the pan-European segment of the market, our competition comes from global providers with international networks. Parcel alliances and public postal operators are trying to penetrate the pan-European market by buying into parcel and express companies to create international air and road express networks. Trends in the industry indicate that express companies are seeking to extend their services further into the conventional freight markets in an effort to exploit the capacity of their networks. For these reasons, it is likely that the major express operators will increasingly look for opportunities in liberalised post markets and in the wider freight markets.

We expect that the overall international market will grow at a faster rate than European domestic markets. The market in Europe has undergone a period of intense consolidation in recent years and now has four other major players: Deutsche Post (DHL), FedEx Corp. (FedEx), Geopost-Groupe (La Poste) and United Parcel Service Inc. (UPS). However, the market is still much more fragmented than that of the United States, and there are still several large operators in certain European regions.

Competition in the fragmented European express market intensified further in 2006 and there were signs of further market consolidation. The overall European express market experienced moderate growth in 2006. International growth was higher than domestic growth with higher growth achieved in Eastern Europe. In the mature Western European markets, the focus has been on improving efficiency, improving customer service, and the strategic filling of geographic areas where the company is under-represented, through acquisitions and targeted network expansions. Parcel operators have been edging into the express market, and initiatives such as expansion of parcel shops, drop points and parcel stations have illustrated the perceived increased importance of the business-to-consumer (B2C) and consumer-to-consumer markets.

There was a clear trend in alliances between established domestic service providers and international integrators. UPS's alliance with Poste Italiane, TNT's agreement with GeoPost and FedEx's agreement with Geodis reinforce this movement. There was further market consolidation with several important acquisitions during the year. CityLink agreed to buy rival Target Express in the UK, positioning it as a stronger competitor to the market leaders in the still-fragmented British domestic market. FedEx also targeted the UK domestic market by acquiring independent carrier ANC. In France, financial investor Butler Capital Partners bought a majority (51.8%) stake in express parcels operator Sernam, one of the country's largest

express parcels operators. Fast-growing German B2C carrier Hermes continued to win domestic market share from DHL and launched a European parcel distribution service in cooperation with various carriers, including TNT and DPD, a subsidiary of La Poste.

Asia

Economic conditions continued to be favourable in 2006 thanks to strong Chinese economic growth, which helped to boost export expansion. There was continued strong investment in the region, through acquisitions, expanded infrastructure and enhanced services. China is still driving the regions growth but the large Japanese market grew moderately and other markets such as South Korea, Vietnam and the rest of South-East Asia continued to attract investment.

Alliances and joint ventures also had a significant role to play in Asia. DHL's partnering with Transmile and its acquiring of an equity stake in Polar Air Cargo are key examples. The big Japanese players continued to try to internationalise their business to reduce their dependence on the domestic market. Japan Post launched its international expansion through ANA & JP Express (AJV). Parcels market leader Yamato Transport ended its long-running partnership with UPS and launched its own international parcel service.

China

The major carriers have continued to execute their long term investment strategies and expanded their product offerings with increasing focus on the domestic market as well as maintained interest in international connections. DHL Express unveiled a new China expansion strategy to mark this year's 20th anniversary of its express joint venture with Sinotrans. FedEx announced the acquisition of the domestic and international express businesses of its Chinese partner, the DTW Group. This will increase FedEx' presence to 89 locations and increase its penetration of the domestic market. FedEx also increased weekly China flights to 26. UPS increased China flights to 21, including nine weekly Shanghai-USA flights and five weekly Shanghai-Cologne flights.

India

The express sector benefited from India's further integration into the global economy. It also emerged as a competitive express market with major expansions and strategic acquisitions being the key trends. DHL Express opened several new facilities, while its subsidiary Blue Dart Express, the domestic air express market leader, invested in new facilities and services, and expanded its network and capacity by introducing two Boeing 757 freighters that enabled it to offer 21 new routes. FedEx announced the takeover of its Indian service partner, Prakash Air Freight, and it will be able to offer a portfolio of international and domestic express services.

Middle East

In the Middle East, independent carrier Aramex disclosed its ambition to grow into the world's fifth-largest express operator through selective acquisitions and by expanding its partner network.

Americas

The mature US market grew moderately during 2006 with the two dominant players, UPS and FedEx, continuing to perform strongly. DHL was largely focused on cutting its losses, but also

rolled out several new services and continued to invest in its domestic infrastructure. Latin America, Mexico and Brazil appear to have developed most positively during 2006. In particular, DHL invested in new air services and improved facilities in Mexico in 2006. It also introduced new domestic products in Argentina and Colombia.

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.

Technology continues to be essential in achieving our business strategy. We continue to standardise our processes throughout our global organisation, and this standardisation is being supported by the development and implementation of common processes on a standard IT platform. We plan for our common sales and customer service systems to support a single "face" to the customer through harmonisation of our international and domestic processes. We continue to develop a common back office system using the integrated solutions of SAP and have implemented the system in a total of 52 countries, representing 86% of our revenue. This includes the major business units of Benelux, France, Italy, Australia and the United Kingdom.

In 2006 we continued to exploit the comprehensive range of cross-functional data available in our data warehouse to provide consistent and timely management reporting and analysis of our key performance indicators. This has enabled more frequent analysis of our operational service performance, along with in-depth measurement of our customer services, administration and network processes which facilitates continuous improvement and adoption of best practice in our business.

A focus in 2006 was to maintain high quality technology for use by our customers. As a result, there has been a steady increase in the penetration of our customer interface technology products. The speed of use and simplification of the customers' business process provided by our applications has been reflected in consistently high scores for customer technology in our regular customer loyalty surveys.

The express division is seasonal in that it is affected by public and local holiday patterns. The third quarter is traditionally our weakest quarter due to the summer holiday season in Europe.

Express Europe

The Express Europe business provides regional, national and pan-European express services that deliver consignments from Europe to the rest of the world as well as time-sensitive door-to-door products. Our extensive integrated road and air

networks have given us a leading position in the European market and are an important strategic asset with dense coverage in 34 European countries. We expanded our European network in 2006 and continued to introduce uniform best practice approaches throughout the organisation.

In Europe, we provide on-demand expedited door-to-door delivery services that involve carrying documents, parcels and freight for our European customers. The shipments are collected by a fleet of vehicles that make either scheduled stops or on-demand collections upon receipt of customer telephone or internet requests. Shipment and consignment details are sent to the nearest depot in our network. Details of each shipment are entered into our track-and-trace systems either through scanning, data entry or electronic data interchange methods. The customer can access the information through internet or proprietary customer interface technology. Each shipment is then sorted by destination and consolidated with other customers' consignments. Depending on its destination, each shipment is transported on a linehaul (air or road transport between TNT depots/hubs) to a domestic road hub, an international road hub or one of the airports from which we operate, generally within two hours of arrival at the depot.

We transport intra-European shipments from the collecting depot by road or on one of the aircraft owned or leased by us from an origin airport to our main air express sorting hub in Liège (Belgium). Where transit times allow, shipments that do not travel by air are carried by truck to one of our 10 main European road hubs. We unload and sort the shipments and consolidate them with other consignments for each destination and then put them on outbound linehauls for movement to the delivery depot. We move domestic consignments within major European countries from the collection to the delivery depot, either directly or via a domestic hub.

At the delivery depot we sort the shipments and load them on the appropriate delivery vehicle. Proof of delivery is entered into the Global Link system or other computer system that is updated at every point in the process. This enables us to notify the customer when the consignee has received the shipment. Our track-and-trace systems, including the Global Link system, enable us to offer an automated proof-of-delivery service, and customers can access the information through internet or proprietary customer interface technology.

Our sales channels consist of field sales, major accounts, global accounts and postal alliances. The majority of our sales force is in field sales, which are split into territories with a team of two sales people per territory. Major accounts focus on national major accounts and our global account managers maintain a portfolio of our largest multinational accounts. We also enter into alliances with major postal operators who offer our services to their customers.

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.

Following our announcement in 2004 of our plan to introduce a further five Boeing 737-300 aircraft to our European air network, we introduced two aircraft in each of 2004 and 2005 and one in 2006. The five aircraft, leased for five years from GE Capital Aviation Services, replaced chartered aircraft operating in our express air network. We also entered other agreements in June 2005 and December 2005 with GE Capital Aviation Services for four additional leased Boeing 737s. We introduced one of these aircraft in 2006 and will introduce the remaining three in 2007.

In 2004, we announced a €36 million investment plan for our Liège air hub, which is intended to improve transit times and increase the percentage of consignments delivered on time and in perfect condition. We originally planned for the hub extension to be completed at the end of 2005, but as a result of the modifications made to the existing hub in 2005 the available capacity was increased. That increase has allowed us to delay the implementation of the next stage. The project is progressing well with a total spend as at 31 December 2006 of €17 million, mainly attributed to capacity-increasing modifications inside the existing hub to guarantee service during construction of the new facility. Meanwhile, the preliminary work for this new facility is ongoing to allow for construction of the new extension to the hub building in 2007.

In 2006, we completed the investment in the Duiven (the Netherlands) road hub, on which we spent €11 million. This investment has increased hub sorting space by 3,500 square metres, doubled the sorting capacity, improved facilities for staff and improved security.

In January 2006, we completed the acquisition of TG+, which is the third largest industrial domestic parcel operator in Spain, and which has revenues of around €100 million. The integration of TG+ is progressing well and a number of projects are on-going including a focus on quality of service, improving sales efficiency, and reorganising the third party network.

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. In China, we have built an extensive network consisting of 25 company-owned locations and 50 agency franchises to serve over 600 cities. On 29 September 2006 we signed an equity transfer agreement (comparable with a Share Purchase Agreement) with the Hoau Group of China to acquire its nationwide road transport and freight business. Completion of the transaction is expected in early 2007, subject to approval of the government of the People's Republic of China. This will

bring TNT closer to realising its ambition of becoming China's largest road network operator offering comprehensive road coverage in 1,100 locations in China.

We have announced plans to increase our linehaul capacity between China and Europe through the addition of two Boeing 747-400ERF aircraft. The first aircraft was delivered in December 2006 and the second is scheduled for delivery in the second quarter of 2007.

Express Rest of the World operates in a similar way to that of our Express Europe business line, but relies primarily on airlift by commercial passenger airlines for linehaul transportation links. However, in many of these countries our global express services are augmented by domestic and regional express delivery services.

The emerging express markets of Asia have offered significant opportunities in 2006 with double digit growth. The continued growth and expansion of our regional road networks in the Middle East and South East Asia are creating a clear competitive advantage and differentiation in these markets. In 2006, we have built a dedicated facility for Life Sciences in Singapore and this contributes to our leading position in this sector for the region.

On 1 September 2006 we completed the acquisition of ARC India Limited, which operates under the trade name Speedage. Speedage had revenues of approximately €17 million in 2006 and employs approximately 1,200 people in 540 locations. Acquiring Speedage is in line with TNT's strategic objective to become the leading provider of express deliveries in the emerging markets in Asia, specifically India. We believe that combining Speedage's strong domestic road network with TNT's international and domestic networks will form a powerful platform for further expansion in the fast growing Indian express market.

This acquisition follows the launch of our domestic services in India on 1 February 2006, which made TNT the first multinational brand in India to offer international and domestic services using an integrated air and road network. In 2006 TNT continued to expand and now operates out of 614 locations in India. In line with the group strategy of being the leader in emerging markets, TNT aims to be the leading integrated player in the Indian market.

Australia performed well across all key areas of its operations in 2006. There was strong revenue growth in almost all products, with a combination of targeted new account acquisition, judicious pricing actions, and the successful re-negotiation and/or retention of virtually all expiring major customer contracts. Stable industrial relations and higher staff engagement and retention served as a platform, along with the improved revenues and tight cost control, for achieving stronger profitability. Infrastructure improvements continued through a vehicle fleet upgrade programme and several depot re-developments.

In North America, we carry international express shipments primarily to and from the Northeast and West Coast regions. Building on our own delivery network in the Northeast business corridor, we continue to improve next-day delivery services to nine major business centres, including New York, Washington D.C., Chicago and Toronto.

In South America, we have established a market leadership position through the acquisition of Expresso Mercurio S.A. (Mercurio) on 10 January 2007. TNT is now the largest privately held domestic express provider in the continent's largest market. The acquisition is in line with our strategic objective to become number one in selected emerging markets and provides the platform to develop an integrated South American road express network. Mercurio had revenues of around €190 million in 2006, employs over 6,000 people across 110 locations and offers a comprehensive nationwide express service in Brazil. This complements TNT's well-established international express business in the country.

The express industry benefited generally from an improving international economic climate and continued good growth in international trade during 2006. In the express industry we see that the majority of flows of documents and parcels remain within continental boundaries. Thus, our strategy is to build operational excellence within regions, particularly within Europe and Asia. As we expand our position in Asia we intend to also build leading connectivity between Europe and Asia.

FINANCIAL RESULTS

In 2006, our express division earned revenues of €6,011 million. The express division accounted for 59.8% of our group operating revenues and 45.5% of our group operating income.

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 ¹	variance %	2004 ¹
	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)
Total operating income	765	580	21.8	476	25.9	378
as % of express operating revenues		9.6		8.9		7.6

(in millions, except percentages)

¹ Figures have been adjusted to reflect the transfer of Cendris UK from mail to express in 2006.

Year ended at 31 December

EXPRESS OPERATING REVENUES	2006	2006	variance %	2005 ¹	variance %	2004 ¹
	US\$	€		€		€
Express Europe	6,473	4,905	12.0	4,378	7.3	4,081
Express Rest of the World	1,460	1,106	12.3	985	11.7	882
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

(in millions, except percentages)

¹ Figures have been adjusted to reflect the transfer of Cendris UK from mail to express in 2006.

Year ended at 31 December

EXPRESS OPERATING EXPENSES	2006	2006	variance %	2005 ¹	variance %	2004 ¹
	US\$	€		€		€
Cost of materials	322	244	11.4	219	41.3	155
Work contracted out and other external expenses	3,918	2,969	16.1	2,558	6.5	2,402
Salaries, pensions and social security contributions	2,325	1,762	6.2	1,659	3.8	1,599
Depreciation, amortisation and impairments	232	176	3.5	170	3.0	165
Other operating expenses	379	286	1.8	281	6.4	264
Total operating expenses	7,176	5,437	11.3	4,887	6.6	4,585

(in millions, except percentages)

¹ Figures have been adjusted to reflect the transfer of Cendris UK from mail to express in 2006.

Year ended at 31 December

EXPRESS OPERATING STATISTICS ¹	2006	2005	2004	2003	2002
Number of consignments (in thousands)	217,335	198,072	194,266	188,382	187,206
Number of tons carried	4,702,997	3,712,715	3,554,372	3,374,012	3,322,051
Average of number of working days	251	253	260	250	250
Number of depots/hubs	1,231	916	892	871	891
Number of vehicles ²	23,462	21,170	20,335	19,583	19,335
Number of aircraft ²	44	43	42	43	43

¹ The comparative numbers have been adjusted to reflect the transfer of innight services from logistics to express in 2005.

² A substantial number of the vehicles and aircraft are not owned by us but leased or subcontracted.

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.

Some of the other key performance indicators used to monitor our express division include on-time delivery, customer satisfaction and employee satisfaction.

EXPRESS OPERATING REVENUES 2006/2005

Total operating revenues of our express business for 2006 increased by €648 million (12.1%) compared to 2005. The organic growth in operating revenues of our business was €550 million (10.3%), which is the highest growth since 2000. This growth was particularly helped by a strong performance in the third quarter of 2006. The acquisitions of TG+ in Spain, Speedage in India and TNT In-night Czech Republic in 2006 and Slovakia Door-to-Door d.o.o. and Asinus d.o.o. in Slovenia during 2005 had a positive effect of €115 million (2.1%) on operating revenues. Foreign exchange effects had a negative effect of €17 million (0.3%), mainly due to the strengthening of the Euro against many currencies and in particular the Australian dollar, Turkish Lira, Hungarian Forint, Japanese Yen, Indian Rupee and South African Rand.

The increase in operating revenues was primarily due to strong growth in European air and road volumes. The growth in these international (i.e. cross border) flows continued to exceed the growth in domestic flows. All customer segments saw revenue increases, although the biggest were amongst the global accounts. The "it's our business to deliver yours" international campaign was launched in Express to expand TNT brand awareness in all customer categories but with emphasis on small and medium sized customers.

Express Europe operating revenues for 2006 increased by €527 million (12%) compared to 2005. The organic growth in operating revenues was €423 million (9.7%). Most business units contributed to the increase in operating revenues. In particular, Germany, Benelux, Italy, Spain, Turkey and the Scandinavian and Eastern European countries contributed to

the majority of the growth in operating revenues. The acquisition of TG+ in Spain, TNT In-night Czech Republic in 2006 and Slovakia Door-to-Door d.o.o. and Asinus d.o.o. in Slovenia during 2005 had a positive effect on operating revenues of €107 million (2.4%) and foreign exchange fluctuations had a negative effect of €3 million (0.1%).

Express Rest of the World operating revenues for 2006 increased by €121 million (12.3%) compared to 2005. This was achieved through the €127 million (12.9%) organic growth in operating revenues from operations, primarily in Middle East, China and South East Asia, and from acquisition effects of €8 million (0.8%) from the purchase of Speedage in India. Foreign exchange fluctuations had a negative effect of €14 million (1.4%), mainly due to the strengthening of the euro against the Australian dollar, Brazilian real, Korean won, Chinese renminbi and Taiwan dollar.

2005/2004

Operating revenues of our express business for 2005 increased by €400 million (8.1%) compared to 2004. The organic growth in operating revenues of our business was €365 million (7.4%). The 2005 acquisition of Door-to-Door d.o.o. and Asinus d.o.o. in Slovenia had a positive effect of €7 million (0.1%) on operating revenues and foreign exchange effects had a positive effect of €28 million (0.6%), mainly due to the strengthening of the Australian dollar, Polish zloty, Brazilian real and various Asian currencies against the euro.

The increase in operating revenues was primarily due to strong growth in European air and road volumes, as well as an increase in European revenue quality yield of 4.0%.

Express Europe operating revenues for 2005 increased by €297 million (7.3%) compared to 2004. The organic growth in operating revenues was €289 million (7.1%). Most business units contributed to the increase in operating revenues despite the mixed economic conditions. In particular, Germany, Benelux, Italy, Spain, Turkey and the Scandinavian and Eastern European countries contributed to the majority of the growth in operating revenues. The 2005 acquisition of Door-to-Door d.o.o. and Asinus d.o.o. in Slovenia had a positive effect on operating revenues of €7 million (0.2%) and foreign exchange fluctuations had a positive effect of €1 million.

Express Rest of the World operating revenues for 2005 increased by €103 million (11.7%) compared to 2004. This was achieved through €76 million (8.6%) organic growth in operating revenues from operations, primarily in China, Taiwan and the Middle East, and positive foreign exchange effects of

€27 million (3.1%), mainly due to the strengthening of the Australian dollar, Brazilian real, Korean won, Chinese renminbi and Taiwan dollar against the euro.

EXPRESS OPERATING EXPENSES

2006/2005

Operating expenses of our express business for 2006 increased by €550 million (11.3%) compared to 2005. The organic increase in operating expenses was €439 million (9%), while the effect of acquisitions increased operating expenses by €126 million (2.6%). Foreign exchange fluctuations decreased operating expenses by €15 million (0.3%). The organic increase was driven mainly by the strong international volume growth, the expansion of our business in China, Eastern Europe and India and the high costs of fuel for our aircraft, linehaul and pick-up and delivery vehicles. Cost of materials increased by €25 million (11.4%) primarily due to the higher fuel costs incurred in all business units. Work contracted out and other external expenses increased by €411 million (16.1%). This included the cost of linehaul and pick-up and delivery, which have increased to service the higher volumes and to improve the service quality and also included the higher fuel costs from commercial linehaul and subcontractors. Salaries and social security contributions increased by €103 million (6.2%) due to the additional number of FTE's, including the acquisitions of TG+, Speedage, TNT In-night Czech Republic and Slovakia Door-to-Door d.o.o. and Asinus d.o.o. in Slovenia and growth and expansion of our activities in India, China and South East Asia as well as salary increases for existing employees, and severance and redundancy payments. Depreciation, amortisation and impairments increased by €6 million (3.5%) due to the amortisation of intangibles for the acquisitions as well as the expansions to our European air and road network hubs and the development of the SAP back office system. Other operating expenses increased by €5 million (1.8%) due to mainly increased travel and advertising costs.

2005/2004

Operating expenses of our express business for 2005 increased by €302 million (6.6%) compared to 2004. This was driven mainly by the strong international volume growth, the expansion of our business in China, Eastern Europe and India and the high costs of fuel for our aircraft, linehaul and pick-up and delivery vehicles. Cost of materials increased by €64 million (41.3%) primarily due to the higher fuel costs incurred in all business units. Work contracted out and other external expenses increased by €156 million (6.5%). This included the cost of linehaul and pick-up and delivery, which have increased to service the higher volumes and to improve the service quality and also included the higher fuel costs from commercial linehaul and subcontractors. Salaries and social security contributions increased by €60 million (3.8%) due to the additional number of full-time equivalents including the acquisition in Slovenia and expansion of our activities in India, salary increases for existing employees, and severance and redundancy payments. Depreciation, amortisation and impairments increased by €5 million (3%) due to the additional capital expenditure, particularly the expansions to the European air and road network hubs and the development of the SAP back office system. Other operating expenses increased by €17 million (6.4%) due to increased advertising and consultant costs.

EXPRESS OPERATING INCOME

2006/2005

The express business operating income for 2006 increased by €104 million (21.8%) compared to 2005.

The improvement in operating income was primarily due to good volume growth, particularly in the international business across all customer segments, and good cost control, including increased utilisation of the European networks. Our domestic businesses recorded lower levels of growth due to difficult market conditions in the mature European markets of France and the UK as well as investments required in specific countries such as India for future growth. All of our express business units achieved improvements in their operating income. Improvements were most significant in Germany, the Benelux countries, Italy, the Scandinavian countries, Hungary, Switzerland, Austria, the Czech Republic and Poland. The organic growth in operating income for 2006 increased by €117 million (24.6%) compared to 2005. The acquisition effects amounted to €11 million (2.4%) and foreign exchange fluctuations amounted to €2 million (0.4%) negatively.

Overall operating income as a percentage of express business operating revenues increased to 9.6% in 2006 compared to 8.9% in 2005.

2005/2004

The express business operating income for 2005 increased by €98 million (25.9%) compared to 2004.

The improvement in operating income was primarily due to good volume growth, particularly in the international business across all customer segments, good cost control, including increased utilisation of the European networks, and continued yield improvements. Our domestic businesses recorded lower levels of growth due to stagnation in a number of key European economies. Almost all our express business units achieved improvements in their operating income. Improvements were most significant in the Benelux countries, Germany, the Scandinavian countries, Turkey, Switzerland, Spain, Austria, the Czech Republic and Poland. The organic growth in operating income for 2005 increased by €93 million (24.6%) compared to 2004. The positive impact of foreign exchange fluctuations amounted to €5 million (1.3%).

Overall operating income as a percentage of express business operating revenues increased to 8.9% for 2005 compared to 7.6% in 2004. Excluding the transfer of the innight business from logistics, the return on sales was 9.2% for 2005 compared to 7.9% in 2004.