

THE ANNUAL REPORT 2006

ALL THE RIGHT CONNECTIONS

ALL THE RIGHT CONNECTIONS

WE MEET IN BERLIN

ALL THE RIGHT CONNECTIONS

The theme of this annual report is “All the right connections”. For an express and mail company like TNT, it is all about connections: geographical connections, but also connections between people.

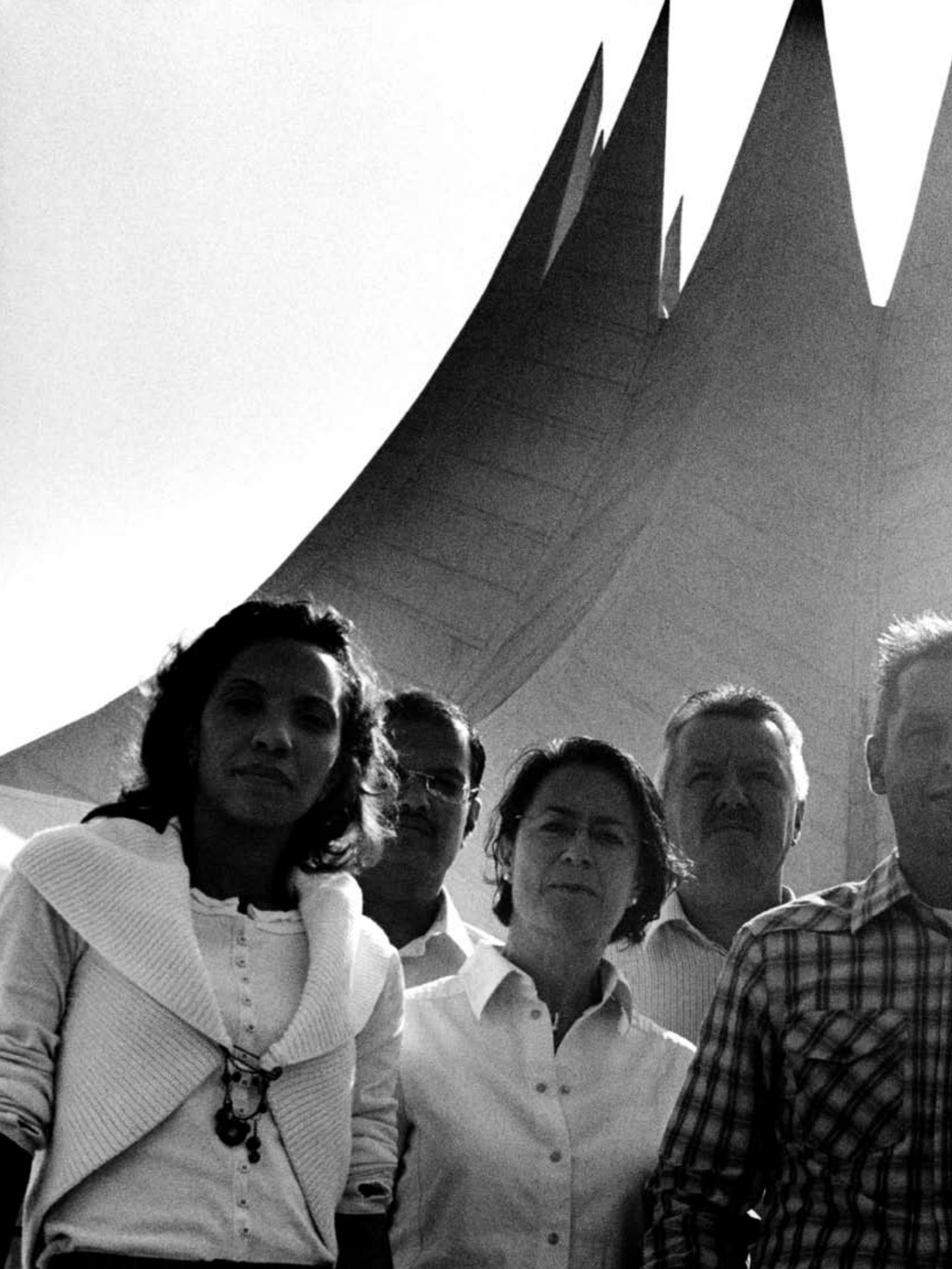
This annual report tells the story of the first year of our “Focus on Networks strategy”. With the sale of logistics and freight management TNT is now more than ever a pure-play network company. The acquisitions in Spain, in India and China have shown the direction TNT is taking: setting up domestic networks in growth regions and tying these in to our international network. The growth of our mail networks in Europe, boosted by acquisitions in Germany and the United Kingdom, also supports our network strategy. The bottom line is we have made a big step in 2006 in offering all the right connections to our customers.

This annual report contains photographs of a number of our employees as well as some customers and the members of our Board of Management. The employees all have personal stories to tell that tie in to our company’s goals and ambitions. But this year we also wanted to include customers in our annual report. Good employees are vital to our success, but so are loyal customers. These customers share their views about TNT as their supplier.

*Coresy Melfor, John Ten Heuvel, Angela Chiu, Musa Miyen,
John Stockton, Aygül Öezkan, Theo Lap, K.N. Phaniraj,
Paloma Romero-Salazar*









WHY WE CAME TO BERLIN

We decided to make the photographs in Berlin for a number of reasons. First of all, Europe is our home market, and Germany, the largest market in Europe, is very important to us. Berlin not only is the capital city of Germany, it is also in many ways at the heart of Europe, well connected to both Western and Eastern Europe. A spider in the European web, Berlin symbolises the *All the right connections* theme.

After the fall of the wall between East and West Berlin in 1989 widespread construction work has changed the face of the city, turning Berlin into a showcase of modern architecture and a symbol of European optimism and drive. This is also what we want to show in these photographs.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Except for historical statements and discussions, statements contained in this annual report constitute “forward looking statements” within the meaning of section 27A of the US Securities Act of 1933 and section 21E of the US Securities Exchange Act of 1934. Other documents of TNT filed with or furnished to the US Securities and Exchange Commission, including those incorporated by reference in this annual report, may also include forward-looking statements, and other written or oral forward-looking statements have been made and may in the future be made from time to time by us or on our behalf.

Forward-looking statements include, without limitation, statements concerning our financial position and business strategy, our future results of operations, including targets, 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. Important factors that may cause such differences include, but are not limited to:

- substitution of alternative methods for delivering information for our mail services,
- regulatory developments and changes, including with respect to the levels of tariffs, the scope of mandatory and reserved services, quality standards, liberalisation in the Dutch and European postal markets and the outcome of regulatory proceedings,
- competition in our businesses,
- decisions of competition authorities regarding proposed joint ventures, acquisitions or divestments,
- compliance with governmental regulations,
- general economic conditions, government and regulatory policies and business conditions in the markets served by us, including adverse effects of terrorist attacks, use of our delivery capabilities by criminals, anthrax incidents, war or the outbreak of hostilities, epidemic diseases or natural disasters,
- higher operating costs, as a result of acts of war, terrorism, sabotage, hijacking, increased security requirements or other similar perils,
- the effect of an economic downturn and other risks and trends in the world economy and the timing, speed and magnitude of any economic recovery,
- our ability to achieve cost savings and realise productivity improvements and the success of investments, joint ventures and alliances,
- our ability to pass on rising fuel prices,
- changes in currency and interest rates or our credit rating and their impact on our financing costs and requirements,
- disruptions at key sites and facilities,
- incidents resulting from the transport of hazardous materials,
- mismatches between our investment in infrastructure (aircraft, depots and trucks) and our actual capacity needs,
- strikes, work stoppages and work slowdowns and increases in employee costs,
- disruptions in our activities due to employee illness as a result of potential pandemic influenza/avian influenza,
- costs of completing acquisitions or divestitures and integrating newly-acquired businesses,
- changes in law regarding the limitation of liability for the carriage of goods,
- significant changes in the volumes of shipments transported through our network, the mix of services purchased by our customers or the prices we obtain for our services,
- market acceptance of our new service and growth initiatives,
- changes in customer demand patterns,
- the impact of technology developments on our operations and on demand for our services,
- disruptions to our technology infrastructure, including our computer systems and website,
- our ability to maintain aviation rights in important international markets,
- adverse weather conditions,
- if our subcontractors’ employees were to be considered our employees,
- changes in tax laws or their interpretation by authorities, disagreements with authorities about our interpretations of tax laws, and our ongoing tax investigations,
- impact of cost reduction measures,
- impact of changes in capital markets,
- employee misconduct,

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- higher costs related to implementation of regulations such as the Sarbanes-Oxley Act,
 - changes in environmental laws or their interpretation by authorities, and disagreements with authorities about our interpretation of environmental laws, and
 - regulatory developments and changes relating to transportation of goods.

For further explanation of the factors that are most applicable to us, see in particular chapter 10 of this annual report on risk factors as well as chapters 2, 3, 4, 5, 7 and 11.

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 report 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 report 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.

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The report of the Board of Management is included in chapter 2 up to and including chapter 5, 7 and in chapter 11.

The information in this annual report, and in particular that in chapters 2, 3, 4, 5, 7 and 11, should be read in conjunction with our consolidated financial statements that can be found in chapter 12.

This annual report can also be viewed on our website: www.tnt.com. Any information on our website other than the contents of this annual report does not form part of our annual report.

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

INTRODUCTION AND FINANCIAL HIGHLIGHTS

This is TNT's annual report for the financial year ended 31 December 2006, prepared in accordance with Dutch regulations. It also forms the basis of our annual report on Form 20-F, which will be filed with the United States Securities and Exchange Commission (SEC). For cross references to Form 20-F, see chapter 15.

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

We are domiciled in the Netherlands, which is one of the member states of the European Union (EU) that has adopted the euro as its currency. Accordingly, we have adopted the euro as our reporting currency. In this annual report the euro is also referred to as "€". For your convenience certain amounts in euro have been translated into United States dollars at an exchange rate of \$1.3197 per €1.00. This is the noon buying rate in the City of New York on 29 December 2006 for cable transfers as certified by the Federal Reserve Bank of New York. References to "dollars", "US dollars" and "\$" are references to United States dollars. The US dollar amounts presented are unaudited. Historical information on the dollar to euro exchange rate can be found in chapter 14, page 188. We do not represent that the US dollar amounts included in the US dollar convenience translations or any amounts translated from euro into any other currency could have been converted from euro at the rates indicated.

Up to and including the year 2004, we prepared our consolidated financial statements in accordance with accounting principles generally accepted in the Netherlands (Dutch GAAP). As required by EU regulation, as of 2005 our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the comparative 2004 data have been adjusted accordingly. For TNT, there are no differences between IFRS as adopted by the EU and IFRS as issued by the International Accounting Standards Board. For a description of the differences between IFRS and US GAAP that affect the reconciliation of our IFRS net income and shareholders' equity to those under US GAAP, see note 35 to our consolidated financial statements.

SELECTED FINANCIAL DATA

The selected financial data below have been derived from our audited consolidated financial statements and the related notes included in chapter 12 of this report. The selected consolidated financial data in accordance with US GAAP for 2006 have been derived from our audited consolidated financial statements. Prior year's US GAAP selected consolidated financial data have been adjusted to reflect the impact of our discontinued logistic and freight management businesses.

We have acquired and divested a number of companies and businesses during the years, which limits the comparability of our year-on-year figures.

Year ended and position at 31 December

SELECTED FINANCIAL DATA IFRS	2006	2006	2005	2004
	US\$	€	€	€
STATEMENTS OF INCOME				
Total revenues	13,277	10,060	9,329	8,827
Other income	86	65	38	8
Salaries, pensions and social security contributions	(4,466)	(3,384)	(3,318)	(3,216)
Depreciation, amortisation and impairments	(420)	(318)	(303)	(296)
Other expenses	(6,794)	(5,147)	(4,598)	(4,213)
Total operating expenses	(11,680)	(8,849)	(8,219)	(7,725)
Total operating income	1,683	1,276	1,148	1,110
Profit before income taxes	1,614	1,223	1,146	1,092
Profit for the year from continuing operations	1,092	828	770	720
Profit/(loss) from discontinued operations	(207)	(157)	(109)	32
Profit attributable to the equity holders of the parent	884	670	659	752
RATIOS				
Operating margin (%) ¹	12.7	12.7	12.3	12.6
Average number of outstanding shares (in millions)	420.7	420.7	454.4	473.4
Earnings per ordinary share (in cents) ²	210.1	159.3	145.0	158.9
Earnings from continuing operations per ordinary share (in cents) ²	259.3	196.6	169.0	152.1
Earnings from discontinued operations per ordinary share (in cents) ²	(49.2)	(37.3)	(24.0)	6.8
Average number of outstanding shares on diluted basis (in millions)	423.9	423.9	456.4	474.0
Earnings per diluted share (in cents) ²	208.6	158.1	144.4	158.7
Earnings from continuing operations per diluted share (in cents) ²	257.4	195.1	168.3	151.9
Earnings from discontinued operations per diluted share (in cents) ²	(48.8)	(37.0)	(23.9)	6.8
Dividend per share (in cents) ³	96.3	73.0	63.0	57.0
Dividend pay-out ratio (%) ⁴	45.8	45.8	43.4	35.9
BALANCE SHEETS				
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	
Total assets	8,325	6,308	8,396	8,229
Equity	2,650	2,008	3,279	3,344
as % of total liabilities and equity	31.8	31.8	39.1	40.6
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	
Total liabilities and equity	8,325	6,308	8,396	8,229
CASH FLOWS FROM CONTINUING OPERATIONS				
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)
Changes in cash and cash equivalents	(300)	(227)	(61)	126
CASH FLOWS FROM DISCONTINUED OPERATIONS				
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)
Changes in cash and cash equivalents	(75)	(57)	29	42

(in millions, unless otherwise stated)

¹ Operating income as percentage of total revenues.² Profit attributable to equity holders of the parent divided by the average number of (diluted) ordinary shares.³ For 2006 based on the proposed annual dividend amount divided by the number of outstanding shares per 26 February 2007.⁴ Dividend as percentage of earnings per share (EPS).

Year ended and position at 31 December

SELECTED FINANCIAL DATA US GAAP

	2006	2006	2005 ¹	2004 ¹	2003 ¹	2002 ¹
	US\$	€	€	€	€	€
INCOME STATEMENT						
Total revenues	13,276	10,060	9,329	8,827	8,353	8,403
Total operating income	1,692	1,282	1,134	1,054	738	1,011
Profit before income taxes	1,622	1,229	1,132	1,036	784	954
Profit for the year from continuing operations	1,096	831	765	675	334	639
Profit/(loss) from discontinued operations	(228)	(173)	(131)	39	(2)	78
Profit attributable to the equity holders of the parent	867	657	632	714	332	717
Profit attributable to minority interests	1	1	2			
Earnings per ordinary share <i>(in cents)</i>	206.1	156.2	139.1	151.9 ²	69.9	150.9
Earnings per diluted ordinary share <i>(in cents)</i>	204.6	155.0	138.5	151.7 ²	69.8	150.9
Earnings from continuing operations per ordinary share <i>(in cents)</i>	260.4	197.3	167.9	143.6 ²	70.3	134.5
Earnings from continuing operations per diluted ordinary share <i>(in cents)</i>	258.4	195.8	167.2	143.4 ²	70.3	134.5
Earnings from discontinued operations per ordinary share <i>(in cents)</i>	(54.3)	(41.1)	(28.8)	8.3	(0.4)	16.4
Earnings from discontinued operations per diluted ordinary share <i>(in cents)</i>	(53.8)	(40.8)	(28.7)	8.3	(0.4)	16.4
BALANCE SHEETS						
Non-current assets	5,336	4,043	5,064	5,006	5,261	5,797
Current assets	2,800	2,122	3,334	3,160	2,858	2,693
Assets held for sale	540	409	12			
Total assets	8,676	6,574	8,410	8,166	8,119	8,490
Equity	2,073	1,571	2,757	2,622	3,146	3,110
as % of total liabilities and equity	23.9	23.9	32.8	32.1	38.7	36.6
Non-current liabilities	3,055	2,315	2,413	2,621	2,499	2,790
Current liabilities	3,355	2,542	3,240	2,923	2,474	2,590
Liabilities related to assets classified as held for sale	193	146				
Total liabilities and equity	8,676	6,574	8,410	8,166	8,119	8,490

(in millions, unless otherwise stated)

¹ Prior years have been adjusted to reflect the discontinuation of the logistics and freight management businesses.² Number of shares used in calculation differ from number of shares used to calculate earnings per share under IFRS. The second tranche of shares repurchased from the State of the Netherlands were accounted for in 2004 under US GAAP and in 2005 under IFRS.