This Offer expires at 18:00 hours, Amsterdam time (12:00 hours (noon), New York time), on 31 August 2012, unless extended

# OFFER MEMORANDUM

## Dated 21 June 2012

# RECOMMENDED CASH OFFER

BY

UPS BIDCO B.V.

**FOR (I) ALL THE ISSUED AND OUTSTANDING ORDINARY SHARES AND (II) ALL ISSUED AND OUTSTANDING AMERICAN DEPOSITARY SHARES, EACH REPRESENTING ONE ORDINARY SHARE, OF**

TNT EXPRESS N.V.

This offer memorandum (the ***Offer Memorandum***) contains the details of the recommended public offer by UPS BidCo B.V. (the ***Offeror***), an indirectly wholly-owned subsidiary of United Parcel Service, Inc. (***UPS***), to all holders of issued and outstanding ordinary shares with a nominal value of EUR 0.08 each (the ***Ordinary Shares***) and all American depositary shares representing Ordinary Shares (each, an ***ADS***), each ADS representing one Ordinary Share (Ordinary Shares and ADSs are referred to herein as the ***Shares*** and each a ***Share***, the holders of such Shares the ***Shareholders***), in the share capital of TNT Express N.V. (***TNT Express***) to purchase for cash their Shares on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum (the ***Offer***). As at the date of this Offer Memorandum, 543,272,474 Ordinary Shares are issued by TNT Express and subject to the Offer, approximately 2.7 million of which are held in the form of ADSs representing approximately 0.5% of the issued and outstanding Ordinary Shares.

This Offer Memorandum contains the information required by Article 5:76 of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*, the ***Wft***) in conjunction with Article 8, paragraph 1 of the Dutch Decree on public offers Wft (*Besluit openbare biedingen Wft*, the ***Decree***) in connection with the Offer. This Offer Memorandum has been reviewed and approved by The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the ***AFM***) as an offer memorandum under Article 5:76 of the Wft.

The information required by Article 18, paragraph 2 of the Decree in connection with the Offer is included in the Position Statement. The Position Statement, including all appendices thereto, does not form part of this Offer Memorandum and has not been reviewed or approved by the AFM prior to publication. The Position Statement will be reviewed by the AFM after publication.

Capitalised terms used in this Offer Memorandum have the meaning set out in Section 4 (Definitions) or elsewhere in this Offer Memorandum.

Shareholders tendering their Ordinary Shares under the Offer will be paid on the terms and subject to the conditions and restrictions contained in this Offer Memorandum in consideration for each Ordinary Share validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and transferred (*geleverd*), an amount in cash of EUR 9.50 (nine euro and fifty cents) and Shareholders tendering their ADSs under the Offer will be paid on the terms and subject to the conditions and restrictions contained in this Offer Memorandum in consideration for each ADS validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) an amount equal to the U.S. dollar equivalent of EUR 9.50 (nine euro and fifty cents), net to the Shareholder in cash, without interest and less any applicable withholding taxes, calculated by using the spot market exchange rate for the U.S. dollar against the euro on the Closing Date (the ***Offer Price***).

The Offer Price is cum dividend, except for a Financial Year 2011 final dividend payment of EUR 0.004 per Share, which has been paid on 7 May 2012. In the event any dividend or other distribution (other than the Financial Year 2011 final dividend payment of EUR 0.004 per Share) (a ***Distribution***) on the Shares is declared by TNT Express (whereby the record date that is decisive for entitlement to such Distribution is prior to Settlement (as defined below)), the Offer Price will be decreased by the full amount of any such Distribution made by TNT Express in respect of each Share (before any applicable withholding tax).

The supervisory board and the executive board of TNT Express (the ***Supervisory Board*** and the ***Executive Board*** respectively, or together the ***Boards***) fully support and unanimously recommend the Offer to the Shareholders for acceptance. Reference is made to Section 6.6 (Recommendation) and the Position Statement.

PostNL N.V. has irrevocably undertaken to tender all Shares held by it as per the Closing Date (as defined below) under the terms and conditions of this Offer Memorandum.

The Offer Period under the Offer will commence at 09:00 hours, Amsterdam time (03:00 hours, New York time), on 22 June 2012 and will expire at 18:00 hours, Amsterdam time (12:00 hours (noon), New York time), on 31 August 2012, unless the Offeror extends the Offer Period in accordance with Section 5.5 (Extension), in which case the closing date shall be the date on which the extended Offer Period expires (such initial or postponed date, the ***Closing Date***).

Shares tendered on or prior to the Closing Date may not be withdrawn, subject to the right of withdrawal of any tender during any extension of the Offer Period in accordance with the provisions of Article 15, paragraph 3 of the Decree.

The Offeror will announce whether the Offer is declared unconditional (*gestand wordt gedaan*) within three (3) Business Days following the Closing Date, in accordance with Article 16 of the Decree (the ***Unconditional Date***).

Announcements contemplated by the foregoing paragraphs will be made by press release. Reference is made to Section 5.9 (Announcements).

In the event that the Offeror announces that the Offer is declared unconditional (*gestand wordt gedaan*), Shareholders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and transferred (*geleverd*) (as applicable) their Shares for acceptance pursuant to the Offer prior to or on the Closing Date (each of these Shares, a ***Tendered Share***) will receive the Offer Price in respect of each Tendered Share, and the Offeror shall acquire each Tendered Share within five (5) Business Days following the Unconditional Date (***Settlement*** and the day on which the Settlement occurs the ***Settlement Date***).

At 14:00 hours, Amsterdam time, on 6 August 2012, such date being at least six (6) Business Days prior to the Closing Date, an extraordinary general meeting of Shareholders (the ***EGM***) will be held at the TNT Centre, Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands, at which meeting the Offer, among other matters, will be discussed in accordance with Article 18, paragraph 1 of the Decree. In addition, certain resolutions will be proposed to the EGM in connection with the Offer. Reference is made to Section 6.17 (EGM) and the Position Statement.

Pursuant to an exemption granted by the AFM, TNT Express has not included a review report on financial information in respect of the first quarter of the Financial Year 2012 in this Offer Memorandum. However, under the terms of the exemption, TNT Express has included the unaudited and not-reviewed information for the first quarter of the Financial Year 2012 in Section 13.7 of this Offer Memorandum and will publish its reviewed results for the first half of the Financial Year 2012 by press release ultimately on 30 July 2012, prior to the date of the Shareholders' Meeting to be held on 6 August 2012. The review report in respect of the results for the first half of the Financial Year 2012 will also be made available on the website of TNT Express. Shareholders are advised to await TNT Express' reviewed results for the first half of the Financial Year 2012 before making their decision to tender their Shares under the Offer.

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## 2. RESTRICTIONS

The Offer is being made in and from The Netherlands with due observance of the statements, conditions and restrictions included in this Offer Memorandum. The Offeror reserves the right to accept any tender under the Offer, which is made by or on behalf of a Shareholder, even if it has not been made in the manner set out in this Offer Memorandum.

The distribution of this Offer Memorandum and/or the making of the Offer in jurisdictions other than The Netherlands may be restricted and/or prohibited by law. The Offer is not being made, and the Shares will not be accepted for purchase from or on behalf of any Shareholder, in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the securities or other laws or regulations of such jurisdiction or would require any registration, approval or filing with any regulatory authority not expressly contemplated by the terms of this Offer Memorandum. Persons obtaining this Offer Memorandum are required to take due note and observe all such restrictions and obtain any necessary authorisations, approvals or consents (to the extent applicable). Outside of The Netherlands and the United States, no actions have been taken (nor will actions be taken) to make the Offer possible in any jurisdiction where such actions would be required. In addition, this Offer Memorandum has not been filed with, or recognised by, the authorities of any jurisdiction other than The Netherlands. Neither the Offeror, nor TNT Express, nor any of their advisors accept any liability for any violation by any person of any such restriction. Any person (including, without limitation, custodians, nominees and trustees) who forwards or intends to forward this Offer Memorandum or any related document to any jurisdiction outside The Netherlands should carefully read Sections 2 and 3 of this Offer Memorandum (Restrictions and Important Information) before taking any action. The release, publication or distribution of this Offer Memorandum and any documentation regarding the Offer or the making of the Offer in jurisdictions other than The Netherlands may be restricted by law and therefore persons into whose possession this Offer Memorandum comes should inform themselves about and observe such restrictions. Any failure to comply with any such restriction may constitute a violation of the law of any such jurisdiction.

### 2.1 United States of America

The Offer is being made for the securities of a Dutch company and is subject to Dutch disclosure requirements, which differ from those of the United States. The financial information of TNT Express included or referred to herein has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, accordingly, may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offer will be made in the United States pursuant to the applicable U.S. tender offer rules and otherwise in accordance with the applicable regulatory requirements in The Netherlands. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, that are different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a U.S. holder of Shares will be a taxable transaction for U.S. federal income tax purposes and may be a taxable transaction under applicable state and local, as well as foreign and other tax laws. See also Section 10.2 (Tax Aspects of the Offer - The United States). Each holder of Shares is urged to consult his independent professional advisor immediately regarding the tax consequences of acceptance of the Offer.

It may be difficult for U.S. holders of Shares to enforce their rights and claims arising out of the U.S. federal securities laws, since the Offeror and TNT Express are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with standard Dutch practice and pursuant to Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934, as amended, the Offeror or its nominees, or its brokers (acting as agents), or affiliates of the Offeror's financial advisors, may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. To the extent required in the Netherlands, any information about such purchases will be announced by press release in accordance with Article 13 of the Decree and posted on the website of UPS at www.investors.ups.com.

## 2.2 Canada and Japan

The Offer and any solicitation in respect thereof is not being made, directly or indirectly, in or into Canada or Japan, or by use of the mails, or by any means or instrumentality of interstate or foreign commerce, or any facilities of a national securities exchange, of Canada or Japan. This includes, but is not limited to, post, facsimile transmission, telex or any other electronic form of transmission and telephone. Accordingly, copies of this Offer Memorandum and any related press announcements, acceptance forms and other documents are not being sent and must not be mailed or otherwise distributed or sent in, into or from Canada or Japan or, in their capacities as such, to custodians, nominees or trustees holding Shares for persons residing in Canada or Japan. Persons receiving this Offer Memorandum and/or such other documents must not distribute or send them in, into or from Canada or Japan, or use such mails or any such means, instrumentality or facilities for any purpose in connection with the Offer; so doing will invalidate any purported acceptance of the Offer. The Offeror will not accept any tender by any such use, means, instrumentality or facility from within Canada or Japan.

Tender and transfer of Shares constitute a representation and warranty that the person tendering the Shares (i) has not received or sent copies of this Offer Memorandum or any related documents in, into or from Canada or Japan and (ii) has not otherwise utilised in connection with the Offer, directly or indirectly, the mails or any means or instrumentality including, without limitation, facsimile transmission, telex and telephone of interstate or foreign commerce, or any facility of a national securities exchange of, Canada or Japan. The Offeror reserves the right to refuse to accept any purported acceptance that does not comply with the foregoing restrictions, and any such purported acceptance will be null, void and without effect.

## 3. IMPORTANT INFORMATION

### 3.1 Information

This Offer Memorandum contains important information that should be read carefully before any Shareholder makes a decision to tender Shares under the Offer. Shareholders are advised to seek independent advice where necessary. In addition, Shareholders may wish to consult with their tax advisors regarding the tax consequences of tendering their Shares under the Offer.

### 3.2 Responsibility

The information included in Sections 1 through 6 (excluding Sections 6.6, 6.8, 6.9, 6.16, 6.17, 6.18), 8, 10, 11 and 12 has been solely provided by the Offeror. The information included in Sections 6.6, 6.8, 6.17, 7, 13 and 14 has been solely provided by TNT Express. The information included on the cover page, pages 2 and 3 and in Sections 6.9, 6.16, 6.18 and 9 has been provided by the Offeror and TNT Express jointly.

The Offeror and TNT Express are exclusively responsible for the accuracy and completeness of the information provided in this Offer Memorandum, each with respect to the information it has provided, and jointly with respect to the information they have provided jointly.

Both the Offeror and TNT Express confirm, each with respect to the information it has provided and jointly with respect to the information they have provided jointly, that to the best of their knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Offer Memorandum is in accordance with the facts and contains no omission likely to affect its import.

The information included in Section 13.6 and the auditor's report included in Section 14 has been sourced by TNT Express from PWC, auditors to TNT Express. TNT Express confirms that this information has been accurately reproduced and that no facts have been omitted which would render the reproduced information inaccurate or misleading.

It is pointed out that certain financial and statistical information and other figures contained in this Offer Memorandum may be rounded up or down and should therefore not be regarded as exact.

### 3.3 Presentation of financial information and other information

On 31 May 2011, the demerger of the express business of TNT N.V., currently named PostNL N.V., became effective (the ***Demerger***). At this date, all of the assets and liabilities directly related to TNT N.V.'s express business (the ***Express Business***) were transferred under universal title to TNT Express. Consequently, no historic consolidated financial statements of TNT Express exist for the period before the Demerger.

TNT Express has incorporated the financial information of the Express Business in its consolidated financial statements from 1 January 2011 as stated in the demerger and merger proposals (in accordance with article 2:312 section 2 under f and article 2:334f section 2 under i of the Dutch Civil Code). Prior to the Demerger the financial information in respect of the Express Business is included in the individual financial information of the legal entities that constitute the Express Business. This affects the ability of an investor to make an informed assessment of the Express Business. As a consequence, TNT Express is to be treated as having a ‘‘complex financial history’’ as meant in Commission Regulation (EC) 211/2007. In order to support investors in their assessment of the Express business, audited combined financial statements have been prepared of the legal entities that constitute the Express Business for the Financial Year 2009 and the Financial Year 2010 (the ***Combined Financial Statements***).

In determining the entities to be included in the Combined Financial Statements, management considered those entities that have been managed as part of the Express Business on an historical basis, or have been allocated to TNT Express in the demerger process. Following the internal restructuring that was finalised in December 2010, the legal entities comprising Express were held by TNT Express Holdco B.V. a company that was merged into TNT Express immediately after the Demerger. TNT Express Holdco B.V. did not own or control the Express Business prior to the internal restructuring completed in December 2010. Therefore, the Combined Financial Statements for the Financial Year 2009 and 2010 have not been prepared by consolidating the parent TNT Express Holdco B.V. and its subsidiaries. Instead the Combined Financial Statements have been prepared by combining all individual subsidiaries into one reporting entity, TNT Express, in these years. The audited Combined Financial Statements were included in TNT Express’ Prospectus for first admission to trading and listing issued on 11 April 2011 (the ***Prospectus***). The Combined Financial Statements can be found in the Prospectus which is published on the website of TNT Express.

The selected consolidated and combined financial information of TNT Express is that of TNT Express and its consolidated subsidiaries and is extracted from TNT Express’ consolidated and/or combined financial statements, which have been audited by PWC, TNT Express’ independent auditor. The financial statements and accounts from which the selected consolidated and/or combined financial information has been derived were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

For purposes of these consolidated financial statements, ‘TNT Express’ refers to (i) TNT Express and its subsidiaries in relation to the period after the consummation of the Demerger and to (ii) the Express Business of TNT N.V. and its subsidiaries prior to the consummation of the Demerger. Pursuant to the Demerger, the Express Business transferred to TNT Express was, upon consummation of the Demerger, deemed to have been for the risk and account of TNT Express as of 1 January 2011.

The selected consolidated financial information should be read in conjunction with the consolidated financial statements of TNT Express for the Financial Year 2011 and the notes thereto, incorporated in this Offer Memorandum.

The interim financial information of TNT Express as of 31 March 2012 included in this Offer Memorandum has been derived from the consolidated interim financial statements of TNT Express for the three (3) month period ended 31 March 2012. The consolidated interim financial statements of TNT Express have not been audited or reviewed by an external auditor. The consolidated interim financial statements of TNT Express are included in Section 13.7 of this Offer Memorandum and should be read in conjunction with the notes thereto.

Pursuant to an exemption granted by the AFM, TNT Express has not included a review report on financial information in respect of the first quarter of the Financial Year 2012 in this Offer Memorandum. However, under the terms of the exemption, TNT Express has included the unaudited and not-reviewed information for the first quarter of the Financial Year 2012 in Section 13.7 of this Offer Memorandum and will publish its reviewed results for the first half of the Financial Year 2012 by press release ultimately on 30 July 2012, prior to the date of the Shareholders' Meeting to be held on 6 August 2012. The review report in respect of the results for the first half of the Financial Year 2012 will also be made available on the website of TNT Express.

Certain numerical figures set out in this Offer Memorandum, including financial data presented in millions or thousands, have been subject to rounding adjustments and, as a result, the totals of the data in this Offer Memorandum may vary slightly from the actual arithmetic totals of such information.

The information included in this Offer Memorandum reflects the situation as at the date of this Offer Memorandum unless specified otherwise. Neither the issue nor the distribution of this Offer Memorandum shall under any circumstances imply that the information contained herein is accurate and complete as of any time subsequent to the date of this Offer Memorandum or that there has been no change in the information set out in this Offer Memorandum or in the affairs of the Offeror, TNT Express and/or their respective subsidiaries and/or affiliates since the date of this Offer Memorandum. The foregoing does not affect the obligation of both the Offeror and TNT Express, each insofar as it concerns them, to make a public announcement pursuant to Article 5:25i Wft or Article 4, paragraph 3 of the Decree, if applicable.

No person, other than the Offeror, UPS and TNT Express and without prejudice to the auditors' reports issued by PWC included in the Offer Memorandum and the Fairness Opinions issued by Goldman Sachs and Lazard, is authorised in connection with the Offer to provide any information or to make any statements on behalf of the Offeror, UPS or TNT Express in connection with the Offer or any information contained in this Offer Memorandum. If any such information or statement is provided or made by parties other than the Offeror, UPS or TNT Express, such information or statement should not be relied upon as having been provided by or made by or on behalf of the Offeror, UPS or TNT Express. Any information or representation not contained in this Offer Memorandum must not be relied upon as having been provided by or made by or on behalf of the Offeror, UPS or TNT Express.

### 3.4 Governing law

This Offer Memorandum and the Offer are, and any tender, purchase or transfer of Shares will be, governed by and construed in accordance with the laws of The Netherlands. The District Court of Amsterdam (*Rechtbank Amsterdam*) and its appellate courts shall have exclusive jurisdiction to settle any disputes which might arise out of or in connection with this Offer Memorandum, the Offer and/or any tender, purchase or transfer of Shares. Accordingly, any legal action or proceedings arising out of or in connection with this Offer Memorandum, the Offer and/or any tender, purchase or transfer of Shares may be brought exclusively in such courts.

### 3.5 Language

This Offer Memorandum is published in the English language and a Dutch language summary is included as Section 12 (Dutch language summary). In the event of any differences, whether or not in interpretation, between the English text of this Offer Memorandum and the Dutch language summary of this Offer Memorandum, the English text of this Offer Memorandum shall prevail.

## 3.6 Contact details

ING Bank N.V. has been appointed as Exchange Agent in the context of the Offer and Wells Fargo Shareowner Services has been appointed as ADS Tender Agent in the context of the Offer.

Addresses:

(a) The Offeror

UPS BidCo B.V.
Luchthavenweg 57
5657 EA Eindhoven
The Netherlands

(b) TNT Express

TNT Express N.V.
Taurusavenue 111
2132 LS Hoofddorp
The Netherlands

(c) Listing and Exchange Agent

ING Bank N.V.
Bijlmerdreef 888, 1102 MG Amsterdam (Attention Sjoukje Hollander/ Remko Los)
Tel: +31 20 563 6546/ +31 20 563 6619
Fax: +31 20 563 6959
Email: iss.pas@ing.nl

(d) ADS Tender Agent

Wells Fargo Shareowner Services
1110 Centre Pointe Curve, Suite 101
MAC: N9173-010
Mendota Heights MN 55120-4100
United States

## 3.7 Availability of information

Digital copies of this Offer Memorandum are available on the websites of TNT Express (www.tnt.com) and UPS (www.investors.ups.com). Copies of this Offer Memorandum are also available free of charge at the offices of the Offeror, TNT Express, the Listing and

Exchange Agent and the ADS Tender Agent at the addresses mentioned above. The TNT Express and UPS websites do not constitute a part of, and are not incorporated by reference into, this Offer Memorandum.

Copies of the articles of association of the Offeror are available on the website of UPS (www.investors.ups.com) and free of charge at the offices of the Offeror and can be obtained by contacting the Offeror at the address mentioned above.

Copies of TNT Express' Articles of Association and the Combined Financial Statements in relation to the Financial Year 2009 and the Financial Year 2010 as included in the Prospectus, are available on the website of TNT Express (www.tnt.com).

### 3.8 Assignment

On 19 March 2012, UPS and TNT Express entered into a Merger Protocol setting out their respective rights and obligations with respect to the Offer. UPS has assigned all of its rights and obligations under the Merger Protocol to the Offeror. UPS shall remain jointly and severally liable with the Offeror for the proper performance of any obligations assigned to the Offeror.

### 3.9 Forward-looking statements

This Offer Memorandum includes "forward-looking statements", including statements about the expected timing and completion of the Offer. Forward-looking statements involve known or unknown risks and uncertainties because they relate to events and depend on circumstances that all occur in the future. Generally, words such as may, should, aim, will, expect, intend, estimate, anticipate, believe, plan, seek, continue or similar expressions identify forward-looking statements. Although the Offeror, UPS and TNT Express, each with respect to the statements it has provided, believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, no assurance can be given that such statements will be fulfilled or prove to be correct, and no representations are made as to the future accuracy and completeness of such statements. The forward-looking statements involve unknown risks, uncertainties and other factors, many of which are outside the control of the Offeror, UPS and TNT Express, and are difficult to predict. These forward-looking statements are not guarantees of future performance. Any such forward-looking statements must be considered together with the fact that actual events or results may vary materially from such forward-looking statements due to, among other things, political, economic or legal changes in the markets and environments in which the Offeror, UPS and/or TNT Express does business, to competitive developments or risks inherent to the business plans of the Offeror, UPS or TNT Express and to uncertainties, risk and volatility in financial markets and other factors affecting the Offeror, UPS and/or TNT Express.

The Offeror and TNT Express undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws and regulations or by any appropriate regulatory authority.

### 3.10 Financial Advisors

Morgan Stanley, UBS Investment Bank and Bank of America Merrill Lynch are acting as financial advisors exclusively to the Offeror and UPS and to no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Offer Memorandum) as a client in relation to the Offer or any other matter referred to in this Offer Memorandum and will not be responsible to anyone other than the Offeror and UPS for providing the protections afforded to the clients of Morgan Stanley, UBS Investment Bank and Bank of America Merrill Lynch or for providing advice in relation to the Offer or any other matter referred to in this Offer Memorandum.

Morgan Stanley, UBS Investment Bank and Bank of America Merrill Lynch have given and have not withdrawn their written consent to the references to their names in the form and context in which they appears in this Offer Memorandum.

Goldman Sachs is acting as financial advisor exclusively to TNT Express and to no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Offer Memorandum) as a client in relation to the Offer or any other matter referred to in this Offer Memorandum and will not be responsible to anyone other than TNT Express for providing the protections afforded to the clients of Goldman Sachs International or for providing advice in relation to the Offer or any other matter referred to in this Offer Memorandum.

Lazard is acting as financial advisor exclusively to the Supervisory Board and to no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Offer Memorandum) as a client in relation to the Offer or any other matter referred to in this Offer Memorandum and will not be responsible to anyone other than the Supervisory Board for providing the protections afforded to the clients of Lazard or for providing advice in relation to the Offer or any other matter referred to in this Offer Memorandum.

Goldman Sachs and Lazard have given and have not withdrawn their written consent to the references to their names in the form and context in which they appear in this Offer Memorandum.

## 4. DEFINITIONS

Any reference in this Offer Memorandum to defined terms in plural form will constitute a reference to such defined terms in singular form, and vice versa. All grammatical and other changes required by the use of a definition in singular form will be deemed to have been made herein and the provisions hereof will be applied as if such changes have been made.

Defined terms used in this Offer Memorandum will have the following meaning:

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| Admitted Institutions | means those institutions admitted to Euronext Amsterdam (*aangesloten instellingen*); |
| ADRs | means American depositary receipts, each evidencing a specific number of ADSs; |
| ADSs | means the outstanding American depositary shares, each representing one Ordinary Share; |
| ADS Letter of Transmittal | means the letter of transmittal that ADS holders receive from the ADS Tender Agent pursuant to which a holder of ADSs may tender such ADSs pursuant to the Offer; |
| ADS Tender Agent | means Wells Fargo Bank N.A.; |
| Affiliates | means in relation to UPS and/or TNT Express, any subsidiary or parent company of UPS and/or TNT Express and any subsidiary of such parent company, in each case from time to time; |
| AFM | means The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*); |
| Agent's Message | means a message, transmitted by DTC to, and received by, the ADS Tender Agent and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgment from the tendering Shareholder that the Shareholder has received and agrees to be bound by the terms of the ADS Letter of Transmittal; |
| Antitrust Laws | means the Dutch Competition Act (*Mededingingswet*), the HSR Act, the EC Merger Regulation and any other law, regulation or decree (whether national, international, federal, state or local) designed to prohibit, restrict or regulate actions for the purpose or effect of monopolization or restraint of trade or the significant impediment of |

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| | effective competition; |
| Applicable Rules | means all applicable laws and regulations, including without limitation, the applicable provisions of and any rules and regulations promulgated pursuant to the Wft, the Decree, the policy guidelines and instructions of the AFM, the Dutch Works Council Act (*Wet op de ondernemingsraden*), the *SER Fusiegedragsregels 2000* (the Dutch code in respect of informing and consulting of trade unions), the rules and regulations of Euronext Amsterdam and, in as far as applicable, the DCC, the relevant securities and employee consultation rules and regulations in other applicable jurisdictions and any relevant Antitrust Laws; |
| Bank of America Merrill Lynch | means Merrill Lynch, Pierce, Fenner & Smith Incorporated; |
| Beneficiaries | has the meaning given to it in Section 10.1.1; |
| Boards | means the Executive Board and the Supervisory Board together; |
| Business Day | means a day other than a Saturday or Sunday on which banks in the United States and The Netherlands, according to collective agreements for the banking sector (the *Algemene Bank-CAO*), Euronext Amsterdam and NYSE are open for normal business; |
| Call Option | has the meaning given to it in Section 7.10; |
| Central Works Council | means the central works council of TNT Nederland B.V. |
| Closing Date | means the time and date on which the Offer Period expires, being at 18:00 hours, Amsterdam time (12:00 hours (noon), New York time), on 31 August 2012, unless extended by the Offeror in accordance with Section 5.5 (Extension), in which case the closing date shall be the date on which the extended Offer Period expires; |
| Combined Financial Statements | has the meaning given to it in Section 3.3; |
| Combined Group | means the group constituted by UPS and TNT Express and their respective Affiliates after the |

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| | Settlement Date; |
| Committed Shares | has the meaning given to it in Section 6.7.1(b); |
| Commitments | has the meaning given to it in Section 6.7.3; |
| Competing Offer | has the meaning given to it in Section 6.18.1; |
| DCC | means the Dutch Civil Code (*Burgerlijk Wetboek*); |
| Decree | means the Dutch Decree on public offers Wft (*Besluit openbare biedingen Wft*), as amended from time to time; |
| Demerger | has the meaning given to it in Section 3.3; |
| Deposit Agreement | has the meaning given to it in Section 6.11.2; |
| Distribution | means any dividend or other distribution (other than the Financial Year 2011 final dividend payment of EUR 0.004 per Share, which has been paid on 7 May 2012); |
| DTC | means the Depository Trust Company; |
| Dutch Corporate Governance Code | means the Dutch corporate governance code, dated 1 January 2009 as established under Section 2:391 paragraph 5 of the DCC; |
| EBITDA | means earnings before interest, taxes, depreciation and amortisation; |
| EGM | means the extraordinary general meeting of shareholders of TNT Express that is to be held in accordance with Article 18, paragraph 1 of the Decree at least 6 (six) Business Days prior to the Closing Date; |
| Eligible Institution | means a financial institution (including most commercial banks, savings and loan associations and brokerage houses) that is a participant in the Securities Transfer Agent Medallion Program or any other "eligible guarantor institution", as such term is defined in Rule 17Ad-15 of the Exchange Act; |
| Employee Matching Rights | has the meaning given to it in Section 7.13.1; |
| EPS | means earnings per share; |

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| EU Competition Clearance | means Phase I Competition Clearance or Phase II Competition Clearance, as the case may be, or, if relevant, any approval of any EU Member State in case of a referral by the European Commission to a national competition authority; |
| Euronext Amsterdam | means the stock exchange of Euronext Amsterdam by NYSE Euronext, the regulated market of Euronext N.V; |
| Exchange Act | means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder; |
| Executive Board | means the Executive Board (*raad van bestuur*) of TNT Express; |
| Express Business | has the meaning given to it in Section 3.3; |
| Fairness Opinions | means the fairness opinion issued by Goldman Sachs and the fairness opinion issued by Lazard; |
| Financial Year 2009 | means the financial year of TNT Express ending on 31 December 2009; |
| Financial Year 2010 | means the financial year of TNT Express ending on 31 December 2010; |
| Financial Year 2011 | means the financial year of TNT Express ending on 31 December 2011; |
| Financial Year 2012 | means the financial year of TNT Express ending on 31 December 2012; |
| First Announcement | means the announcement made by UPS on 17 February 2012, as referred to in Section 6.1; |
| Foundation | has the meaning given to it in Section 7.10; |
| Foundation Option Agreement | has the meaning given to it in Section 7.10; |
| Goldman Sachs | means Goldman Sachs International; |
| HSR Act | means the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended from time to time; |
| I/B/E/S | means Institutional Brokers' Estimate System; |

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| IFRS | means the International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Commission for use in the European Union; |
| Incentive Plans | means the BMPlan and OMPlan together; |
| Independent Members | means the independent members on the Supervisory Board, from time to time; |
| Integration Committee | has the meaning given to it in Section 6.13; |
| Irrevocable | means the irrevocable undertaking of PostNL to tender all Shares held by it under the Offer, as referred to in Section 6.10 (Irrevocable undertaking); |
| Joint Announcement | means the joint announcement made by UPS and TNT Express on 19 March 2012, as referred to in Section 6.1; |
| Lazard | means Lazard B.V.; |
| Long Stop Date | means 28 February 2013; |
| Listing and Exchange Agent | means ING Bank N.V.; |
| Material Adverse Effect | means any change, event, circumstance or effect (any such items an ***Effect***) individually or when taken together with all other Effects that have occurred between the date of this Offer Memorandum and the Closing Date that is or is reasonably likely to be sustainably materially adverse to the business, the assets, capitalization or financial condition of TNT Express taken as a whole with its Affiliates such that UPS cannot reasonably be expected to declare the Offer unconditional, provided, however, that for the purpose of determining whether there has been, or will be, a Material Adverse Effect, only Effects will be taken into account which:<br><br>(i) materially affect or are reasonably likely to materially affect the economies in which the TNT Express Group operates generally or the world economy as a whole;<br><br>(ii) result from changes materially affecting European economic conditions or financial, |

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| | debt, credit or securities capital market conditions; or |
| | (iii) result from any outbreak or escalation of war or major hostilities or act of terrorism leading to a material market disruption; |
| | it being understood that any Effect which is known or should have been known to UPS as per the date of this Offer Memorandum will not qualify as a Material Adverse Effect; |
| Merger Protocol | means the Merger Protocol agreed and signed by UPS and TNT Express on 19 March 2012; |
| Minimum Acceptance Condition | has the meaning given to it in Section 6.7.1(b); |
| Morgan Stanley | means Morgan Stanley & Co. LLC; |
| NYSE | means the New York Stock Exchange, operated by NYSE Euronext; |
| Offer | means the offer described in this Offer Memorandum; |
| Offer Conditions | means the conditions to the Offer set out in Section 6.7.1; |
| Offer Memorandum | means this offer memorandum (*biedingsbericht*) describing the terms, conditions and restrictions of the Offer; |
| Offeror | means BidCo B.V., a private limited liability company (*besloten vennootschap*) incorporated under the laws of The Netherlands, having its registered seat at Eindhoven, The Netherlands and its address at Luchthavenweg 57, 5657 EA Eindhoven, The Netherlands; |
| Offer Period | means the period during which the Shareholders can tender their Shares to the Offeror, which commences at 09:00 hours, Amsterdam time (03:00 hours, New York time), on 22 June 2012 and ends at 18:00 hours, Amsterdam time (12:00 hours (noon), New York time), on the Closing Date; |
| Offer Price | has the meaning given to it in Section 5.1.1; |
| Ordinary Shares | means the issued and outstanding ordinary shares in the share capital of TNT Express with a nominal |

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| | value of EUR 0.08 each; |
| Other Key Competition Clearances | means the approval from the relevant antitrust authorities in Australia, China, Israel, Russia, Turkey and the United States in respect of the transactions contemplated by this Offer Memorandum or the expiry of the statutory or otherwise imposed waiting period in the aforementioned countries; |
| Phase I Competition Clearance | means that the transactions contemplated by this Offer Memorandum are declared by the European Commission to be compatible with the common market, whether unconditionally or subject to any such conditions, obligations, undertakings or modifications as the decision may identify, pursuant to Article 6(1)(a), 6(1)(b) or 6(2) of the EC Merger Regulation or deemed to have been declared compatible with the common market pursuant to Article 10(6) of the EC Merger Regulation; |
| Phase II Competition Clearance | means that the transactions contemplated by this Offer Memorandum are declared by the European Commission to be compatible with the common market, whether unconditionally or subject to any such conditions, obligations, undertakings or modifications as the decision may identify, pursuant to Article 8(1) or 8(2) of the EC Merger Regulation or deemed to have been declared compatible with the common market pursuant to Article 10(6) of the EC Merger Regulation; |
| Position Statement | means the position statement of the Boards which does not form part of this Offer Memorandum; |
| Post Closing Acceptance Period | means a period of no more than two (2) weeks after the Offer Period during which the Shareholders that have not yet tendered their Shares under the Offer shall be given the opportunity to do so in the same manner and under the same conditions as set out in this Offer Memorandum |
| Post Closing Measures | has the meaning given to it in Section 6.11.3; |
| PostNL | means PostNL N.V., a public limited liability company (*naamloze vennootschap*) incorporated under the laws of The Netherlands, having its registered seat at 's-Gravenhage, The Netherlands and its address at Prinses Beatrixlaan 23, 2595 AK |

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| | ‘s-Gravenhage, The Netherlands; |
| Potential Competing Offer | has the meaning given to it in Section 6.18.1; |
| Prospectus | has the meaning given to it in Section 3.3; |
| Protective Preference Shares | means the preference shares in the share capital of TNT Express with a nominal value of EUR 0.08 each; |
| PWC | means PricewaterhouseCoopers Accountants N.V. |
| Recommendation | has the meaning given to it in Section 6.6; |
| Reference Date | means 16 February 2012, the last trading day before the First Announcement; |
| Reference Share Capital | has the meaning given to it in Section 6.7.1(b); |
| Relationship Agreement | means the relationship agreement entered into by TNT Express and TNT N.V. (currently PostNL) on 7 April 2011; |
| ROIC | means return on invested capital; |
| Separated Private Assets | has the meaning given to it in Section 10.1.1; |
| Settlement | means the payment of the Offer Price by the Offeror to the Shareholders for each Tendered Share; |
| Settlement Date | means the date, being no later than the fifth (5th) Business Day after the Unconditional Date, on which, in accordance with the terms of the Offer, the Offeror will pay the Offer Price to the Shareholders for each Tendered Share; |
| Settlor | has the meaning given to it in Section 10.1; |
| Shareholder(s) | means (a) holder(s) of one or more Share(s); |
| Shares | Ordinary Shares and ADSs; |
| Squeeze-Out | has the meaning given to it in Section 6.11.3; |
| Statutory Merger | has the meaning given to it in Section 6.11.3; |
| Statutory Squeeze-Out | has the meaning given to it in Section 6.11.3; |
| Supervisory Board | means the supervisory board (*raad van commissarissen*) of TNT Express; |

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| Takeover Squeeze-Out | has the meaning given to it in Section 6.11.3; |
| Tendered Share | means each Share validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and transferred (*geleverd*) (as applicable) for acceptance pursuant to the Offer prior to or on the Closing Date; |
| TNT Express | means TNT Express N.V., a public limited liability company (*naamloze vennootschap*) incorporated under the laws of The Netherlands, having its corporate seat in Amsterdam, The Netherlands, and its office address at Taurusavenue 111, 2132 LS Hoofddorp, The Netherlands; |
| TNT Express Articles of Association | means the articles of association (*statuten*) of TNT Express, as amended from time to time; |
| TNT Express Group | means TNT Express and its Affiliates from time to time; |
| UBS Investment Bank | means UBS Limited; |
| Unconditional Date | has the meaning given to it in Section 5.4; |
| UPS | means United Parcel Service, Inc., a corporation organised and existing under the laws of the State of Delaware, having its address at 55 Glenlake Parkway, Atlanta, Georgia 30328, USA; |
| UPS Group | means UPS and its Affiliates from time to time; |
| US Depositary | has the meaning given to it in Section 5.2.3; |
| US Holders | has the meaning given to it in Section 10.2; |
| Wft | means the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*); and |
| WOR | means the Dutch Works Council Act (*Wet op de Ondernemingsraden*). |

## 5. INVITATION TO THE SHAREHOLDERS

The Offeror hereby makes a recommended public cash offer for all Shares. Shareholders are advised to review this Offer Memorandum and in particular Sections 2 and 3 (Restrictions and Important Information) thoroughly and completely and to seek independent advice where appropriate in order to reach a balanced judgement with respect to the Offer and this Offer Memorandum. Shareholders who consider not tendering their Shares are advised to review Section 6.11 (Consequences of the Offer) in particular. With due reference to all statements, terms, conditions and restrictions included in this Offer Memorandum, Shareholders are hereby invited to tender their Shares under the Offer in the manner and subject to the terms and restrictions set out in this Offer Memorandum.

### 5.1 Offer Price

5.1.1 Consideration

For each Ordinary Share tendered under the Offer, the Offeror offers a consideration of EUR 9.50 (nine euro and fifty cents) in cash and for each ADS tendered under the Offer, the Offeror offers an amount equal to the U.S. dollar equivalent (determined in accordance with the next paragraph in this Section 5.1.1 of 9.50 (nine euro and fifty cents), net to the Shareholder in cash, without interest and less any applicable withholding taxes) (the ***Offer Price***).

With respect to the ADSs, the Offer Price, net to the Shareholder in cash, without interest and less any applicable withholding taxes, will be paid in U.S. dollars, based on the conversion of EUR 9.50 (nine euro and fifty cents) per ADS into U.S. dollars calculated by using the spot market exchange rate for the U.S. dollar against the euro on the Closing Date, tendered under the terms and subject to the conditions and restrictions of the Offer. Holders of ADSs should be aware that the euro to U.S. dollar exchange rate prevailing at the date on which such Shareholder tenders its, his or her ADSs and on the dates of dispatch and receipt of payment may be different from that prevailing on the Closing Date. In all cases, fluctuations in the euro to U.S. dollar exchange rate are at the risk of accepting holders of ADSs. None of the Offeror, UPS, TNT, the Listing and Exchange Agent, the ADS Tender Agent or their respective advisers or agents shall have any responsibility with respect to or be liable for the actual amount of cash consideration payable other than in euro.

5.1.2 Distributions

The Offer Price is cum dividend, with the exception of a Financial Year 2011 final dividend payment of EUR 0.004 per Share, which has been paid on 7 May 2012. In the event any Distribution on the Shares is declared by TNT Express (whereby the record date that is decisive for entitlement to such Distribution is prior to Settlement), the Offer Price will be decreased by the full amount of any such Distribution made by TNT Express in respect of each Share (before any applicable withholding tax).

Any adjustment to the Offer Price resulting from a Distribution by TNT Express will be communicated by press release in accordance with Section 5.9 (Announcements) of this Offer Memorandum.

### 5.2 Acceptance by Shareholders

5.2.1 Acceptance by holders of Ordinary Shares through Admitted Institutions

Shareholders who hold their Ordinary Shares through an Admitted Institution are requested to make their acceptance known through their bank or stockbroker no later than 18:00 hours Amsterdam time (12:00 hours (noon), New York time) on the Closing Date, unless the Offer Period is extended in accordance with Section 5.5 (Extension). The custodian, bank or stockbroker may set an earlier deadline for communication by Shareholders in order to permit the custodian, bank or stockbroker to communicate its acceptances to the Listing and Exchange Agent in a timely manner.

Admitted Institutions may tender Ordinary Shares for acceptance only to the Listing and Exchange Agent and only in writing. In submitting the acceptance, Admitted Institutions are required to declare that (i) they have the Tendered Shares in their administration, (ii) each Shareholder who accepts the Offer irrevocably represents and warrants that the Tendered Shares are being tendered in compliance with the restrictions set out in Sections 2 and 3 (Restrictions and Important Information) and (iii) they undertake to transfer these Tendered Shares to the Offeror prior to or ultimately on the Settlement Date, provided that the Offer has been declared unconditional (*gestand wordt gedaan*).

Subject to Article 15, paragraph 3 of the Decree, the tendering of Ordinary Shares in acceptance of the Offer will constitute irrevocable instructions to block any attempt to transfer the Ordinary Shares tendered, so that on or prior to the Settlement Date no transfer of such Ordinary Shares may be effected (other than to the Listing and Exchange Agent on or prior to the Settlement Date if the Offer is declared unconditional (*gestand wordt gedaan*) and the Ordinary Shares have been accepted for purchase, or if withdrawal rights are available because of an extension of the Offer Period) and to debit the securities account in which such Ordinary Shares are held on the Settlement Date in respect of all of the Tendered Shares, against payment by the Listing and Exchange Agent of the Offer Price per Ordinary Share.

5.2.2 Acceptance by holders of Ordinary Shares individually recorded in TNT Express' shareholders' register

Holders of Ordinary Shares individually recorded in TNT Express' shareholders' register wishing to accept the Offer in respect of such Ordinary Shares must deliver a completed and signed acceptance form to the Listing and Exchange Agent in accordance with the terms and conditions of the Offer, no later than 18:00 hours, Amsterdam time (12:00 hours (noon), New York time), on the Closing Date, unless the Offer Period is extended in accordance with Section 5.5 (Extension). The acceptance forms are available upon request from the Listing and Exchange Agent. The acceptance form will also serve as a deed of transfer (*akte van levering*) with respect to the Ordinary Shares referenced therein.

5.2.3 Acceptance by holders of ADSs

Shareholders holding ADSs in registered form, either in ADR form or in uncertificated form through the Direct Registration System (a system administered by the DTC pursuant to which the JPMorgan Chase Bank, N.A., the depositary for the ADSs (the ***US Depositary***), may register the ownership of uncertificated ADSs), may accept the Offer and tender ADSs to the ADS Tender Agent by delivering to the ADS Tender Agent a properly completed and duly executed ADS Letter of Transmittal, with any applicable signature guarantees from an Eligible

Institution, together with the ADRs representing the ADSs specified on the face of the ADS Letter of Transmittal, if applicable, prior to the Closing Date. The ADS Letters of Transmittal and other associated forms are available upon request from the ADS Tender Agent. ADS Letters of Transmittal properly completed and duly executed, together with the corresponding ADRs, if applicable, should only be sent to the ADS Tender Agent and should not be sent to the Offeror, UPS, the US Depositary or the Listing and Exchange Agent. ADS Letters of Transmittal properly completed and duly executed, together with the corresponding ADRs, if applicable, must be received by the ADS Tender Agent prior to the Closing Date.

The method of delivery of ADS Letters of Transmittal and, if applicable, ADRs, and all other required documents, is at the Shareholder's option and risk, and the delivery will be deemed made only when actually received by the ADS Tender Agent. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, a Shareholder should allow sufficient time to ensure timely delivery. No acknowledgement of receipt of documents will be given by or on behalf of the Offeror, UPS or the ADS Tender Agent.

Shareholders holding ADSs in book-entry form, all of which are held through the facilities of DTC, must instruct the financial intermediary through which such Shareholders own their ADSs to arrange for a DTC participant holding the ADSs in its DTC account to tender such ADSs to the DTC account of the ADS Tender Agent through the book-entry transfer facilities of DTC, together with an Agent's Message, no later than 12:00 hours (noon), New York time, on the Closing Date. DTC has informed the Offeror that it can only cut off book-entry tenders at the end of a business day, New York time, so the Offeror has agreed that it will accept valid book-entry tenders of ADSs up until 17:00 hours, New York time, on the Closing Date. If the procedure for book-entry tender cannot be completed on a timely basis, Shareholders holding ADSs in book-entry form may follow the guaranteed delivery procedures described below. Financial intermediaries may set an earlier deadline for communication by Shareholders in order to permit the financial intermediary to communicate acceptances to the ADS Tender Agent in a timely manner. Accordingly, Shareholders holding ADSs through a financial intermediary should contact such financial intermediary to obtain information about the deadline by which such Shareholders must accept the Offer and comply with the dates communicated by such financial intermediary as such dates may differ from the dates and times noted in this Offer Memorandum.

Tendered ADSs will be held in an account controlled by the ADS Tender Agent, and consequently a Shareholder that has tendered its ADSs will not be able to sell, assign, transfer or otherwise dispose of tendered ADSs until such time as (i) the Shareholder withdraws the tendered ADSs from the Offer during an extension of the Offer Period in accordance with Section 5.5 (Extension); (ii) the tendered ADSs have been accepted for purchase by the Offeror (subject to the terms and conditions of the Offer); or (iii) the tendered ADSs have been returned to the Shareholder if the Offer is not completed or if the ADSs were not accepted for purchase.

ADSs tendered on or prior to the Closing Date may not be withdrawn unless the Offeror announces an extension of the Offer Period in accordance with Section 5.5 (Extension). During such extension of the Offer Period, ADSs previously tendered may be withdrawn in accordance with the provisions Dutch law. If the Offer Period is extended, the Offeror will provide notice to holders of ADSs of their right to withdraw ADSs previously tendered, including instructions on how to effect a withdrawal of such ADSs. If the Offer Period is extended, any ADSs previously tendered and not withdrawn will remain subject to the Offer. ADSs tendered during an extension of the Offer Period may not be withdrawn.

*Guaranteed Delivery Procedure*

If a Shareholder wishes to tender ADSs in the Offer and its ADSs are not immediately available or time will not permit all required documents to reach the ADS Tender Agent before the Closing Date or the procedure for book-entry transfer cannot be completed on a timely basis, a Shareholder may nevertheless properly tender ADSs if all the following conditions are satisfied:

- the tender is made by or through an Eligible Institution;
- a properly completed and duly executed notice of guaranteed delivery, substantially in the form available from the ADS Tender Agent, is received by the ADS Tender Agent as provided below before the Closing Date; and
- ADSs in proper form for transfer in the case of a book-entry transfer, a book-entry confirmation along with an Agent's Message and any other required documents are received by the ADS Tender Agent within three New York business days after the date of execution of the notice of guaranteed delivery. A New York business day is a day other than a Saturday or Sunday on which banks in the United States and the NYSE are open for business.

Any notice of guaranteed delivery may be delivered by hand, mail or facsimile to the ADS Tender Agent and must include a guarantee by an Eligible Institution in the form set forth in the notice of guaranteed delivery. In the case of ADSs held through the book-entry transfer system of DTC, the notice of guaranteed delivery must be delivered to the ADS Tender Agent by a DTC participant by means of the DTC book-entry transfer confirmation system.

5.2.4 Undertakings, representations and warranties by tendering Shareholders

Each Shareholder tendering Shares pursuant to the Offer, by such tender, undertakes, represents and warrants to the Offeror, on the date that such Shares are tendered and on the Settlement Date, that:

(a) the tender of any Shares constitutes an acceptance by the Shareholder of the Offer, on and subject to the terms and conditions of the Offer;

(b) such Shareholder has full power and authority to tender, sell and transfer (*leveren*) the Shares tendered by it, and has not entered into any other agreement to tender, sell or transfer (*leveren*) the Shares stated to have been tendered to any party other than the Offeror (together with all rights attaching thereto) and, when the same are purchased by the Offeror under the Offer, the Offeror will acquire such Shares, with full title guarantee and free and clear of all third party rights and restrictions of any kind; and

(c) such Shares are being tendered in compliance with the restrictions as set out in Sections 2 and 3 (Restrictions and Important Information) and the securities and other applicable laws or regulations of the jurisdiction in which such Shareholder is located or of which it is a resident and no registration, approval or filing with any regulatory authority of such jurisdiction is required in connection with the tendering of such Shares.

### 5.3 Offer Period (*aanmeldingstermijn*)

The Offer Period will commence at 09:00 hours, Amsterdam time (03:00 hours, New York time), on 22 June 2012 and will expire on 31 August 2012 at 18:00 hours, Amsterdam time (12:00 hours (noon), New York time), unless the Offer Period is extended in accordance with Section 5.5 (Extension).

Shares tendered on or prior to the Closing Date may not be withdrawn, subject to the right of withdrawal of any tender during any extension of the Offer Period in accordance with the provisions of Article 15, paragraph 3 of the Decree. If the Offer Period is extended, the Offeror will provide notice to holders of ADSs of their right to withdraw ADSs previously tendered, including instructions on how to effect a withdrawal of such ADSs. If the Offer Period is extended, any Shares previously tendered and not withdrawn will remain subject to the Offer. Shares tendered during an extension of the Offer Period may not be withdrawn.

If all conditions to the Offer are satisfied or, where appropriate, waived, the Offeror will accept all Shares that have been validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and not previously withdrawn pursuant to the provisions of Article 15, paragraph 3 of the Decree in accordance with the procedures set forth in Section 5.2 (Acceptance by Shareholders).

### 5.4 Declaring the Offer unconditional (*gestanddoening*)

The Offer will be subject to the satisfaction or waiver of the Offer Conditions. See also Section 6.7 (Offer Conditions, waiver and satisfaction). The Offer Conditions may be waived, to the extent permitted by law or by agreement, as set out in Section 6.7. If the Offeror or TNT Express wishes to (partly) waive one or more Offer Conditions according to Section 6.7.2 the Offeror will inform the Shareholders as required by the Applicable Rules.

No later than on the third (3rd) Business Day following the Closing Date, such date being the ***Unconditional Date***, the Offeror will determine whether the Offer Conditions have been satisfied or waived as set out in Section 6.7, to the extent permitted by law. In addition, the Offeror will announce on the Unconditional Date whether (i) the Offer is declared unconditional, (ii) the Offer will be extended in accordance with Article 15 of the Decree, or (iii) the Offer is terminated as a result of the Offer Conditions set out in Section 6.7 not having been satisfied or waived, all in accordance with Article 16 of the Decree. In the event that the Offer is not declared unconditional, the Offeror will explain such decision.

In the event that the Offeror announces that the Offer is declared unconditional (*gestand wordt gedaan*) the Offeror will accept all Tendered Shares and may continue the Offer during a Post Closing Acceptance Period (*na-aanmeldingstermijn*) as set out in Section 5.6 (Post Closing Acceptance Period).

## 5.5 Extension

If one or more of the Offer Conditions set out in Section 6.7.1 is not satisfied by the Closing Date, the Offeror may, in accordance with Article 15, paragraph 1 and paragraph 2 of the Decree, extend the Offer Period for a minimum period of two (2) weeks and a maximum period of ten (10) weeks in order to have such Offer Conditions satisfied or waived. Extension of the Offer Period may in any event occur once (extension for more than one period is subject to clearance of the AFM, which will only be given in exceptional circumstances). In case of such extension all references in this Offer Memorandum to 18:00 hours Amsterdam time (12:00 hours (noon), New York time) on the Closing Date shall, unless the context requires otherwise, be changed to the latest date and time to which the Offer Period has been so extended.

If the Offer Period is extended, so that the obligation pursuant to Article 16 of the Decree to announce whether the Offer is declared unconditional is postponed, a public announcement to that effect will be made ultimately on the third ($3^{rd}$) Business Day following the Closing Date in accordance with the provisions of Article 15, paragraph 1 and paragraph 2 of the Decree. If the Offeror extends the Offer Period, the Offer will expire on the latest time and date to which the Offeror extends the Offer Period. If the Offer Period is extended, the Offeror will provide notice to holders of ADSs of their right to withdraw ADSs previously tendered, including instructions on how to effect a withdrawal of such ADSs.

During an extension of the Offer Period, any Shares previously tendered and not withdrawn will remain subject to the Offer, subject to the right of each Shareholder to withdraw the Shares he or she has already tendered in accordance with Article 15, paragraph 3 of the Decree.

## 5.6 Post Closing Acceptance Period (*na-aanmeldingstermijn*)

In the event that the Offeror announces that the Offer is declared unconditional *(gestand wordt gedaan)*, the Offeror shall, in accordance with Article 17 of the Decree, within three (3) Business Days after declaring the Offer unconditional, publicly announce a Post Closing Acceptance Period *(na-aanmeldingstermijn)* of maximum two (2) weeks to enable Shareholders who did not tender their Shares during the Offer Period to tender their Shares under the same terms and conditions as the Offer..

The Offeror will publicly announce the results of the Post Closing Acceptance Period and the total amount and total percentage of Shares held by it in accordance with Article 17, paragraph 4 of the Decree ultimately on the third ($3^{rd}$) Business Day following the last day of the Post Closing Acceptance Period. The Offeror shall continue to accept for payment all Shares validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) during such Post Closing Acceptance Period and shall pay for such Shares within five (5) Business Days following the last day of the Post Closing Acceptance Period.

During the Post Closing Acceptance Period, Shareholders have no right to withdraw Shares from the Offer, whether validly tendered during the Offer Period (or defectively tendered provided that such defect has been waived by the Offeror) or during the Post Closing Acceptance Period.

## 5.7 Settlement

In the event that the Offeror announces that the Offer is declared unconditional (*gestand wordt gedaan*), Shareholders who have tendered and transferred (*geleverd*) their Shares for acceptance pursuant to the Offer on or prior to the Closing Date will receive within five (5) Business Days following the Unconditional Date the Offer Price in respect of each Tendered Share, as of which moment dissolution or annulment of a Shareholder's tender or transfer (*levering*) shall not be permitted.

## 5.8 Dividends

Following the Settlement Date, the current dividend policy of TNT Express may be discontinued. TNT Express will most likely not implement a new dividend policy. Any Distribution made in respect of Shares not tendered under the Offer after the Settlement Date will *pro rata* be deducted from the price per Share for the purpose of establishing such price in any Statutory Merger or other measure contemplated by Section 6.11.3 (Legal structure and corporate structure following the Offer).

## 5.9 Announcements

Any announcement contemplated by this Offer Memorandum will be issued by press release. Subject to any applicable requirements of the Applicable Rules and without limiting the manner in which the Offeror may choose to make any public announcement, the Offeror will have no obligation to communicate any public announcement other than as described above.

## 5.10 Commission

Admitted Institutions will receive from the Listing and Exchange Agent on behalf of the Offeror a commission in the amount of EUR 0.0017 in respect of each Tendered Share up to a maximum of EUR 1,000 per Shareholder account. The commission must be claimed from the Offeror through the Listing and Exchange Agent within thirty (30) days of the Settlement Date. No costs will be charged to Shareholders by the Offeror or by TNT Express for the transfer and payment of each Tendered Share if an Admitted Institution is involved. However, Shareholders may be charged certain fees by their banks or stockbrokers. Costs may also be charged to Shareholders by or on behalf of a foreign institution involved in the transfer and payment of the Tendered Shares. Shareholders should consult their banks and stockbrokers regarding any such fees.

No costs will be charged to Shareholders by the Offeror or by TNT Express for the transfer and payment of tendered ADSs if the Shareholder holds ADSs in registered form and tenders them directly to the ADS Tender Agent. If a financial intermediary tenders ADSs on behalf of a Shareholder, such financial intermediary may charge the Shareholder a fee for doing so. Shareholders should consult with their financial intermediary to determine whether any charges will apply.

## 5.11 Restrictions

The Offer is being made with due observance of the statements, conditions and restrictions included in this Offer Memorandum. The Offeror reserves the right to accept any tender under the Offer that is made by or on behalf of a Shareholder, even if it has not been effected in the manner as set out in Section 5.2 (Acceptance by Shareholders).

**5.12 Indicative timetable**

| Expected date and time | Event |
|---|---|
| 09:00 hours, Amsterdam time (03:00 hours, New York time), 21 June 2012 | Press release announcing the availability of this Offer Memorandum and the commencement of the Offer |
| 09:00 hours, Amsterdam time (03:00 hours, New York time), 22 June 2012 | Commencement of the Offer Period |
| 30 July 2012 | Publication of TNT Express' reviewed consolidated interim financial statements for the 6 months period ending 30 June 2012 |
| 14:00 hours, Amsterdam time (8:00 hours, New York time), 6 August 2012 | EGM, at which meeting the Offer, among other matters, will be discussed |
| 18:00 hours, Amsterdam time (12:00 hours (noon), New York time), 31 August 2012 | Closing Date:<br><br>Deadline for Shareholders wishing to tender Shares, unless the Offer is extended in accordance with Article 15 of the Decree |
| No later than three (3) Business Days after the Closing Date | Unconditional Date:<br><br>The date on which the Offeror will publicly announce whether the Offer is declared unconditional (*gestand wordt gedaan*) in accordance with Article 16 of the Decree |
| No later than five (5) Business Days after the Unconditional Date | Settlement Date:<br><br>The date on which, in accordance with the terms and conditions of the Offer, the Offeror will pay the Offer Price for each Tendered Share |
| No later than three (3) Business Days after the Unconditional Date | Post Closing Acceptance Period:<br><br>If the Offer is declared unconditional, the Offeror will announce a Post Closing Acceptance Period for a period of up to two (2) weeks, in accordance with Article 17 of the Decree |

# 6. EXPLANATION AND BACKGROUND OF THE OFFER

## 6.1 Introduction

On 17 February 2012, TNT Express announced that it had received an unsolicited non-binding and conditional proposal from UPS for the acquisition of the whole of the issued capital of TNT Express at an indicative price of EUR 9 per Share. After careful consideration, the Boards rejected the proposal, but continued to be in discussions with UPS. At the same date, UPS confirmed the ongoing negotiations in respect of a revised and increased proposal made by UPS to acquire the Shares of TNT Express for EUR 9 per share in cash, in accordance with Article 5, paragraph 2 of the Decree (the ***First Announcement***).

On 16 March 2012, UPS announced to remain in constructive talks with TNT Express and expressed its continued intention to submit a request for approval of an offer memorandum to the AFM within twelve weeks from the First Announcement, pursuant to Article 7, paragraph 1(a) of the Decree.

On 19 March 2012, UPS and TNT Express jointly announced that they had reached (conditional) agreement on the main terms and conditions of the Offer, pursuant to Article 4, paragraph 3 and Article 6, paragraph 1 of the Decree, as set out in this Offer Memorandum, at a cash consideration of EUR 9.50 per Share (the ***Joint Announcement***).

On 11 May 2012, the Offeror announced that it has sufficient funds available to secure the Offer and that this Offer Memorandum was submitted for approval to the AFM in accordance with Article 7, paragraph 4 of the Decree.

See also Section 11 (Press releases).

## 6.2 The Offer

The Offeror is making an offer to purchase from the Shareholders all the Shares on the terms and subject to the conditions and restrictions contained in this Offer Memorandum.

Subject to the Offer being declared unconditional (*gestanddoening*), Shareholders tendering their Shares under the Offer will receive the Offer Price in respect of each Tendered Share. If, between the date of this Offer Memorandum and the Settlement Date, TNT Express, by any means whatsoever declares any Distribution, then the Offer Price will be reduced by the amount of such Distribution per Share (before any applicable withholding tax).

### 6.2.1 Bid Premia

The Offer represents:

- a premium of 53.7% to the closing price of the Ordinary Shares on the Reference Date;
- a premium of 50.9% to the average closing price of the Ordinary Shares for the 1 (one) month period prior to and including the Reference Date;
- a premium of 62.7% to the average closing price of the Ordinary Shares for the 3 (three) month period prior to and including the Reference Date;

- a premium of 64.7% to the average closing price of the Ordinary Shares for the 6 (six) month period prior to and including the Reference Date;

- a premium of 50.0% to the average closing price of the Ordinary Shares since firstly traded on Euronext Amsterdam on 26 May 2011 up to and including the Reference Date[1];

- a premium of 60.3% to the median of selected analyst price targets for the Ordinary Shares issued prior to the Reference Date by 24 research analysts who follow TNT Express' developments and regularly issue research reports on TNT Express (median of EUR 5.93). Selected research analysts include: ABN AMRO, Barclays, Citi, Credit Agricole Cheuvreux, Credit Suisse, Davy, Deutsche Bank, Goldman Sachs, HSBC, ING, JP Morgan, KBC, Kempen, Kepler, Main First, Morgan Stanley, Morningstar, Nomura, Petercam, Rabobank, RBC, RBS, UBS and Wolfe; and

- Based on the year end net financial debt as per 31 December 2011, the Offer Price per Ordinary Share represents an enterprise value for TNT Express of 11.9x the fiscal year 2011 underlying EBITDA (earnings before interest, taxes, depreciation and amortization, as adjusted by TNT Express) of EUR 434 million and 10.0x the median expected fiscal year 2012 EBITDA of EUR 520 million for TNT Express based on I/B/E/S median estimate as per the Reference Date.

By comparison, the median premium to the unaffected share price (closing share price one day prior to the earlier of transaction announcement or material, public speculation of a transaction, if any) is 37.3% for the selected, all-cash public offers for Dutch companies listed on the Euronext Amsterdam with equity values in excess of EUR 500 million that were announced and completed in the period from 1 January 2005 to the Reference Date. Selected transactions include: Crucell / Johnson & Johnson, Océ / Canon, Smit Internationale / Boskalis, Corporate Express / Staples, Grolsch / SABMiller, Hagemeyer / Rexel, Getronics / KPN, Tele Atlas / TomTom, Univar / CVC, Numico / Danone, Stork / Candover – Landsbanki - Eyrir, Wegener / Mecom, Endemol / Cyrte – Mediaset – Goldman Sachs, Athlon Holding / De Lage Landen, VNU / Investor Group, AM / BAM Groep, Versatel / Tele 2 and P&O Nedlloyd / A.P. Møller - Mærsk.

By comparison, the median ratio of enterprise value, as implied by the purchase price paid, to last reported 12 (twelve) month EBITDA is 8.6x for the selected, relevant industry transactions. Selected transactions include: Trans-o-flex / Austrian Post, Target Express / City Link, Lynx / UPS, Blue Dart Express / Deutsche Post, Star Track / Australia Post, TDG Logistics / Norbert Dentressangle, ABX Logistics / DSV Air and Sea, Geodis Logistics / SNCF Participations S.A., Salvesen / Norbert Dentressangle, TNT Freight Management / Geodis Logistics, Semblog / Toll, Exel / Deutsche Post, BAX / Deutsche Bahn, Overnite / UPS, Tibbett & Britten / Exel and Stinnes / DB Mobility Logistics.

## 6.3 Substantiation of the Offer

[1] Taking into account that the Shares were firstly traded on Euronext Amsterdam on 26 May 2011, it is not possible to calculate the bid premium for the full year preceding the Reference Date, as required by Annex B, paragraph 1, sup-paragraph 4.2 of the Decree.

The Offer Price has been based on a series of financial analyses including:

- a standalone discounted cash flow analysis for TNT Express based on a 8.5% to 9.5% discount rate and 2.5% perpetuity growth rate;
- an analysis of selected analyst price targets for the Shares, issued prior to the Reference Date by 24 research analysts who follow TNT Express' developments and regularly issue research reports on TNT Express. The target prices range from EUR 4.10 to EUR 8.00 (with a median of EUR 5.93).
- an analysis of the closing price of the Shares since firstly traded on Euronext Amsterdam on 26 May 2011 up to and including the Reference Date. During this period, the closing price of the Shares ranged from EUR 4.64 to EUR 10.00 and the average closing price of the Shares for the one (1), three (3), and six (6) month period prior to and including the Reference Date were EUR 6.29, EUR 5.84, and EUR 5.77, respectively; and
- a trading multiple analysis based on the financial performance of TNT Express and the closing prices of the Shares compared with those of selected publicly-traded companies and their securities. Companies selected for comparison with TNT Express include United Parcel Service, Inc., FedEx Corporation and Deutsche Post AG. For this analysis, enterprise values were adjusted for pension liabilities and EBITDA and earnings per share estimates were based on I/B/E/S median estimates on the Reference Date. For this group of selected companies the median ratio of enterprise value to estimated EBITDA for the years ending 2012 and 2013 were approximately 5.8x and 5.4x, respectively on the Reference Date. For this group of selected companies the median ratio of price to estimated earnings per share for the years ending 2012 and 2013 were approximately 13.6x and 12.0x, respectively on the Reference Date. By comparison, the ratio of the enterprise value of TNT Express, as implied by the Offer Price, to estimated EBITDA for the years ending 2012 and 2013 were approximately 10.0x and 8.0x, respectively on the Reference Date. By comparison, the ratio of the Offer Price for TNT Express Shares to estimated earnings per share for the years ending 2012 and 2013 were approximately 30.6x and 21.6x, respectively on the Reference Date; and
- an analysis of selected precedent and transaction premiums and multiples as described in Section 6.2.1 (Bid Premia).

In addition, certain financial information as derived from annual and interim accounts, analysts' presentations and reports, market reports and press releases have been reviewed.

## 6.4 Rationale for the Offer

The Combined Group will create a global leader in the logistics industry with more than EUR 45 billion in annual revenues and an enhanced, integrated global network. The combination underlines UPS's long-standing commitment to Europe and provides customers with access to enhanced service capabilities

Together, UPS and TNT Express will offer customers an enhanced, integrated global network that will provide greatly enhanced service to customers throughout the world. In addition, the two companies are a strong cultural fit given their intense focus on customer service, operational excellence, employee engagement and good corporate citizenship. UPS and TNT Express believe this transaction will significantly enhance their ability to serve their customers' complex global logistics needs.

6.4.1 Main highlights of the transaction

UPS and TNT Express strongly believe that the strategic, operational and financial merits of the combination are compelling and will provide significant benefits to both, UPS TNT Express' shareholders, employees, customers, suppliers and other stakeholders, including:

(a) *Strengthened service offering and capabilities*: the complementary strengths of both organizations will create a customer-focused entity on a global basis with enhanced and proven expertise in transportation technology and customer service. The Combined Group will form a solid platform for additional business and greater service offering and quality for customers through a broader and more integrated service offering on a global basis.

(b) The integration of TNT Express' leading intra-Europe road freight network will expand UPS's logistics and transportation services in Europe. The combination will also deepen UPS's existing position in fast-growing regions such as Asia-Pacific and Latin America which include both express and road freight networks.

(c) *Improved service to customers:* the Combined Group will offer customers an enhanced, integrated global network that will provide greatly enhanced service to customers throughout the world. With a combined network and enhanced IT platforms, customers will have access to deeper product capabilities and broader reach through the expanded geographies served, providing them more choice and flexibility to support the growth and globalization of their businesses. The transaction will significantly enhance the ability of the Combined Group to serve their customers' complex global logistics needs.

(d) TNT Express customers will benefit from UPS's significant access to the North American market, as well as access to its logistics solutions, such as global freight forwarding and distribution capabilities.

(e) *All cash offer with an attractive premium*: the Offer provides TNT Express' Shareholders the opportunity to realize immediate value in cash for their Shares at a significant premium, eliminating significant price risk related to future investment, execution uncertainty and any liquidity discount upon sale.

(f) *Value creation for UPS shareholders*: the proposed transaction will create additional value for UPS's shareholders by accelerating UPS's international growth through enhanced global reach and added capabilities in addition to diversifying UPS's revenue stream with enhanced international global exposure. The transaction is expected to be EPS accretive[2] in year one. Upon completion of the integration, UPS expects to generate returns in line with its existing target ROIC.

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[2] On an as adjusted basis – expected to be accretive inclusive of net synergies.

(g) *Opportunities for employees*: the Combined Group will offer employees broader career opportunities, being part of a global, growing and respected business.

(h) *Sustainable development*: it will allow the Combined Group to continue its leadership in sustainable development.

6.4.2 A leading player

The Combined Group will be a global leader in the logistics industry. The combination will create a global leader in the logistics industry, with annual revenues of more than EUR 45 billion and will deliver significant benefits for the shareowners, customers, employees and other stakeholders of both companies.

The Combined Group will have an excellent position in all major markets, such as North America and Europe, as well as developing markets, such as Latin America and Asia Pacific. Following the transaction, around 36% of the Combined Group's revenues will be generated outside the United States, up from 26% today at UPS. The combination underlines UPS's long-standing commitment to Europe, where it has maintained a presence since 1976, by strengthening its product capabilities through the addition of TNT Express' leading Intra-Europe road freight network. The combination also enhances UPS's existing position in fast growing regions such as Asia-Pacific and Latin America with both express and road freight product offerings.

The more balanced geographic portfolio of the Combined Group will provide long term geographic and portfolio diversification of earnings and free cash flow growth. Enhanced network density will potentially allow for expanded service offerings that TNT Express or UPS could not achieve independently.

6.4.3 Industry trends

Global express industry and courier express-parcels (CEP) market can be divided into courier, express and deferred services, characterised by an increasing demand for speed and time-certainty.

Industry drivers are GDP growth, global trade, growth in e-commerce and increased complexity of global supply chains. Emerging markets such as Asia offer significant growth opportunities given the growing importance of these economies in global trades and continuing Internet penetration.

UPS is a leader in the industry, but competes against other large global players as well as local service providers which are also pursuing active expansion strategies to enhance existing platforms. UPS and TNT Express will be uniquely positioned to offer a leading road freight product in all major markets with in combination with intentional express, forwarding, and distribution capabilities to service customers of all industry verticals as well as company size.

6.4.4 Expected synergies

The Offeror currently estimates annual run-rate pre-tax cost synergies of approximately EUR 400 to EUR 550 million a year, achieved by the end of the fourth year after Settlement. The

Offeror believes that the cumulative pre-tax implementation costs related to achieving these synergies will be approximately EUR 1 billion over the four-year integration period.

Cost savings can be gained by increased efficiency across the network in country operations due to enhanced density, two air networks integrated for optimization, and general and administrative efficiencies due procurement synergies and standardizing of processes and technology for enhanced efficiency.

UPS spent considerable time developing a preliminary integration plan as it evaluated this transaction. In months following the close of the transaction, UPS and TNT Express will work together through the establishment of an Integration Committee to further develop plans to combine both companies' networks and customers while maintaining the same level of quality and service associated with both companies as integration focuses on long term achieving a single network / brand / operation. Integration is targeted to be completed at the end of year four post close of the transaction. The guiding principle throughout the integration will be "the customer comes first", starting with the integration of product portfolios followed by a country-by-country operational integration, sales force integration and, finally, technology integration.

The cost synergy estimates created to date by the Offeror and described above are preliminary in nature and subject to a number of open items, the resolution of which is not entirely within the Offeror's control. The cost synergy estimates are also subject to the business and financial performance of both UPS and TNT Express over an extended period of time. The Offeror believes the range of potential cost synergy outcomes provided attempts to take into account various potential results.

In addition to the cost savings identified above, the Combined Group has further upside potential due to enhanced network density will potentially allow for expanded service offerings that TNT Express or UPS could not achieve independently.

### 6.5 Financing of the Offer

With reference to Article 7, paragraph 4 of the Decree, the Offeror announced on 11 May 2012 that it had sufficient funds available to complete the Offer. The Offeror will finance the maximum total amount of the Offer of approximately EUR 5.16 billion through by using approximately EUR 3.7 billion of available cash on its balance sheet and approximately EUR 1.46 billion in new debt through existing credit facilities.

Reference is made to Section 11 (Press releases).

### 6.6 Decision-making and recommendation by the Boards

As stated in the Position Statement, after having received extensive legal and financial advice and having given due and extensive consideration to the strategic and business rationale and the financial and social aspects and consequences of the proposed transaction and having considered other available alternatives (including a stand alone scenario) the Boards have reached the conclusion that the Offer as contemplated in this Offer Memorandum is in the best interests of TNT Express, the Shareholders and its stakeholders.

The Executive Board has regularly consulted with the Supervisory Board throughout this process, and the Supervisory Board has been extensively involved from beginning to end. The terms and conditions of the Offer, as documented in the Merger Protocol, have been agreed between UPS and TNT Express only with the prior approval of the Supervisory Board.

The Boards are of the opinion that the Offer Price and the other terms of the Offer are reasonable and fair to the Shareholders from a financial point of view. In this respect, reference is made to the Fairness Opinions.

With reference to the above, the Boards fully support the Offer and unanimously recommend the Offer to the Shareholders for acceptance and therefore recommend voting in favour of all resolutions relating to the Offer to be taken at the EGM referred to in Section 6.17 (EGM) and the Position Statement (the ***Recommendation***).

## 6.7 Offer Conditions, waiver and satisfaction

### 6.7.1 Offer Conditions

Notwithstanding any other provisions of the Offer, the obligation of the Offeror to declare the Offer unconditional (*gestanddoening*) will be subject to the following conditions precedent being satisfied, or waived as set out in this Section 6.7, on or before the Closing Date:

(a) EU Competition Clearance and the Other Key Competition Clearances having been obtained;

(b) the number of Shares that is tendered for acceptance on the Closing Date, whether or not extended, together with (i) any Shares directly or indirectly held by UPS or any of its Affiliates at the Closing Date, (ii) any Shares committed to UPS or any of its Affiliates in writing and (iii) any Shares to which UPS is entitled (*gekocht maar nog niet geleverd*) (together the ***Committed Shares***), representing at least 80% of the aggregate of TNT Express' issued and outstanding ordinary share capital (*geplaatst en uitstaand kapitaal*) (excluding any Shares held by TNT Express at the Closing Date) (the ***Reference Share Capital***) on a fully diluted basis as at the Closing Date (the ***Minimum Acceptance Condition***);

(c) no Material Adverse Effect having occurred;

(d) TNT Express not having breached any provisions set out in the Merger Protocol to the extent that any such breach (i) has or could reasonably be expected to have material adverse consequences for TNT Express, UPS or the Offer; and (ii) is incapable of being remedied within ten (10) Business Days after receipt by TNT Express of a written notice from UPS or has not been remedied by TNT Express within ten (10) Business days after receipt by TNT Express of a written notice from UPS.

(e) UPS not having breached any provisions set out in the Merger Protocol to the extent that any such breach (i) has or could reasonably be expected to have material adverse consequences for TNT Express or the Offer; and (ii) is incapable of being remedied within ten (10) Business Days after receipt by UPS of a written notice from TNT

Express or has not been remedied by UPS within ten (10) Business days after receipt by UPS of a written notice from TNT Express;

(f) neither of the Boards having revoked or materially modified, amended or qualified its Recommendation;

(g) the Foundation not having exercised, in whole or in part, its Call Option to have Protective Preference Shares issued to it and having agreed to terminate the Foundation Option Agreement, subject only to the Offer being declared unconditional (*gestanddoening*);

(h) on or prior to the Unconditional Date, no notification having been received from the AFM stating that preparation of the Offer has been made in violation of chapter 5.5 of the Wft, and that, pursuant to Article 5:80 paragraph 2 of the Wft, investment firms (*beleggingsondernemingen*, as defined in the Wft) will not be allowed to cooperate with the settlement of the Offer; and

(i) no order, stay, judgment or decree having been issued by any court, arbitral tribunal, government, governmental authority or other regulatory or administrative authority that remains in force and effect, and no statute, rule, regulation, governmental order or injunction having been enacted, which in any such case prohibits the making and/or consummation of the Offer in any material respect.

6.7.2 Waiver

(a) The Offer Conditions set out in Sections 6.7.1(a), 6.7.1(b), 6.7.1(c), 6.7.1(d), 6.7.1(f) and 6.7.1(g) are for the sole benefit of the Offeror and may, to the extent permitted by law, be waived by the Offeror (either in whole or in part) at any time by written notice to TNT Express.

(b) The Offeror will only consider the waiver of the Minimum Acceptance Condition set out in Section 6.7.1(b) if the Committed Shares at the Closing Date do not represent at least 80% but more than 50%+1 of the Reference Share Capital. The Offeror does not expect that any such waiver would impact its ability to implement any of the permitted Post-Closing Measures, as set out in Section 6.11.3 (Legal structure and corporate structure following the Offer). For further details on the risks associated with electing not to accept the Offer, reference is made to Section 6.11 (Consequences of the Offer).

(c) The Offer Conditions set out in Section 6.7.1(e) is for the sole benefit of TNT Express and may, to the extent permitted by law, be waived by TNT Express (either in whole or in part) at any time by written notice to UPS.

(d) The Offer Conditions set out in Sections 6.7.1(h) and 6.7.1(i) cannot be waived.

6.7.3 Satisfaction

The satisfaction of each of the Offer Conditions does not solely depend on the will of the Offeror as prohibited by Article 12, paragraph 2 of the Decree.

Each of the Offeror and TNT Express shall use its best efforts to procure satisfaction of the Offer Conditions as soon as reasonably practicable. If at any time a party becomes aware of a fact or circumstance that might prevent an Offer Condition from being satisfied, it shall immediately inform the other in writing.

With respect to Offer Condition 6.7.1(a) (Competition clearance), the Offeror shall have the primary responsibility, and take all steps required in consultation with TNT Express and with the assistance of its advisors, to obtain the EU Competition Clearance and the Other Key Competition Clearances as soon as permitted and practicably feasible under the relevant Antitrust Laws and shall use its best efforts to obtain the approvals of the relevant competition authorities as soon as practicable. If a competition approval or statement of no objection of a regulatory authority in respect of the Offer is given subject to conditions or obligations (***Commitments***), then those Commitments being reasonably satisfactory to the Offeror, acting reasonably, shall be accepted. Furthermore, the Offeror shall extend the Offer Period for such period of time, and, if necessary, request an exemption for extension of the Offer Period from the AFM, as the Offeror and TNT Express reasonably believe is necessary to cause Offer Condition 6.7.1(a) to be satisfied. If, at any point in time prior to the Long Stop Date (i) the AFM does not grant an exemption to extend the Offer Period as a consequence of which the Offer Period has lapsed without the Offer having been declared unconditional (*gestand gedaan*) and (ii) Offer Condition 6.7.1(a) is not yet satisfied or waived, but no decision has yet been made or deemed to have been made by the European Commission in respect of Phase II Competition Clearance, the Offeror shall promptly launch a new public offer on the same terms and conditions as the Offer.

With respect to Offer Condition 6.7.1(c), the Offeror and TNT Express have agreed on a binding advice procedure in the event the Offeror considers this Offer Condition not satisfied and TNT Express disagrees. In such event, a binding advisor shall decide on the matter within ten (10) Business Days after the dispute having been referred to the binding advisor or such shorter period as the Offeror and TNT Express may agree, it being understood that a decision shall be rendered no later than noon Amsterdam time on the Business Day before the Unconditional Date. The binding advisor shall be the President of the Enterprise Chamber (*Ondernemingskamer*) of the Court of Appeals of Amsterdam or, if this person is not able (for whatever reason) to provide the binding advice on time, another independent lawyer appointed by the President of the District Court of Amsterdam upon request of either the Offeror or TNT Express. The binding advice shall be final and binding upon the Offeror and TNT Express and each of the Offeror and TNT Express shall fully comply with the binding advice and the content thereof.

## 6.8 Shareholdings of the members of the Boards

### 6.8.1 Information on Shares

Shares are held by members of the Executive Board as shown in the following table. No Shares are held by members of the Supervisory Board. TNT Express shall ensure that the members of the Executive Board shall tender the Shares directly or indirectly held by them under the Offer under the same terms and conditions as described in this Offer Memorandum

| Executive Board | Number of Shares | Amount to be received in euros |
|---|---|---|

| | | |
|---|---|---|
| Marie-Christine Lombard | 34,214 | 325,033 |
| Bernard Bot | 25,360 | 240,920 |
| Total | 59,574 | 565,953 |

There were no transactions in the Shares performed by members of the Supervisory Board or the Executive Board during the year preceding the date of this Offer Memorandum.

6.8.2 Information on options on Shares

As of the date of this Offer Memorandum, one-off matching rights are held by members (and former members) of the Executive Board, as shown in the following table:

| Executive Board | Number of one-off matching rights |
|---|---|
| Marie-Christine Lombard | 2,785 |
| Bernard Bot | 4,656 |
| Total | 7,441 |

No options on Shares are held by members (and former members) of the Supervisory Board.

For a description of the Incentive Plans in place reference is made to Section 7.13 (Incentive Plans).

### 6.9 Respective cross-shareholdings Offeror - TNT Express

As at the date of this Offer Memorandum, neither UPS, nor any of its Affiliates (including the Offeror), directly or indirectly, hold any Shares.

TNT Express and/or any of its Affiliates do not, directly or indirectly, hold any shares in the Offeror and/or UPS.

### 6.10 Irrevocable undertaking

PostNL, currently holding approximately 29.8% of the Shares, has irrevocably undertaken to tender all Shares currently held or to be acquired by it prior to the Closing Date in the Offer under the terms and conditions of this Offer Memorandum, it being understood that PostNL shall be permitted to sell and/or transfer up to 54,320,242 Shares (representing approx. 10% of the Shares) after 19 September 2012 (if the Offer has not yet been declared unconditional).

The irrevocable undertaking contains customary terms and conditions, including that the irrevocable undertaking shall terminate (as a consequence of which PostNL will not be obliged to tender its Shares and/or shall be entitled to withdraw its acceptance of the Offer) in the event a Competing Offer is made and, as a consequence, the Boards have withdrawn or modified their Recommendation.

Furthermore, the irrevocable undertaking shall terminate, *inter alia*, in the event that (i) the Offer is withdrawn, (ii) the Offer is not declared unconditional (*gestanddoening*) within 3 Business Days following expiry of the Offer Period, (iii) the Offer is not declared unconditional (*gestanddoening*) by the Long Stop Date or (iv) PostNL is obliged, in its reasonable opinion, to tender its Shares in whole or in part under another public offer for TNT Express pursuant to the terms of the Relationship Agreement (as they apply from time to time).

If and when the Offer is declared unconditional (*gestanddoening*), it is expected that PostNL will receive a cash amount of approximately EUR 1.54 billion. As announced by PostNL on 19 March 2012, PostNL will put an amount of EUR 700 million of the proceeds of the sale of its Shares in an escrow account which will be used for the purpose of the reduction of its debt, in line with PostNL's financial policy.

PostNL did not receive any information in connection with the Offer that is not included in this Offer Memorandum.

## 6.11 Consequences of the Offer

Shareholders who do not tender their Shares under the Offer should carefully review this Section, which describes certain risks they will be subject to if they elect not to accept the Offer. These risks are in addition to the risks associated with holding securities issued by TNT Express generally, such as the exposure to risks related to the business of TNT Express and its subsidiaries, the markets in which the TNT Express Group operates, as well as economic trends affecting such markets generally as such business, markets or trends may change from time to time. The following is a summary of the key additional risks.

### 6.11.1 Liquidity

The purchase of Shares by the Offeror pursuant to the Offer, among other things, will reduce the number of Shareholders and the number of Shares that might otherwise trade publicly.

Furthermore, the Offeror may initiate any of the procedures set out in Sections 6.11.2 (Delisting) and 6.11.3 (Legal structure and corporate structure following the Offer) following completion of the Offer, which will further adversely affect the liquidity and market value of the Shares.

As a result, the size of the free float in Shares will be substantially reduced following completion of the Offer and trading volumes and liquidity of Shares will be adversely affected. The Offeror does not intend to set up a liquidity mechanism for the Shares that are not tendered following the Settlement Date, other than that it will maintain a standard order on Euronext Amsterdam to purchase remaining Shares held by minority shareholders against the Offer Price for a period of at least two (2) weeks following the expiry of the Post Closing Acceptance Period.

### 6.11.2 Delisting

As soon as possible following the Offer being declared unconditional (*gestanddoening*), the Offeror and TNT Express intend to procure that:

(a) TNT Express' listing on Euronext Amsterdam and the listing agreement between TNT Express and Euronext Amsterdam in relation to the listing of the Ordinary Shares will be terminated; and

(b) the deposit agreement between TNT Express, the US Depositary, and the holders and beneficial owners of ADRs (the ***Deposit Agreement***) is terminated in accordance with its terms.

Delisting may be achieved on the basis of 95% or more of the issued share capital of TNT Express having been acquired by the Offeror or on the basis of a Statutory Merger.

As long as the Ordinary Shares remain listed on Euronext Amsterdam, TNT Express shall continue to comply with the Dutch Corporate Governance Code except for (i) current deviations from the aforementioned code in accordance with the “explain” requirement in respect of such deviations and (ii) deviations from the aforementioned code that find their basis in the Merger Protocol.

In the event that TNT Express or any merging entity will no longer be listed and its shares will no longer be publicly traded, the provisions applicable to the governance of listed companies will no longer apply and the rights of remaining minority Shareholders may be limited to the statutory minimum.

Holders of ADSs have the right under the Deposit Agreement to receive the Ordinary Shares underlying their ADSs upon surrender of their ADSs to the US Depositary in accordance with the terms of the Deposit Agreement, including as to payment of the US Depositary's fees and charges (up to USD 5.00 per 100 ADRs (or fraction thereof) surrendered), and all applicable taxes and governmental charges payable in connection with such surrender and withdrawal. Holders of ADRs should be aware, however, that in order to withdraw and hold Ordinary Shares in this manner, they will need to have an account in The Netherlands with an Admitted Institution into which the Ordinary Shares can be delivered.

If the Deposit Agreement is terminated as described above, after the expiration of six months from the date of such termination, the US Depositary may sell any Ordinary Shares or any other securities then underlying the ADSs and may hold uninvested the net proceeds of any such sale in an unsegregated account, without liability for interest, for the pro rata benefit of the remaining holders of ADSs, to be distributed to such holders of ADSs upon surrender of their ADSs in accordance with the terms of the Deposit Agreement (after deducting the US Depositary's fees and charges and all applicable taxes and governmental charges payable in connection with such surrender).

6.11.3 Legal structure and corporate structure following the Offer

The Offeror reserves the right to use any permitted method to acquire 100% of the Shares.

In the event that the Offeror has acquired 95% or more of the Shares following the Settlement Date, the Offeror, as soon as possible, will initiate a squeeze-out procedure (*uitkoopprocedure*) in accordance with Article 2:92a or 2:201a of the Dutch Civil Code (***Statutory Squeeze-Out***) or a takeover buy-out procedure in accordance with Article 2:359c of the Dutch Civil Code (***Takeover Squeeze-Out*** and together with the Statutory Squeeze-Out, ***Squeeze Out***) in order to acquire the remaining Shares not tendered and not held by the Offeror or TNT Express.

In addition, and regardless whether or not the Offeror after completion of the Offer would hold 95% of the Shares, the Offeror may wish to effect or cause to effect any other restructuring of the TNT Express Group for the purpose of achieving an optimal operational, legal, financial and/or fiscal structure in accordance with the Applicable Rules and Dutch law in general, some of which may have the (side) effect of diluting the interest of any remaining minority shareholders of TNT Express (***Post Closing Measures***), including:

(a) a sale of all, or substantially all, of the assets and liabilities of TNT Express to UPS or any of its Affiliates;

(b) a subsequent public offer for any Shares held by minority shareholders;

(c) a statutory cross-border or domestic (bilateral or triangular) legal merger (*juridische (driehoeks-) fusie*) in accordance with article 2:309 et seq of the DCC between TNT Express, UPS and/or one or more Affiliate of UPS (a ***Statutory Merger***);

(d) a statutory legal demerger (*juridische splitsing*) of TNT Express in accordance with article 2:334a et seq of the DCC;

(e) a contribution of cash and/or assets by UPS or by any Affiliate of UPS in exchange for Shares or preference shares in TNT Express' share capital, in which circumstances the pre-emptive rights (*voorkeursrechten*), if any, of minority shareholders of TNT Express could be excluded;

(f) a distribution of proceeds, cash and/or assets to the shareholders of TNT Express, which may take the form of a distribution out of reserves, an interim dividend, a dividend or a liquidation distribution;

(g) a sale and transfer of assets and liabilities by UPS or any of its Affiliates to any member of the TNT Express Group, or a sale and transfer of assets and liabilities by any member of the TNT Express Group to UPS or any of its Affiliates;

(h) the conversion of TNT Express into a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), which will, *inter alia*, cause all Shares to become subject to transfer restrictions, all in accordance with the laws of The Netherlands and the TNT Express Articles of Association;

(i) any transaction between TNT Express and UPS at terms that are not at arm's length;

(j) any combination of the foregoing; or

(k) any transactions, restructurings, share issues, procedures and/or proceedings in relation to TNT Express and/or one or more of its Affiliates required to effect the aforementioned objectives.

In the event the Offeror decides to effectuate a Statutory Merger between TNT Express and a Dutch Affiliate of the Offeror, with TNT Express being the disappearing entity and the Dutch Affiliate of the Offeror being the surviving entity, Shareholders who have not tendered their Shares under the Offer will become, by operation of law, shareholders in the surviving entity, alongside the Offeror's shareholder(s), which surviving entity may not be listed.

Any or all of the measures and processes described in this Section 6.11.3 (Legal structure and corporate structure following the Offer) may be applied cumulatively, alternatively, or not at all, subject to applicable provisions of Dutch law. The measures, actions, procedures, proceedings and processes described in this Section 6.11.3 do not prevent the Offeror from seeking a termination of TNT Express' listing on Euronext Amsterdam when it is entitled to do so under the Euronext Amsterdam listing rules.

Any Post Closing Measure will be structured and implemented taking into account relevant circumstances and applicable laws and regulations.

6.11.4 Implementation Post Closing Measures

In the implementation of any Post-Closing Measure, due consideration will be given to the interests of minority shareholders of TNT Express, if any. The members of the Supervisory Board shall be requested to form their independent view of the relevant matter, which shall be communicated to all shareholders of TNT Express. In this respect, the Supervisory Board members shall have the opportunity to engage, for the account of TNT Express, their own financial and legal advisors, if and to the extent they believe that the advice of such advisors is necessary to assist them in reviewing and assessing any matter that comes before the Supervisory Board.

If any proposed Post-Closing Measure could reasonably be expected to lead to dilution of remaining minority shareholders in TNT Express (other than, for the avoidance of doubt, pursuant to a Squeeze Out), or could otherwise prejudice or negatively affect the value of the Shares held by minority shareholders, then the affirmative vote of at least one Independent Member (as defined in Section 6.16.2) shall be required prior to the implementation of any such Post-Closing Measure.

6.11.5 Deviation covenants on Delisting and Post Closing Measures

Although the Offeror currently has no intention to deviate from the covenants, confirmations and commitments set out in Sections 6.11.2, 6.11.3 and 6.11.4, it has been agreed that these covenants, confirmations and commitments between the Offeror and TNT Express shall expire on the third (3rd) anniversary of the Settlement Date. Any material deviation prior to the third (3rd) anniversary of the Settlement Date shall require the approval of the Supervisory Board, including the affirmative vote of at least one Independent Member (as defined in Section 6.16.2).

The covenants, confirmations and commitments set out in Sections 6.11.2 and 6.11.3 are made to TNT Express as well as, by way of third party undertaking for no consideration, to the two (2) Independent Members, from time to time, who may only jointly enforce these covenants, confirmations and commitments.

6.11.6 Other measures

The Offeror reserves the right to submit proposals to the Shareholders in order to change the corporate structure and the capital structure of TNT Express and/or to achieve an optimal financial or other structuring, including further amendments to the TNT Express Articles of Association, changes in the accounting policies applied by the TNT Express Group and a liquidation of TNT Express, all in accordance with the laws of The Netherlands and the TNT Express Articles of Association.

6.11.7 Dividend policy

The Shareholders should be aware that TNT Express may or may not pay dividends in the future. The Offeror expects that it may significantly change TNT Express' dividend policy, ceasing the payment of regular cash dividends in the foreseeable future. Future dividends paid may be of a one off nature only and the amount of any dividends will depend on a number of factors associated with the Offeror's tax and financial preferences from time to time. Any Distribution made in respect of Shares after the Settlement Date will be deducted for the purpose of establishing the value per Share in any Statutory Merger or other measure contemplated by Section 6.11.3 (Legal structure and corporate structure following the Offer).

6.11.8 Tax treatment of distributions

The Offeror and TNT Express can give no assurances and have no responsibility with respect to the tax treatment of Shareholders with respect to any distributions made by TNT Express or any successor entity to TNT Express on the Shares, which may include dividends, interest, repayments of principal, repayments of capital and liquidation distributions.

## 6.12 Strategy

UPS and TNT Express intend to integrate and align their respective businesses to fully benefit from the global reach, scale and resources of the Combined Group, in order to provide a compelling growth platform and enhance their capabilities to service customers in a reliable and cost-efficient way throughout the world.

## 6.13 Integration and organisation

The integration of the Combined Group will be the responsibility of the respective boards of UPS and TNT Express. In order to facilitate such integration, an integration committee will be established as of the Settlement Date consisting of four (4) members, two of which will be current senior executives of TNT Express (and if any such senior executive resigns, he will be replaced by another current senior executive of TNT Express) and the other two will be UPS representatives (the ***Integration Committee***). One of the UPS representatives shall be chairman of the Integration Committee and shall have a casting vote. The Integration Committee will determine an integration plan and submit it to the boards of UPS and TNT Express, monitor its implementation and do all things necessary to assist and optimise the integration of the Combined Group.

Prior to the Settlement Date, the Offeror, in consultation with TNT Express, will determine the interim reporting structure for the TNT Express Group within the Combined Group. The final reporting structure will be described in the plan determined by the Integration Committee and approved by the boards of UPS and TNT Express.

UPS and TNT Express share a vision of building upon their respective strengths to become a global leader in the logistics industry. UPS has confirmed:

(a) it is familiar with TNT Express' 2012 business plan and will support that business plan based on current trading;

(b) it recognizes the significant value of the functions performed at TNT Express' Hoofddorp head office: UPS will (i) carefully consider maintaining the head office or a similar facility and (ii) support a meaningful presence within The Netherlands. In particular in regards to marketing, sales and operations, UPS will create a meaningful centre of excellence for marketing, sales and operations within The Netherlands, all subject to the terms of any relevant commitments;

(c) it recognizes the significant value and expertise of TNT Express' leading road freight network in Europe and the leading role TNT Express' road freight network and its management will occupy within the combined UPS/TNT Express group;

(d) it recognizes the significant value of TNT Express' brand and the need to maintain that brand for an interim period; UPS will support TNT Express' brand and it will carefully plan the gradual and prudent phase-out of TNT Express' brand on a country-by-country basis as part of the integration; and

(e) it recognizes the significant value of TNT Express' operations, assets and people in Liège; UPS will seek to continue the future utilisation of these operations, assets and people within the combined UPS/TNT Express group taking into account the interest of customers and employees.

UPS will allow the Combined Group to continue its leadership in sustainable development.

Although the Offeror currently has no intention to deviate from the covenants, confirmations and commitments between the Offeror and TNT Express set out in this Section 6.13, it has been agreed that these covenants, confirmations and commitments shall expire on the third (3rd) anniversary of the Settlement Date. Any material deviation prior to this date, shall require the approval of the Supervisory Board, including the affirmative vote of at least one Independent Member.

The covenants, confirmations and commitments set out in this Section 6.13 are made to TNT Express as well as, by way of third party undertaking for no consideration, to the two (2) Independent Members, from time to time, who may only jointly enforce these covenants, confirmations and commitments.

### 6.14 Airline

The Offeror and TNT Express shall endeavour to ensure that TNT Express' airline operations will be able to continue to operate despite the change in ownership and control over TNT Express to the UPS Group. To that end, TNT Express will, until the Settlement Date and to the extent permitted by applicable law, procure that it and its Affiliates and their respective directors, employees and advisors will provide the Offeror with all information and cooperation reasonably required by the Offeror in order to have in place as per the Settlement Date, a legal, organisational and management structure with respect to TNT Express' airline operations that complies with all applicable laws, regulations, decrees, rules, arrangements and requirements, taking into account the acquisition of majority control over TNT Express by the UPS Group. The cooperation by TNT Express and its Affiliates may include, without limitation, corporate restructurings, transfer of assets and operations and filings and/or applications with regulators, provided that none of these shall have an irreversible detrimental effect on TNT Express, its Affiliates and their respective businesses. The Offeror shall reimburse TNT Express for all reasonable out-of-pocket expenses and costs incurred by TNT Express and its Affiliates in this respect.

### 6.15 Employees

6.15.1 Selection

The nomination, selection and appointment of staff for any function within the Combined Group following the Settlement Date will, subject to Applicable Rules, be based on the “best person for the job” principle.

Persons currently holding management and staff positions within the TNT Express Group will be given fair opportunities to hold management and staff positions (including country, functional and central management) within the Combined Group.

Any employees that are selected for a position within the Combined Group shall receive proper training.

6.15.2 Redundancies

A combination of the businesses of UPS and TNT Express may have potential consequences for the employees of the Combined Group. UPS and TNT Express shall assume responsibility for the related effects and costs thereof and shall honour the redundancy arrangements, social plans and applicable contractual arrangements already made or to be made with the relevant employees. The Central Works Council and the European works council will be given the opportunity to exercise all of their rights pursuant to applicable law and the covenants entered into with them in relation to any redundancies and specific integration plans, including, if applicable, their right to provide advice. Furthermore, all other applicable employee information and consultation requirements in relation to any redundancies and specific integration plans will also be complied with at the relevant time.

To the extent required pursuant to existing or future social plans and/or redundancy plans, the Offeror will ensure that any vacancies within the Combined Group are first offered to employees of the Combined Group within the same geographical area who would have become redundant in connection with the Offer or any transaction contemplated thereby, subject to such employees having the relevant skills and experience. The fairness principle shall be applied as to the impact of redundancies on TNT Express and UPS respectively and any further rationalisation will be free from discrimination on the basis of (current) employer, nationality, sex, race or creed.

To the extent required pursuant to existing or future social plans and/or redundancy plans, the Offeror will ensure that outplacement services are offered to employees of the TNT Express Group who would become redundant in connection with the Offer, or any transaction contemplated thereby.

6.15.3 Existing rights

After the Settlement Date and, if applicable, for the agreed duration of the respective arrangements, the Offeror will respect and continue the current TNT Express employee consultation structure (i.e. European works council, the Central Works Council and other existing employee representative bodies). In this respect, TNT Nederland B.V. shall maintain the mitigated structure regime (*gemitigeerd structuurregime*) and shall continue to have a supervisory board consisting of three (3) supervisory directors, one of which will a Dutch speaking independent supervisory director of TNT Express, which will be deemed appointed on the basis of a nomination made by the Central Works Council.

After the Settlement Date and for the agreed duration of the respective arrangements, UPS will also respect the existing employment terms of TNT Express, including any existing social plans, pension plans, profit sharing schemes, covenants and collective labour agreements (including the employee benefits included in the terms thereof), as well as the terms of the individual employment agreements between the TNT Express Group and its employees.

Although the Offeror currently has no intention to deviate from the covenants, confirmations and commitments set out in this Section 6.15.3, it has been agreed that these covenants, confirmations and commitments shall expire on the third (3rd) anniversary of the Settlement Date. Any material deviation prior to this date, shall require the approval of the Supervisory Board, including the affirmative vote of at least one Independent Member.

The covenants, confirmations and commitments set out in this Section 6.15.3 are made to TNT Express as well as, by way of third party undertaking for no consideration, to the two (2) Independent Members, from time to time, who may only jointly enforce these covenants, confirmations and commitments.

6.15.4 Employee consultations

The trade unions involved with the Offeror and TNT Express and the secretariat of the Social Economic Council (*Sociaal Economische Raad*) have been informed in writing of the Offer in accordance with the *SER Fusiegedragsregels 2000* (the Dutch code in respect of informing and consulting of trade unions).

The Central Works Council and the European works council have been informed regarding the Offer. On the basis thereof, the Central Works Council has given its positive advice in respect of the Offer and the European works council has given its positive opinion.

To the extent that intended decisions regarding any future integration or restructuring will be subject to the relevant works council's advice of TNT Express and/or UPS, the proper procedures shall be followed pursuant to the WOR and in accordance with standard practice within TNT Express and UPS.

## 6.16 Governance of TNT Express

### 6.16.1 Future composition of the Executive Board

The current members of the Executive Board, Marie-Christine Lombard and Bernard Bot, will continue to serve as members of the Executive Board.

6.16.2 Future composition of the Supervisory Board

Initially, as soon as practically possible following the Settlement Date, the Supervisory Board will consist of Dan Brutto, Jim Barber, Jeff Firestone, Shemaya Levy and Margot Scheltema.

It is acknowledged and agreed that, as of the Settlement Date, in deviation of the Dutch Corporate Governance Code, persons who are employed by, or otherwise related to, UPS can be appointed to the Supervisory Board, provided that Shemaya Levy and Margot Scheltema, or, after their resignation, any replacement supervisory director that qualifies as independent supervisory director within the meaning of the Dutch Corporate Governance Code (the ***Independent Members***), shall continue to serve on the Supervisory Board until the third (3rd) anniversary of the Settlement Date. It is furthermore agreed that until the third (3rd) anniversary of the Settlement Date, one (1) Independent Member shall be a member of the Supervisory Board's audit committee and one (1) Independent Member shall be a member of the Supervisory Board's nomination committee.

In their position as members of the Supervisory Board, the Independent Members shall monitor and protect the interests of all TNT Express' stakeholders, including, in particular, the minority shareholders of TNT Express, if any.

As from the Settlement Date, Antony Burgmans, Tex Gunning, Mary Harris and Roger King, will resign from their positions as members of the Supervisory Board and each such member will confirm that he or she has no claim whatsoever against TNT Express in respect of loss of office or otherwise, except with respect to compensation which would have been due had Settlement occurred on 31 December of the financial year in which Settlement occurred.

The Offeror shall allow TNT Express to pay such compensation to the respective members of the Supervisory Board. The Offeror will procure that any resigning member of the Supervisory Board will be fully released from his duties as per the date of resignation and that such member will be granted customary full and final discharge, provided that by the time of such resignation, no wilful misconduct, fraud or other criminal behaviour of such member has become apparent.

Although the Offeror currently has no intention to deviate from the covenants, confirmations and commitments set out in this Section 6.16.2 it has been agreed that these covenants, confirmations and commitments between the Offeror and TNT Express shall expire on the third (3rd) anniversary of the Settlement Date. Any material deviation prior to the third (3rd) anniversary of the Settlement Date shall require the approval of the Supervisory Board, including the affirmative vote of at least one Independent Member (as defined in Section 6.16.2).

The covenants, confirmations and commitments set out in this Section 6.16.2 are made to TNT Express as well as, by way of third party undertaking for no consideration, to the two (2) Independent Members, from time to time, who may only jointly enforce these covenants, confirmations and commitments.

6.16.3 Severance packages of members of the Boards

The contractual severance payments for the members of the Executive Board are summarised as follows:

As policy, severance payments other than those related to a change of control are equal to one year's base salary or a maximum of two years' base salary in the first four-year term if one year is considered to be unreasonable. In the actual contracts of Marie-Christine Lombard and Bernard Bot, the severance payment for situations other than a change of control is limited to one year's base salary.

Severance payments in case of a change of control are equal to the sum of the last annual base salary and pension contribution plus the average bonus received over the last three years, multiplied by two.

In the event of a change in control, the proceeds of the unvested share grants will be capped at the level of the sum of:

(i) The average of the closing prices of the Shares according to the Official Price List for a period of five trading days prior to the date when the first announcement to make a public offer was made; and

(ii) 50% of the difference between the ultimate share price paid by the buyer and the price as calculated above.

The members of the Supervisory Board do not receive any severance payments in the event of termination.

**6.17 EGM**

At the EGM, to be held on 6 August 2012, the Shareholders shall be requested to, subject to the Offer being declared unconditional (*gestanddoening*) and effective as per the Settlement Date:

(a) appoint Dan Brutto, Jim Barber and Jeff Firestone as Supervisory Board members; and

(b) accept the resignation of, and give discharge to, Antony Burgmans, Tex Gunning, Mary Harris and Roger King as Supervisory Board member(s) as of the Settlement Date.

**6.18 Certain arrangements between the Offeror and TNT Express**

Below is a summary of the key arrangements set forth in the Merger Protocol that are relevant to the Offer and not otherwise described in this Offer Memorandum.

6.18.1 Commitment of TNT Express regarding Potential Competing Offers

The Offeror and TNT Express have agreed that TNT Express is permitted to engage in discussions or negotiations with, and provide information to, a bona fide third party that makes an unsolicited serious approach to TNT Express which in the reasonable opinion of TNT Express (including the Supervisory Board), having consulted its financial and legal advisors and considering, among other factors, the level and character of consideration, certainty of financing, conditionality, integrity of the business and position of employees, could reasonably be expected to become a Competing Offer (a ***Potential Competing Offer***).

TNT Express may accept a Potential Competing Offer, and the Boards shall have the right, but shall not be obliged, to withdraw or, as applicable, modify the Recommendation and the Position Statement, if:

(a) it is launched, or is binding on the offering party concerned in the sense that such offering party has (i) conditionally committed itself to TNT Express to launch a Competing Offer within eight (8) weeks and (ii) has publicly announced its intention to launch a Competing Offer, which announcement includes the proposed price per Share and the relevant conditions precedent in relation to such offer and the commencement thereof;

(b) the consideration offered per Share exceeds the consideration per Share offered under the Offer by at least 8% (eight percent). To the extent that it concerns an offer for all or substantially all of the assets of the TNT Express Group, the calculation shall be made on the basis of the net proceeds to be distributed to the Shareholders resulting from such a transaction (to be valued as at the first trading day on Euronext Amsterdam following the execution of the Merger Protocol) calculated on a per Share basis; and

(c) it is determined by the Boards, having consulted financial and legal advisors and acting in good faith and observing their obligations under Dutch law, to be substantially more beneficial to TNT Express and its stakeholders than the Offer, specifically taking into account the identity and track record of such third party, the consideration to be received by shareholders, the likelihood of completion, the other terms and conditions of the third party offer and the interests of all stakeholders of TNT Express.

Such Potential Competing Offer to be deemed a ***Competing Offer***.

TNT Express may, however, not accept a Competing Offer, and the Boards shall have the right, but shall not be obliged, to withdraw or, as applicable, modify the Recommendation and the Position Statement, if the Offeror has made a revised offer within ten (10) Business Days following announcement of the Competing Offer and such revised offer is determined by the Boards, having consulted their financial and legal advisors and acting in good faith and observing their obligations under Dutch law, to be at least equally beneficial to TNT Express and its stakeholders as the Competing Offer.

6.18.2 Termination events

The Merger Protocol may be terminated in the following events:

(a) if the Offeror and TNT Express so agree;

(b) by either TNT Express or the Offeror if any of the Offer Conditions is not satisfied by the Long Stop Date, provided that the non-satisfaction is not due to a breach by the terminating party;

(c) by either TNT Express or the Offeror if the other party has breached the Merger Protocol, but only if the breach could be expected to have material adverse consequences for TNT Express or the Offer and cannot be remedied in a timely manner;

(d) by TNT Express if all Offer Conditions are satisfied or waived and the Offeror fails to complete the Offer; and

(e) by either TNT Express or the Offeror if a Competing Offer is made and accepted by TNT Express in accordance with Section 6.18.1.

If the Merger Protocol is terminated by TNT Express because either (i) Offer Condition 6.7.1(a) (competition clearance) has not been satisfied or waived by the Long Stop Date or (ii) the Offeror has breached the Merger Protocol, the Offeror will withdraw its Offer and not make a new offer for any Shares or acquire any Shares for a period of nine (9) months after termination of the Merger Protocol.

6.18.3 Compensation of costs for UPS

To induce UPS to enter into the Merger Protocol and to compensate the Offeror for loss of management time and other costs and expenses it has already incurred and will continue to incur in connection with the (preparation of the) Offer, TNT Express will pay a termination fee to the Offeror in the amount of EUR 50 million if the Merger Protocol is terminated by:

(a) the Offeror, in the event TNT Express has breached the Merger Protocol and such breach could be expected to have material adverse consequences for TNT Express or the Offer and cannot be remedied in a timely manner; or

(b) the Offeror or TNT Express, in the event a Competing Offer has been made and accepted by TNT Express in accordance with Section 6.18.1.

6.18.4 Compensation of costs for TNT Express

To induce TNT Express to enter into the Merger Protocol and to compensate TNT Express for loss of management time and other costs and expenses it has already incurred and will continue to incur in connection with the (preparation of the) offer, the loss of franchise, (in)direct loss and damages to TNT Express' business due to the announcement of the Offer and its effects on, among other things, employees, customers and suppliers, the Offeror will pay a termination fee to TNT Express in the amount of EUR 200 million if the Merger Protocol is terminated by TNT Express in the event:

(a) EU Competition Clearance or one or more of the Other Key Competition Clearances has not been obtained;

(b) The Offeror has breached the Merger Protocol and such breach could be expected to have material adverse consequences for TNT Express or the Offer and cannot be remedied in a timely manner; or

(c) Settlement has not taken place on the Settlement Date despite the fact that all Offer Conditions are satisfied or waived.

# 7. INFORMATION REGARDING TNT EXPRESS

## 7.1 Introduction

TNT Express is one of the world's largest express delivery companies. On a daily basis, TNT Express delivers close to 1 million consignments ranging from documents and parcels to palletised freight. TNT Express operates road and air transportation networks in Europe, the Middle East and Africa, Asia-Pacific and the Americas. It employs 77,000 people and runs a fleet of 30,000 road vehicles and operates intra-European and intercontinental networks. TNT Express made €7.2 billion in revenue in 2011.

## 7.2 History of TNT Express

Thomas Nationwide Transport was founded by Ken Thomas in Australia in 1946. TNT Express grew into a global enterprise and was acquired 50 years later by the Dutch postal and telecommunications company KPN. In 1998, the postal, logistics and express businesses of KPN were spun-off from KPN under the name TNT Post Group N.V., which was rebranded TNT N.V. in 2005. The logistics activities of the group were sold in 2006. In 2011, TNT N.V. demerged its postal and express activities into two separate companies with separate stock listings on Euronext Amsterdam: Post NL and TNT Express.

The network and footprint of the express business evolved in line with changes in customers' supply chains. In Europe, TNT Express expanded by acquiring Jet Services S.A. (France) in 1998 and TG Plus Transcamer Gomez S.A.U. (Spain) in 2005. It also established a strong presence in Eastern Europe, mainly through organic growth. In emerging markets, TNT Express acquired domestic operations in Asia (Hoau) and South America (Expresso Mercúrio, Expresso Araçatuba and LIT Cargo) and developed regional and intercontinental networks to meet customers' global demands and tap the potential of these markets.

Following the Demerger, a company-wide effort was undertaken to redefine TNT Express' mission and vision to create a common understanding of direction and purpose. Accordingly, TNT Express' mission is 'to connect businesses, markets and people in a sustainable way, through a global team of empowered people' with a vision 'to be the most admired delivery company'.

## 7.3 Business overview

TNT Express operates in what is commonly referred to as the Courier, Express and Parcel (CEP) market. TNT Express picks up, transports and delivers documents, parcels and freight on a time-certain or day-definite basis. Its services are primarily classified by speed, distances to be covered, weights and sizes of consignments. Most shipments are between businesses (B2B). TNT Express however, also offers solutions (including business-to-consumer services (B2C)) to select key customers.

TNT Express has a worldwide presence with domestic, regional and intercontinental delivery. TNT Express has its own operations, subcontractors and agents. TNT Express' head office is located in Hoofddorp, the Netherlands.

TNT Express' customers are large companies and multinationals as well as small and medium-sized enterprises. The main industries served by TNT Express are high-tech electronics, automotive, industrial, healthcare and lifestyle (fashion).

Services are delivered through a combination of physical infrastructures such as depots, aircraft and vehicles and electronic infrastructures such as track-and-trace systems. TNT Express operates interconnected international air and road networks. The air network consists of a central air hub in Liege, Belgium and a fleet of aircraft. The road networks are operated in Europe, the Middle East, Asia, Australia and South America.

## 7.4 Organisational structure

TNT Express' business is divided in four reportable segments: Europe and ME&A (Middle East and Africa), Asia Pacific, Americas, and ''Other networks''.

### 7.4.1 Europe and ME&A

TNT Express is a strong player in intra-European express. TNT Express generates more than half of its revenues in Europe, of which the majority is in international services. This is complemented by a strong domestic footprint, especially in the United Kingdom, France and Italy.

In Europe, TNT Express operates a unique combination of road and air networks that connect its strong domestic platforms. The road network connects 39 countries through 20 road hubs; the European Air Network connects about 65 destinations. TNT Express' infrastructure offers customers a wide range of services and solid delivery performance, even in less dense regions of Europe.

In the Middle East, TNT Express operates a regional road network as well as air-based services. In Africa, TNT Express has its own operations in a number of countries and serves most of the rest of the continent through partnerships and agents. A new partnership with Getma, a subsidiary of the French transport and logistics group NCT Necotrans, is intended to improve network capabilities, service and market share in eight Sub-Saharan African countries.

### 7.4.2 Asia Pacific

TNT Express operates international express services between the Asia Pacific region and Europe. TNT Express' dedicated intercontinental air fleet serves Chongqing, Hong Kong, Shanghai and Singapore. TNT Express also operates regional and domestic road networks in Asia. Its Asian Road Network connects more than 125 cities, thereby providing an attractive alternative to air and sea transportation. TNT Express has subsidiaries in 17 countries, with its main operations in China and Australia.

In China, TNT Express operates one of the largest privately owned domestic road transportation networks, Hoau, which connects more than 1,500 hubs and depots across the country. Hoau offers LTL and a day-definite road delivery service. Following an extensive strategic review following the Demerger, TNT Express announced on February 17, 2012 that it intends to explore partnership opportunities for its China domestic business to further strengthen its value proposition to customers and employees while reducing the company’s financial exposure.

TNT Express is also a strong player in the Australian express market and offers service to national and international destinations with both time-definite and day-definite services.

In India, TNT Express operated domestic road operations. These activities were sold to India Equity Partners (IEP) logistics subsidiary at the end of 2011, which became TNT Express’ preferred partner for domestic road delivery in India. TNT Express continues to offer inbound and outbound services in India, via its globally interconnected networks. It also continues to provide customer-specific special services, in particular, to the healthcare and service logistics segments.

7.4.3 Americas

In South America, TNT Express has key positions in the domestic express markets in Brazil and Chile, realised through the acquisitions of Expresso Mercúrio and Expresso Araçatuba in Brazil and LIT Cargo in Chile. In Brazil, TNT Express’ network covers 140 locations. Its service offering to customers is supported by fully automated hubs and the track-and-trace technology. Key countries within the region are connected via the South American Road Network.

TNT Express’ operations in North America provide full service capabilities to its customers both in North America and on other continents. TNT Express operates a dedicated service from Europe to New York, supplemented by commercial linehaul. TNT Express’ four gateways (New York, Los Angeles, Chicago and Miami) feed a nationwide parcel distribution network that relies upon a combination of its own operations, regional partners and commercial airlines. Through this configuration, TNT Express is able to provide next-day before 3:00 pm delivery service to many key metropolitan areas across the United States.

In Brazil, TNT Express is a strong player in express deliveries. The Brazilian business is undergoing a turnaround following integration-related issues and domestic customer losses caused by service quality issues, which together severely impacted profitability. By the end of 2011 service quality had significantly improved, as demonstrated by operational KPIs, such as on-time delivery and customer claim levels, and the customer pipeline was healthy. TNT Express’ target is to achieve the turnaround of its Brazilian operations by the second half of 2012. At the announcement of the intended Offer, UPS made clear its interest in the turnaround and supports the further development of TNT Express’ leading position in the domestic time-definite market in Brazil.

7.4.4 Other networks

Other networks include TNT Fashion and TNT Innight businesses. TNT Fashion provides supply chain solutions for the fashion industry and fashion retailers. These solutions comprise collection, warehousing and delivery of hanging and boxed clothing. TNT Innight provides overnight distribution services within Europe. Shipments are collected at the end of the working day and are delivered overnight before 7:00 am the next day. Customers span the automotive, healthcare, installation technology, electronics, telecom and medical technology sectors.

## 7.5 Strategy and objectives

### 7.5.1 Focus on Europe

Europe is the 'home' market and stronghold for TNT Express. Within the B2B (business-to-business) domestic and intra-European express market segment (estimated size €20 billion in 2010), TNT Express built its position on a strong product and service offering and networks and infrastructure. Differentiating elements include:

- A broad product portfolio ranging from time-critical/same-day deliveries through heavy freight shipments to various value-added services.
- A service-oriented organisation with knowledgeable and experienced employees that deliver excellent service and build long-term customer relationships.
- Two centrally coordinated and integrated linehaul networks: the road network and the air network. These complementary European networks enable customers to switch from air to road and vice versa.
- A dense depot infrastructure and related extensive last-mile-delivery capability, which enables next-day delivery throughout Europe.
- Outsourcing and subcontracting approach that makes it possible for TNT Express to lower costs and react quickly to changing circumstances.

To protect and strengthen its position, TNT Express has developed a number of initiatives:

(i) Grow TNT Express' core B2B intra-Europe express segment by introducing distance-based pricing independent of country borders.

(ii) Complement traditional network-based express services with value added solutions for the high-tech healthcare and lifestyle segments.

(iii) Combine TNT Express' existing dense depot and operating structure with innovative technology in high-end B2C deliveries.

(iv) Complement service portfolio with high-end road freight.

(v) Optimise operating model and reduce fixed costs.

### 7.5.2 Connect Europe with rest of the world

Exposure to fixed intercontinental air capacity has been reduced as of 2Q12, with further reductions being investigated.

### 7.5.3 Explore partnerships for domestic activities China

In China, demand for reliable intra-China deliveries is growing. TNT Express has a strong position in the domestic day-definite segment with Hoau, which offers 'Less than Truck Load' (LTL) and day definite road delivery services. Day-definite road delivery services have grown significantly, accounting for almost 30% of TNT Express' China domestic revenue by the end of 2011. Continued growth of these activities supports the realisation of the target for domestic road activities to breakeven by 2013.

The immediate focus remains on securing the turnaround. In parallel, TNT Express intends to explore partnership opportunities for Hoau to further strengthen its value proposition to customers and employees while reducing the company's financial exposure.

7.5.4 Maximise free cash flow

TNT Express' approach to capital allocation and cash and risk management is in line with its overall strategy. In short, the principle underlying TNT Express' strategy is value creation. To create value, TNT Express' financial management focuses on: (i) prioritising investments; (ii) controlling working capital; (iii) managing market and operational risks and (iv) optimising the cost of capital while preserving the company's financial stability and flexibility.

7.5.5 Embed corporate responsibility in all activities

TNT Express continues to embed corporate responsibility (CR) in all its activities. To achieve optimal buy-in and involvement, responsibility for development and execution of the CR strategy has been delegated to each business and operating unit.

At a central level, TNT Express engages frequently with its stakeholders (employees, customers, subcontractors, suppliers, investors, and the communities it serves) to better understand their perspectives and concerns regarding TNT Express' CR approach. The annual multi-stakeholder dialogue in 2011 highlighted a number of important areas to be addressed by TNT Express. These are customer satisfaction, carbon efficiency, health and safety and the selection of subcontractors and TNT Express' CR performance. TNT Express' Moving the World programme (which includes TNT Express' World Food Programme initiatives) was given a lower priority by these stakeholders. The outcome of the dialogue is used in TNT Express' CR strategy and aids in setting priorities.

TNT Express' CR strategy is structured around three main areas: (i) protecting its people; (ii) maximising operational efficiency; and (iii) building win-win relationships.

TNT Express' CR performance is measured on a continuous basis according to internationally recognised standards including: workplace safety (OHSAS 18001), social responsibility (SA 8000), personal growth of employees (Investors in People), environmental management (ISO 14001) and operational excellence (ISO 9001).

## 7.6 Recent developments, outlook and aims

Reference is made to the press release of 2 May 2012 in relation to the results of the first quarter of 2012, as included in full in Section 13.7.

## 7.7 Supervisory Board

*A. (Antony) Burgmans (1947, Dutch) - Chairman*

- Initial appointment 2011

- Current term of office 2011-2015

Non-executive board member of BP plc.; member of the supervisory boards of AkzoNobel N.V., AEGON N.V., SHV Holdings N.V. and Jumbo Supermarkten B.V.; and former chairman and CEO of Unilever N.V. and plc.

Mr Burgmans is Chairman of the Nominations Committee and member of the Remuneration Committee

*L.W. (Tex) Gunning (1950, Dutch)*

- Initial appointment 2011

- Current term of office 2011-2014

Member of the executive committee of AkzoNobel N.V.; member of the supervisory board of Royal FrieslandCampina N.V.; former Business Group president of Unilever N.V. and plc.; and former chairman and CEO of Vedior N.V.

Mr Gunning is member of the Audit Committee and member of the Nominations Committee.

*M. E. (Mary) Harris (1966, British)*

- Initial appointment 2011

- Current term of office 2011-2015

Non-executive director at J. Sainsbury plc.; member of the supervisory board of Unibail-Rodamco S.E. and former member of the supervisory board of TNT N.V.

Ms Harris is Chairman of the Remuneration Committee and member of the Audit Committee.

*R. (Roger) King (1940, American)*

- Initial appointment 2011

- Current term of office 2011-2014

Non-executive director at Orient Overseas International Limited and Sincere Watch Limited; former member of the supervisory board of TNT N.V.; former president and CEO of Sa Sa International Holdings Limited; former chairman and CEO of ODS System-Pro Holdings Limited; former MD and COO of Orient Overseas International Limited; and former non-executive director of Arrow Electronics, Inc (USA)

Mr King is member of the Remuneration Committee and member of the Nominations Committee.

*S. (Shemaya) Levy (1947, French) - Vice-Chairman*

- Initial appointment 2011

- Current term of office 2011-2013

Member of the supervisory boards of Segula Technologies Group and AEGON N.V.; non-executive director PKC Group plc; former member and vice-chairman of the supervisory board of TNT N.V.; former CEO of Renault Industrial Vehicles Division and executive vice-president and CFO of Renault Group; and former member of the supervisory boards of Nissan and Renault Finance, Renault Spain and Safran.

Mr Levy is Chairman of the Audit Committee and member of the Remuneration Committee.

*M. (Margot) Scheltema (1954, Dutch)*

- Initial appointment 2011
- Current term of office 2011-2013

Vice-chairman of the supervisory board of Triodos Bank; member of the audit committee and supervisory board of ASR Verzekeringen; member of the supervisory boards of Schiphol Group, Energy Research Centre of the Netherlands, Stichting Rijksmuseum and Warmtebedrijf Rotterdam N.V.; non-executive director Lonza Group Ltd; member of the committee on External Reporting of the AFM, external member of the audit committee of Stichting Pensioenfonds ABP and member of the board of World Press Photo.

Ms Scheltema is member of the Audit Committee

## 7.8 Executive Board

*Marie-Christine Lombard (1958, French) - Chief Executive Officer*

- Appointment to Executive Board 2011
- Term of office 2011 - 2015

Ms Lombard has been CEO and chairman of the Executive Board since 2 March 2011. Prior to that date, Ms Lombard was group managing director of TNT N.V.'s Express Division and a member of the board of management of TNT N.V. from January 2004 until the Demerger. Ms Lombard joined Jet Services in France in 1993 as chief financial officer. After TNT N.V. acquired Jet Services in 1999, she became chairman and managing director of TNT Express France. Since January 2011, Ms Lombard has been an independent member of Groupe BPCE, a French banking group. She is also president of Lyon Ville de l'Entrepreneuriat, a commission that assists entrepreneurs in establishing their companies in greater Lyon, and she sits on the advisory board of Rotterdam School of Management. Previously, she served as a member of the supervisory board of Royal Wessanen N.V. until 22 April 2009 and as a member of the supervisory board of METRO AG until 28 March 2011.

*Bernard Bot (1966, Dutch) - Chief Financial Officer*

- Appointment to Executive Board 2011
- Term of office 2011 – 2015

Mr Bot has been CFO and member of the Executive Board since 2 March 2011. Prior to that date, Mr Bot was acting CFO of TNT N.V. from August 2010 until the Demerger. Before joining TNT N.V. in 2005, he was employed at McKinsey & Company for 13 years, where he was a partner serving clients in the post, logistics and transportation sectors. At TNT N.V. he was appointed group director Business Control directly reporting to the CFO. His responsibilities included internal control, mergers and acquisitions and business control. Mr Bot is a member of the supervisory board of Avio-Diepen B.V.

## 7.9 Major shareholders

As at the date of this Offer Memorandum, the following holdings are registered in the public register of the AFM:

| | **Interest** | **Voting rights** | **Ordinary Shares** |
|---|---|---|---|
| Her Majesty the Queen in right of Alberta | 4.59% | 4.86% | 24,926,005 |
| B. Rosenstein | 4.49% | 4.76% | 24,371,653 |
| PostNL N.V. | 29.91 % | 29.91 % | 162,130,035 |

## 7.10 Foundation

TNT Express has entered into an agreement with Stichting Continuïteit TNT Express (the ***Foundation***) dated 31 May 2011 (the ***Foundation Option Agreement***), pursuant to which the Foundation has been granted a call option to acquire from TNT Express such number of preference shares with a nominal value of EUR 0.08 each as is equal to the total number of Shares minus one and minus any Shares or Protective Preference Shares already issued to the Foundation (the ***Call Option***). With reference to Offer Condition 6.7.1(g), the Offer is conditional upon the Foundation not having exercised, in whole or in part, its Call Option and having agreed to terminate the Foundation Option Agreement.

## 7.11 Capital and Shares

TNT Express' authorised share capital amounts to €120 million, divided into 750,000,000 ordinary shares with a nominal value of €0.08 each and 750,000,000 preference shares with a nominal value of €0.08 each. No preference shares are issued at the date of this Offer Memorandum.

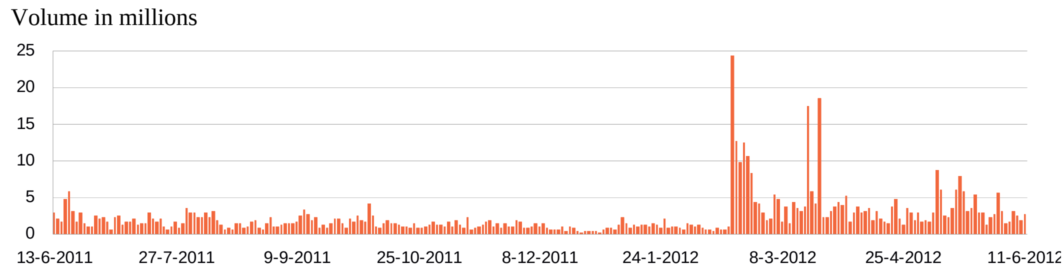
The ordinary shares are in bearer or in registered form. Ordinary shares in bearer form are represented by a global note held by the Dutch clearing system Euroclear Netherlands (formerly known as NECIGEF) and are transferable through Euroclear Netherlands' book entry system. ADR's represent ordinary shares in bearer form, held by the US Depositary, which are represented by the note held by Euroclear Netherlands. Ordinary shares in registered form are transferred by means of a deed of transfer and TNT Express' written acknowledgement of the transfer. TNT Express does not have share certificates for ordinary shares represented by the global note.

As at the date of this Offer Memorandum, TNT Express does not hold any Shares in its own capital.

## 7.12 Share price development

This graph sets out the Share price development from 26 May 2011 to 11 June 2011.

**Share Price and Volume Graph for TNT Express from 13/6/2011 to 11/6/2012**


## 7.13 Incentive Plans

### 7.13.1 Existing plans

TNT Express has granted (i) 81,204 (cash-settled) one-off matching rights (outstanding on May 3, 2012: 69,760 rights) to directors, including members of the Executive Board, and (senior) employees of the TNT Express Group and (ii) 82,018 (cash-settled) matching rights (outstanding on 3 May 2012: 71,940 rights) to directors, excluding members of the Executive Board, and (senior) employees of the TNT Express Group (the ***Employee Matching Rights***).

All rights in respect of the Incentive Plans will be respected, subject to the following paragraph.

### 7.13.2 Settlement of Employee Matching Rights

The Supervisory Board shall, as permitted under the Incentive Plans, allow all Employee Matching Rights outstanding under the Incentive Plans immediately prior to the Settlement Date to vest (as defined in the Incentive Plans) on the Settlement Date, subject to the relevant directors and (senior) employees tendering their Shares under the Offer. Such Employee

Matching Rights shall be settled by payment of the cash equivalent of the Shares comprising the Employee Matching Rights based on the middle market quotation of a Share as derived from the Official Price List of Euronext Amsterdam. The number of Shares comprising the Employee Matching Rights is based on the Shares which are owned by the directors and (senior) employees pursuant to the Incentive Plans immediately prior to the Settlement Date. Certain eligibility criteria as set out in the Incentive Plans shall only apply until Settlement.

For the avoidance of doubt and without prejudice to the foregoing, the Offeror shall pay the Offer Price for each Share that has been (i) granted to, or acquired by, directors and (senior) employees under the Incentive Plans and (ii) validly tendered under the Offer.

# 8. INFORMATION ON THE OFFEROR

## 8.1 Information on the Offeror

8.1.1 Introduction

The Offeror is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under the laws of The Netherlands, having its corporate seat at Eindhoven, The Netherlands and its registered office at Luchthavenweg 57, 5657 EA Eindhoven, The Netherlands. The Offeror is registered with the Trade Register of the Chamber of Commerce of Eindhoven, The Netherlands under number 55247652.

The Offeror is a wholly-owned indirect subsidiary of UPS. The sole shareholder of the Offeror is UPS Corporate Finance S.à r.l.

The Offeror has been incorporated to complete the purchase of the Shares under the Offer.

Pursuant to article 1:1 of the Wft, each of UPS and the Offeror qualify as an offeror in respect of this Offer.

8.1.2 Management structure of the Offeror

The Board of Management of the Offeror consists of Harld J. Peters and UPS Logistics Group International B.V.

## 8.2 Information on UPS

8.2.1 Introduction, business description

United Parcel Service, Inc. (“UPS”) is a Delaware corporation with principal executive offices located at 55 Glenlake Parkway N.E., Atlanta, Georgia 30328, U.S.A., telephone number + 1 (404) 828-6000.

UPS was founded in 1907 as a private messenger and delivery service and today is the world’s largest package delivery company and the premier provider of global supply chain management solutions. UPS delivers packages in over 220 countries and territories and in 2011, UPS delivered an average of 15.8 million pieces per day worldwide. UPS offers a broad set of services through its integrated ground, air and ocean global network and is a global leader in logistics. UPS creates value for its customers through solutions that lower costs, improve service and provide highly customizable supply chain control and visibility. UPS’s global workforce included approximately 398,000 employees as of 31 December 2011, of which 323,000 were in the U.S. and 75,000 were located in other countries.

8.2.2 Board of directors of UPS

*F. Duane Ackerman*, Director since 2007; serves on the Executive and Compensation Committees and chairs the Nominating Committee. Duane has been Retired Chairman and Chief Executive Officer of BellSouth Corporation, a communication services company, since 2007. He previously served as Chairman and Chief Executive Officer of BellSouth Corporation from 2005 through 2006 and as Chairman, President and Chief Executive Officer from 1998 until 2005, after first being elected President and Chief Executive Officer in 1997. He is also a director at Allstate Corporation and The Home Depot, Inc.

*Michael J. Burns*, Director since 2005; serves on the Audit Committee. Michael was the Chairman, Chief Executive Officer and President of Dana Corporation until February 2008. He joined Dana Corporation in March 2004 after 34 years with General Motors Corporation. Michael had served as President of General Motors Europe since 1998.

*D. Scott Davis (Chairman and Chief Executive Officer*), Director since 2006; serves on the Executive Committee. Scott joined UPS in 1986 when the company acquired a technology company, II Morrow, where he had served as the chief financial officer and then chief executive officer. From 1991 to 1998, Scott held positions of increasing responsibility as treasury manager, financial reports and plans manager and accounting manager. From late 1998 to early 2000, he served as chief executive officer of Overseas Partners, Ltd., a Bermuda reinsurance company. Scott rejoined UPS as its vice president of finance in 2000. He joined the UPS Management Committee and assumed the role of Chief Financial Officer in 2001. In 2006, Scott was also appointed Vice Chairman. Scott became Chairman and Chief Executive Officer on January 1, 2008. He serves as a director of Honeywell International Inc. and was chairman of the board of the Federal Reserve Bank of Atlanta in 2009. He is presently a member of the President's Export Council. Scott is also a trustee of the Annie E. Casey Foundation, the world's largest philanthropic foundation dedicated to helping disadvantaged children.

*Stuart E. Eizenstat*, Director since 2005; serves on the Compensation and Nominating Committees. Stuart has been a partner of Covington & Burling LLP in Washington, D.C. since 2001, and heads the law firm's international practice. He served as Deputy Secretary of the United States Department of the Treasury from July 1999 to January 2001. He was Under Secretary of State for Economic, Business and Agricultural Affairs from 1997 to 1999. Stuart served as Under Secretary of Commerce for International Trade from 1996 to 1997 and was Ambassador to the European Union from 1993 to 1996. From 1977 to 1981 he was Chief Domestic Policy Advisor in the White House to President Carter. He is a trustee of Black Rock Funds, a member of the board of directors of Alcatel-Lucent and Globe Specialty Metals, chairs the International Advisory Council of The Coca-Cola Company, and serves on the International Advisory Board of GML Ltd., Veracity Worldwide and Office of Cherifien de Phosphates. Stuart is chairman of the board of the Defiant Requiem Foundation, a nonprofit organization.

*Michael L. Eskew*, Director since 1998; serves on the Executive Committee. Mike joined UPS in 1972, and in 1994 he was named UPS's Corporate Vice President for Industrial Engineering. Two years later he became Group Vice President for Engineering. He was appointed Executive Vice President in 1999 and Vice Chairman in 2000. In January 2002, he became Chairman and Chief Executive Officer. In January 2008, Mike retired as Chairman and Chief Executive Officer. Mike is a trustee of the Annie E. Casey Foundation. Mike also is a director of 3M Company, International Business Machines Corporation and Eli Lilly and Company.

*William R. Johnson*, Director since 2009; serves on the Nominating Committee. Bill has been Chairman, President and Chief Executive Officer of the H.J. Heinz Company, a global packaged foods manufacturer, since 2000. He became President and Chief Operating Officer of Heinz in June 1996, and assumed the position of President and Chief Executive Officer in April 1998. He was named Chairman, President and Chief Executive Officer in September 2000. Bill also serves on Emerson Electric Company's board of directors.

*Candace Kendle*, Director since 2011; serves on the Audit Committee. Dr. Kendle is the co-founder and was chairman and chief executive officer of Kendle International Inc., a global clinical research organization that delivers a wide range of clinical development and clinical trial services to biopharmaceutical companies around the world, until 2011. She is a founding member of the Association of Clinical Research Organizations, which fosters continued advancement of medical product development and introduction, and has served as chairperson of the organization. Dr. Kendle also serves on the board of the H.J. Heinz Company. Prior to founding Kendle International, Dr. Kendle held senior faculty positions at the University of North Carolina Schools of Pharmacy and Medicine; the University of Pennsylvania School of Medicine; the Philadelphia College of Pharmacy and Science, and the University of Cincinnati College of Pharmacy.

*Ann M. Livermore*, Director since 1997; serves on the Compensation Committee. Ann serves as a director of the Hewlett-Packard Company, after retiring as an executive of the company in 2011. In her last operational role at HP, Ann was Executive Vice President of the HP Enterprise Business, an approximately $57 billion business that encompasses storage, servers, networking, software and services (2010 revenue). The products and services from this organization serve business and public sector customers of all sizes in more than 170 countries. For more than two decades, Ann was involved with building solutions to help HP customers manage and transform their technology environments to optimize business outcomes. Ann joined HP in 1982 and held a variety of management positions in marketing, sales, research and development, and business management before being elected a corporate vice president in 1995. She also serves as a member of the board of directors of the Lucile Packard Children's Hospital.

*Rudy H.P. Markham*, Director since 2007; serves on the Audit Committee. Rudy was the Financial Director of Unilever from August 2000 through May 2007. He joined Unilever in 1968 and from 1989-1998 was based in East Asia where he held a series of increasing responsibilities, ultimately serving as Business Group President North East Asia based in Singapore. Rudy joined the Board of Unilever as Strategy and Technology Director, became a member of its Executive Committee in May 1998 and was subsequently appointed as Financial Director. In May 2007 he retired from the Board of Unilever and on October 31, 2007 he retired as CFO. Rudy is a fellow of the Chartered Institute of Management Accountants and of the Association of Corporate Treasurers. He also is a Non-executive Director of Legal & General Group PLC, AstraZeneca PLC and Standard Chartered PLC, where he serves as Chairman of its Audit Committee. As of February 2011, he is a member of the supervisory board of CSM, N.V. Rudy is also a Non-executive Director of the Financial Reporting Council and Non-executive Chairman of Moorfields Eye Hospital and UCLP Ltd, both of which are UK-registered institutions. In November 2009, Rudy was appointed a member of the Leverhulme Trust Board, a UK charitable foundation, and a non-executive member of the supervisory and operating boards of the British Foreign and Commonwealth Office.

*Clark T. "Sandy" Randt, Jr.*, Director since 2010; serves on the Nominating Committee. Sandy has been the president of Randt & Co. LLC, a company that advises firms with interests in China, since 2009. He is a former U.S. ambassador to the People's Republic of China, where he served from July 2001 until January 2009. From 1994 through 2002, he was a partner resident in the Hong Kong office of Shearman & Sterling, a major international law firm, where he headed the firm's China practice. From 1982 through 1984, Sandy served as First Secretary and Commercial Attaché at the U.S. Embassy in Beijing. In 1974, he was the China representative of the National Council for United States-China Trade, and from 1968 to 1972, he served in the U.S. Air Force Security Service. Sandy is a member of the New York bar association and the Council on Foreign Relations. He is a former governor and first vice president of the American Chamber of Commerce in Hong Kong. Sandy also serves on the board of Valmont Industries, Inc. and the Board of Governors of the Yale-National University of Singapore liberal arts college.

*John W. Thompson*, Director since 2000; chairs the Compensation Committee. John has been Chief Executive Officer of Virtual Instruments Corporation, a storage network and virtual optimization solutions company, since May 2010. In October 2011, he retired as Chairman of the Board of Symantec Corporation, the world leader in information security and availability solutions. Until his retirement as Chief Executive Officer in 2009, John served as Chairman and Chief Executive Officer of Symantec, since April 1999. Prior to joining Symantec, he held a variety of senior leadership positions at International Business Machines Corporation, including General Manager of IBM Americas, and was a member of IBM's Worldwide Management Council. John is a director of Microsoft Corporation, and previously served as a director of Seagate Technology.

*Carol B. Tomé*, Director since 2003; chairs the Audit Committee. Carol has been Executive Vice President and Chief Financial Officer of The Home Depot, Inc., the world's largest home improvement specialty retailer and the fourth largest retailer in the United States, since May 2001. In January 2007 Carol assumed the additional role of Executive Vice President — Corporate Services. Prior to that, she had been Senior Vice President — Finance and Accounting/Treasurer since February 2000. From 1995 until 2000, she served as Vice President and Treasurer. In January 2008, Carol joined the board of the Federal Reserve Bank of Atlanta and serves as chair of the board. She also serves on the board of the Metro Atlanta Chamber of Commerce.

8.2.3 Executive officers/ UPS management committee

*David Abney*, Senior Vice President and Chief Operating Officer. David began his UPS career in 1974 and was appointed SVP in August 2003 and COO in January 2007. He leads all operations for UPS and is responsible for logistics, sustainability, and engineering. David directs all facets of the UPS global transportation network, including a ground fleet of more than 90,000 vehicles, an air fleet of more than 500 aircraft, and Worldport, UPS's main air hub in Kentucky. UPS also has major air hubs in Cologne, Germany, and Shenzhen, China.

*David Barnes*, Senior Vice President and Chief Information Officer. David joined UPS in 1977 and was appointed SVP in January 2005 and CIO in April 2010. He is responsible for all aspects of UPS technology used to serve more than 220 countries and territories around the world. This technology includes the Delivery Acquisition Delivery Device (DIAD) carried by

UPS drivers, advanced package flow technologies, and telematics programs that provide real time updates on UPS vehicles. Under his leadership, UPS has invested more than $1 billion each year in technology and is widely recognized as one of the world's most innovative providers of logistics. Dave also chairs the UPS Information Technology Governance Committee, which is responsible for the direction of UPS technology investments, ensuring they stay aligned with the company's business vision and strategy.

*Daniel J. Brutto*, Senior Vice President of UPS and President, UPS International. Dan joined UPS in 1975 and was appointed SVP in January 2008. He is responsible for the company's global expansion and leads UPS international package, freight forwarding and logistics businesses, as well as U.S. international package services. Dan has presided over these operations at a time of rapid growth in UPS's global presence and profitability. Under his leadership, UPS has upgraded its new Intra-Asia hub in Shenzhen, China and added new air routes into Asia, Latin America and other emerging economic regions.

*D. Scott Davis*, who also serves a Director, has led UPS as its Chairman and Chief Executive Officer since January 2008. Under Scott's leadership, UPS has made significant improvements in its logistics network as the company has expanded its reach and capabilities through Europe, Asia, and the Americas. Scott has presided over rapid growth in international operations, supply chain and freight. In 2010, Scott led a strategic transformation of the company's U.S. small package organizational structure. And he has also overseen UPS's status as a sustainability leader, including improvements in the fuel efficiency of the UPS air and ground fleet and deployment of the industry's largest alternative fuel fleet.

*Alan Gershenhorn*, Senior Vice President and Chief Sales, Marketing and Strategy Officer. Alan joined UPS in 1979 and was appointed SVP and chief sales, marketing and strategy officer in January 2007. In this role, Alan directs global sales, customer relationship management, segment marketing, product development, electronic commerce, revenue management, marketing research and corporate strategy. Under his direction, UPS is focused on deepening customer relationships through an expanded offering of supply chain and technology-based services and solutions.

*Myron Gray*, Senior Vice President and President, U.S. Operations. Myron's UPS career began in 1978 and he was appointed SVP in May 2010. Myron is responsible for all U.S. package delivery and logistics services. In 2010, he led a strategic transformation of the company's U.S. small package business. He also has presided over programs to expand the company's logistics services, upgrade the technology in UPS operations, and improve the delivery fleet's fuel efficiency.

*Kurt Kuehn*, Senior Vice President and Chief Financial Officer. Kurt joined UPS in 1977 and was appointed SVP in January 2004 and CFO in January 2008. Kurt has been on the front lines of UPS's transformation from a private U.S.-focused small package delivery company to one of the world's largest publicly-traded logistics companies. He is responsible for all activities related to accounting, finance, auditing, financial planning, taxes and treasury. He also is the liaison to the investor, finance and analyst community.

*Teri P. McClure*, Senior Vice President, Secretary and General Counsel. Teri joined UPS in 1995 and was appointed SVP and Secretary in January 2006. She serves as the company's chief legal and compliance officer and oversees all UPS ethics and compliance, audit and legal initiatives. McClure also leads UPS worldwide public affairs and government relations efforts advocating increased global trade, stronger business competitiveness, and improved economic growth worldwide, among many other public policies.

*John McDevitt*, Senior Vice President, Human Resources and Labor Relations. John joined UPS in 1976 and was appointed SVP in March 2003. As Senior Vice President of Human Resources and Labor Relations, John is responsible for managing both human resources and labor relations and is committed to maintaining UPS's reputation as an employer of choice. John oversees the company's strategy in developing and retaining a diverse and highly-skilled workforce. In addition, he manages the relationship and negotiations of a unionized workforce.

*Christine M. Owens*, Senior Vice President, Communications and Brand Management. Christine joined UPS in 1979 and was appointed SVP in August 2005. In this role, she leads global communications and brand management and is responsible for Public Relations, Employee Communications, Customer Communications, Advertising and Brand Management. Christine has extended the UPS brand's global presence through high-visibility sports sponsorships including the PGA European Tour and the Olympic Games, social media channels, and sustainability programs.

## 8.3 Main shareholders of UPS

UPS's class A common stock is not listed on a national securities exchange or traded in an organized over-the-counter market, but each share of UPS class A common stock is convertible into one share of UPS class B common stock. UPS's class B common stock is listed on the New York Stock Exchange under the ticker symbol *UPS*. As of 31 January 2012, there were 157,455 and 18,024 record holders of class A and class B common stock, respectively. The only person known to UPS to be the beneficial owner of more than 5 percent of its class A or class B common stock is BlackRock Inc., 40 East 52nd Street, New York, NY 10022, which reported to the U.S. Securities and Exchange Commission on 8 February 2012, that it owned 40,084,175 shares (5.54%) of UPS class B common stock as of 30 December 2011.

## 9. FURTHER DECLARATIONS PURSUANT TO THE DUTCH DECREE ON PUBLIC OFFERS WFT

In addition to the other statements set out in this Offer Memorandum, the Offeror with regard to subjects (ii) and (iii) and the Offeror and the Boards jointly with regard to subjects (i), (ii), (iv), (v) and (vi) hereby declare as follows:

(i) There have been consultations between UPS and TNT Express regarding the Offer, which have resulted in (conditional) agreement regarding the Offer. Discussions regarding the Offer, including, but not limited to, the Offer Price, the financing of the Offer, the Offer Conditions and the future strategy of the Combined Group, took place between UPS and the Boards and their respective advisors.

(ii) With due observance of and without prejudice to the restrictions referred to in Sections 2 and 3 (Restrictions and Important information), the Offer concerns all outstanding Shares in the capital of TNT Express and applies on an equal basis to all Shares and Shareholders.

(iii) With reference to Annex A, paragraph 2, sub-paragraph 5, 6 and 7 of the Decree, the Offeror, whether directly or indirectly, did not acquire any Shares in the year preceding the date of this Offer Memorandum.

(iv) No securities in TNT Express are held, no transactions or concluded agreements in respect of securities in TNT Express have been effected or have been concluded and no similar transactions have been effected in respect of securities in TNT Express by the Offeror, UPS, individuals and/or legal persons within the meaning of Annex A, paragraph 2, sub-paragraph 5, 6 and 7 of the Decree, other than the following concluded agreements and arrangements in connection with the Offer (i) the irrevocable undertaking agreed by UPS with PostNL as described in Section 6.10 (Irrevocable undertaking), (ii) in respect of the Shares held by members of the Boards as described in Section 6.8 (Shareholdings of the members of the Boards) and (iii) in respect of employees of TNT Express as described in Section 7.13 (Incentive Plans).

(v) The costs incurred or to be incurred by the Offeror and UPS in relation to the Offer are expected to amount to approximately EUR 60 million and comprise finance arrangement fees, bank advisor fees, listing and Listing and Exchange Agent fees, broker commissions, legal fees, financial and tax due diligence fees, public relations and communications advice and printing. These costs will be borne by the Offeror.

(vi) The costs of TNT Express' fees of legal advisors, financial advisors, accountants and communications advisors incurred and expected to be incurred in relation to the Offer amount to approximately EUR 15 million. These costs will be borne by TNT Express.

(vii) In connection with the Offer, the board of directors of UPS received a written opinion from Morgan Stanley, one of its financial advisers, dated 18 March 2012 which states that as at that date – based upon and subject to, the assumptions, matters considered and limitations on the review undertaken, set forth in such opinion – the consideration to be paid by UPS pursuant to the Merger Protocol was fair, from a financial point of view, to UPS. The written opinion does not address any other aspects of the Offer and does not constitute a recommendation to any Shareholders as to whether to tender their Shares under the Offer or as to any other action that a Shareholder should take relating to the Offer.

## 10. TAX ASPECTS OF THE OFFER

### 10.1 The Netherlands

10.1.1 General

The following summary outlines certain Netherlands tax consequences in connection with the acceptance of the Offer. All references in this summary to The Netherlands and Dutch law are to the European part of the Kingdom of The Netherlands and its law, respectively, only. The summary does not purport to present any comprehensive or complete picture of all Netherlands tax aspects that could be of relevance to a holder of Shares who may be subject to special tax treatment under any applicable law. The summary is based on the tax laws and practice of The Netherlands as in effect on the date of this Offer Memorandum, which are subject to changes that could prospectively or retrospectively affect The Netherlands tax consequences.

For purposes of Netherlands income and corporate income tax, Shares legally owned by a third party such as a trustee, foundation or similar entity or arrangement, may under certain circumstances have to be allocated to the (deemed) settlor, grantor or similar originator (the ***Settlor***) or, upon the death of the Settlor, his/her beneficiaries (the ***Beneficiaries***) in proportion to their entitlement to the estate of the Settlor of such trust or similar arrangement (the ***Separated Private Assets***).

This summary does not address The Netherlands tax consequences of the Offer for a Shareholder who is an individual and who has a "substantial interest" (*aanmerkelijk belang*) in TNT Express. Generally, a Shareholder will have a substantial interest in TNT Express if such Shareholder, whether alone or together with his spouse or partner and/or certain other close relatives, holds, directly or indirectly or as Settlor or Beneficiary of Separated Private Assets (i) (x) the ownership of, (y) certain other rights, such as usufruct, over, or (z) rights to acquire (whether or not already issued), Shares representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of Shares) of TNT Express.

In addition, a Shareholder has a substantial interest in TNT Express if he, whether alone or together with his spouse or partner and/or certain other close relatives, has the ownership of, or other rights over, shares in, or profit certificates issued by, TNT Express that represent less than 5% of the relevant aggregate that either (a) qualified as part of a substantial interest as set forth above and where shares, profit certificates and/or rights there over have been, or are deemed to have been, partially disposed of, or (b) have been acquired as part of a transaction that qualified for non-recognition of gain treatment.

It does not address the tax consequences of any Shareholder who has acquired or holds the Shares in connection with his or her employment activities or in his/her capacity as (former) director and/or (former) supervisory director.

Holders of Shares considering the Offer should consult their own professional advisor regarding the tax consequences of the Offer in their particular circumstances.

10.1.2 Withholding taxes

The Offer Price paid for the Shares will not be subject to any withholding or deduction of or for any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

10.1.3 Netherlands taxes on income and capital gains in connection with the acceptance of the Offer

(a) Holders of Shares resident in The Netherlands: individuals

A holder of Shares, who is an individual, resident or deemed to be resident in The Netherlands, or who has elected to be taxed as resident in The Netherlands for Netherlands income tax purposes, will be subject to regular Netherlands income tax on any capital gain realised upon the transfer of the Shares if:

(i) such holder of Shares has an enterprise or an interest in an enterprise, to which enterprise the Shares are attributable; and/or

(ii) such capital gain forms “a benefit from miscellaneous activities” (“*resultaat uit overige werkzaamheden”)* which, for instance, would be the case if the activities with respect to the Shares exceed “normal active asset management” (“*normaal, actief vermogensbeheer*”) or if such capital gain is derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a *lucratief belang*) that the holder thereof has acquired under such circumstances that such capital gain is intended to be remuneration for work or services performed by such holder (or a related person), whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the above-mentioned conditions (i) or (ii) applies, any capital gain realized upon the transfer of the Shares will in general be subject to Netherlands income tax at the progressive rates.

If the above-mentioned conditions (i) and (ii) do not apply, a holder of Shares who is an individual, resident or deemed to be resident in The Netherlands, or who has elected to be taxed as resident in The Netherlands, will not be subject to taxes on a capital gain in The Netherlands (because such individuals are generally taxed at a flat rate of 30% on deemed income from “savings and investments” (“*sparen en beleggen*”), which deemed income amounts to 4% of the individual’s “yield basis” (“*rendementsgrondslag*”) at the beginning of the calendar year (minus a tax-free threshold)).

(b) Holders of Shares resident in The Netherlands: corporate entities

A holder of Shares that is resident or deemed to be resident in The Netherlands for corporate income tax purposes, and that is:

- a corporation;
- another entity with a capital divided into shares;

- a cooperative (association); or
- another legal entity that has an enterprise or an interest in an enterprise to which the Shares are attributable,

but which is not:

- a qualifying pension fund;
- a qualifying investment fund ("*fiscale beleggingsinstelling*") or a qualifying exempt investment institution (*vrijgestelde beleggingsinstelling*); or
- another entity exempt from corporate income tax,

will in general be subject to regular corporate income tax, generally levied at a rate of 25% (20% over profits up to EUR 200,000 (two hundred thousand Euro)) over any capital gain realised upon the transfer of the Shares, unless, and to the extent that, the participation exemption applies.

(c) Holders of Shares resident outside The Netherlands: individuals

A holder of Shares who is an individual, not resident or deemed to be resident in The Netherlands, and who has not elected to be taxed as resident in The Netherlands for Netherlands income tax purposes, will not be subject to any Netherlands taxes on any capital gain realized upon the transfer of the Shares, unless:

(i) such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands and to which enterprise or part of an enterprise, as the case may be, the Shares are attributable; or

(ii) such capital gain forms a "benefit from miscellaneous activities in The Netherlands" ("*resultaat uit overige werkzaamheden in Nederland*") which would for instance be the case if the activities in The Netherlands with respect to the Shares exceed "normal active asset management" ("*normaal, actief vermogensbeheer*" or if such capital gain is derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a *lucratief belang*) that the holder thereof has acquired under such circumstances that such capital gain is intended to be remuneration for work or services performed by such holder (or a related person), in whole or in part, in The Netherlands, whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the above-mentioned conditions (i) or (ii) applies, any capital gain realized upon the transfer of the Shares will in general be subject to Netherlands income tax at the progressive rates.

(d) Holders of Shares resident outside The Netherlands: legal and other entities

A holder of Shares that is a legal entity, another entity with a capital divided into shares, an association, a foundation or a fund or trust, not resident or deemed to be resident in The Netherlands, will not be subject to any Netherlands taxes on the capital gain realised upon the transfer of the Shares, unless such holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment ("*vaste inrichting*") or a permanent representative ("*vaste vertegenwoordiger*") in The Netherlands and to which enterprise or part of an enterprise, as the case may be, the Shares are attributable.

Such holder of Shares will in general be subject to regular corporate income tax, generally levied at a rate of 25% (20% over profits up to EUR 200,000 (two hundred thousand Euro)) over any capital gain realised upon the transfer of the Shares, unless, and to the extent that, the participation exemption applies.

(e) Gift and inheritance taxes

No Netherlands gift or inheritance tax will arise in connection with the acceptance of the Offer.

(f) Value added tax

No Netherlands value added tax will arise in respect of or in connection with the acceptance of the Offer.

(g) Other taxes and duties

No Netherlands registration tax, capital tax, custom duty, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in The Netherlands in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the Courts of The Netherlands) of any documents related to the Offer.

## 10.2 The United States

The following is a general summary based on present law of the U.S. federal income tax consequences of a sale of Shares pursuant to the Offer. It addresses only U.S. Holders (as defined below) that hold Shares as capital assets and use the U.S. dollar as their functional currency. This summary is for general information only. It is not a complete description of all the tax considerations that may be relevant to a particular U.S. Holder. It does not consider the circumstances of holders subject to special tax regimes, such as banks, insurance companies, regulated investment companies, dealers, traders in securities that elect mark-to-market treatment, insurance companies, tax-exempt entities or persons holding Shares as part of a hedge, straddle, conversion or other integrated financial transaction. It does not address persons resident in the Netherlands and persons holding Shares through a permanent establishment or fixed base outside the United States. It does not consider consequences for persons that own or are deemed to own 10% or more (by voting power) of the Shares. It does not address U.S. state or local tax considerations. The summary is not a substitute for tax advice.

**THE STATEMENTS ABOUT U.S. FEDERAL INCOME TAX MATTERS IN THIS DOCUMENT ARE MADE TO SUPPORT THE OFFER. NO TAXPAYER CAN RELY ON THEM TO AVOID U.S. FEDERAL TAX PENALTIES. EACH SHAREHOLDER SHOULD SEEK ADVICE FROM ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES TO IT OF THE OFFER UNDER THE LAWS OF THE NETHERLANDS, THE UNITED STATES AND THEIR CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.**

As used here, ***U.S. Holder*** means a beneficial owner of Shares that for U.S. federal income tax purposes is (i) an individual citizen or resident of the United States, (ii) a corporation or other business entity organised in or under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of a U.S. person and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source.

The U.S. federal tax consequences to a partner in a partnership generally will depend on the status of the partner and the activities of the partnership. U.S. Holders that are partnerships are urged to consult their own tax advisers about the tax consequences of the Offer.

**Sale of the Shares pursuant to the Offer**

A U.S. Holder's sale of Shares pursuant to the Offer will be a taxable transaction. A U.S. Holder generally will recognize gain or loss in an amount equal to the difference between the U.S. dollar value of the amount realized and the U.S. Holder's tax basis in the Ordinary Shares and ADSs sold. In the case of Shareholders tendering Ordinary Shares, the U.S. dollar amount realized will be the U.S. dollar value of the euros received at the spot exchange rate on the Closing Date (or on the Settlement Date if the Ordinary Shares are traded on an established securities market and the holder is either a cash basis U.S. Holder or an electing accrual basis U.S. Holder). U.S. Holders that purchased Shares after the Demerger generally will have a tax basis in the Shares equal to the U.S. dollar cost of purchasing them.

If a U.S. Holder received Shares in the Demerger, its tax basis in the Shares depends on the U.S. tax treatment of the Demerger. Because TNT N.V. (currently named PostNL) retained a 29.9% interest in TNT, the distribution of Shares in the Demerger does not appear to have been a tax-free distribution for U.S. tax purposes. If the distribution of the Shares in the Demerger was not tax-free, a U.S. Holder's tax basis in its Shares upon completion of the Demerger generally would be equal to the fair market value of those Shares at the time of the distribution of the Shares. If the distribution of the Shares to U.S. Holders in the Demerger had qualified as a tax-free distribution under section 355 of the U.S. Internal Revenue Code, then a U.S. Holder's basis in its Shares upon completion of the Demerger generally would have been determined by allocating its basis in the TNT N.V. shares (or American Depositary Receipts representing TNT N.V. shares) it held before the Demerger among the Ordinary Shares or ADSs received in the Demerger and the PostNL shares (or American Depositary Receipts representing PostNL shares) held immediately after the Demerger based on their relative fair market values of the time. (TNT has provided a U.S. basis statement to U.S. shareholders dated 4 June 2012 which supersedes an earlier basis statement and describes in more detail how tax basis in the Shares would be determined if the Demerger was a taxable distribution.) U.S. Holders that received Shares in the Demerger are strongly urged to consult with their own tax advisers about their tax basis in Shares.

A U.S. Holder's gain or loss generally will be U.S. source capital gain or loss, except to the extent of any foreign currency exchange gain or loss described below. The gain or loss will be long-term capital gain or loss if the U.S. Holder has held the Shares for more than one year. The long-term capital gains of certain non-corporate U.S. Holders may be taxed at reduced rates. Deductions for capital losses are subject to limitations.

A U.S. Holder's gain or loss on the sale of Ordinary Shares will be foreign currency exchange gain or loss to the extent of any difference between the U.S. dollar value of the Ordinary Shares at the time of the Demerger and the U.S. dollar amount realized in the Offer. A holder's foreign currency exchange gain or loss cannot exceed its overall gain or loss on an Ordinary Share. Foreign currency gain or loss generally will be U.S. source ordinary income or loss. A U.S. Holder may have additional foreign currency gain or loss if it disposes of the euros received for an Ordinary Share on a date other than the date when it recognized gain or loss on Ordinary Shares. A U.S. Holder may be required specifically to report a sale of Ordinary Shares to the U.S. Internal Revenue Service if it recognises a foreign currency or other loss from a single transaction that exceeds, in the case of an individual or trust, $50,000 in a single taxable year or, in other cases, various higher thresholds. U.S. Holders that recognize losses on the sale of Shares should consult their tax advisors. A U.S. Holder tendering ADSs for U.S. dollars will have no foreign currency gain or loss.

**Reporting and Withholding**

Payments of proceeds from a sale of Shares pursuant to the Offer may be reported to the U.S. Internal Revenue Service unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting if the holder fails to provide an accurate taxpayer identification number. A holder can claim a credit against its U.S. federal income tax liability for the amount of any tax withheld and a refund of any excess amount, provided that the required information is provided to the U.S. Internal Revenue Service.

Certain U.S. Holders are required to report to the U.S. Internal Revenue Service information with respect to their investment in Shares not held through an account with a U.S. financial institution. U.S. Holders should consult their tax advisers about this and any other reporting and disclosure obligations that may apply to them.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE RELEVANT TO A PARTICULAR HOLDER. EACH HOLDER SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE PARTICULAR TAX CONSEQUENCES TO IT AS A RESULT OF THE OFFER, INCLUDING THE APPLICABILITY AND EFFECT OF ANY LOCAL, STATE AND FOREIGN TAX LAWS.**

## 11. PRESS RELEASES

### 11.1 Press release TNT Express dated 17 February 2012

**TNT EXPRESS N.V. RECEIVED UNSOLICITED OFFER**

Amsterdam, 17 February 2012 **-** TNT Express N.V. announces that it has received an unsolicited non-binding and conditional proposal from United Parcel Service, Inc. (UPS) for the acquisition of the whole of the issued capital of TNT Express at an indicative price of EUR 9 per ordinary share.

The TNT Express N.V. Supervisory and Executive Boards have carefully considered the indicative proposal and explored its rationale, merits and risks for shareholders and all other stakeholders.

The TNT Express N.V. boards have rejected the proposal. They have informed UPS accordingly but continue to be in discussions

### 11.2 Press release UPS dated 17 February 2012

**UPS CONFIRMS TALKS WITH TNT EXPRESS**

ATLANTA, 17, February, 2012

In response to the announcement from TNT Express NV ("TNT"), UPS confirms that, on 11 February, 2012, following discussions with TNT, it made a revised, increased and comprehensive proposal to acquire the entire issued share capital of TNT for EUR 9 per share in cash. Discussions between the parties concerning this proposal are ongoing, although there is currently no certainty that any agreement will be reached. Further details will be provided when appropriate.

This is an announcement as referred to in article 5, paragraph 2 of the Decree on Public Takeover Offers (*Besluit openbare biedingen Wft*).

UPS (NYSE:UPS) is a global leader in logistics, offering a broad range of solutions including the transportation of packages and freight; the facilitation of international trade, and the deployment of advanced technology to more efficiently manage the world of business. Headquartered in Atlanta, UPS serves more than 220 countries and territories worldwide. The company can be found on the Web at UPS.com and its corporate blog can be found at blog.ups.com. To get UPS news direct, visit pressroom.ups.com/RSS.

Except for historical information contained herein, the statements made in this release constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements, including statements regarding the intent, belief or current expectations of UPS and its management regarding the company's strategic directions, prospects and future results, involve certain risks and uncertainties. Certain factors may cause actual results to differ materially from those contained in the forward-looking statements, including economic and other conditions in the markets in which we operate, our competitive environment, increased security requirements, strikes, work stoppages and slowdowns, changes in energy prices, governmental regulations and other risks discussed in the company's Form 10-K and other filings with the Securities and Exchange Commission, which discussions are incorporated herein by reference.

**11.3 Press release UPS dated 16 March 2012**

**UPDATE ON DISCUSSIONS BETWEEN UPS AND TNT EXPRESS**

Atlanta, March 16, 2012 - United Parcel Service, Inc. (NYSE: UPS) remains in constructive discussions with TNT Express N.V. regarding a potential transaction to acquire the entire issued share capital of TNT Express. In line with regulatory requirements, UPS expresses it still has the intention to submit a request for approval of its offer document to The Netherlands Authority for the Financial Markets (AFM) within 12 weeks from its initial announcement of February 17, 2012.

Further announcements will be made as appropriate.

This is an announcement as referred to in article 7 paragraph 1 sub a of the Decree on Public Takeover Offers (*Besluit openbare biedingen Wft*).

**About UPS**

UPS (NYSE:UPS) is a global leader in logistics, offering a broad range of solutions including the transportation of packages and freight, the facilitation of international trade, and the deployment of advanced technology to manage the world of business more efficiently. Headquartered in Atlanta, UPS serves more than 220 countries and territories worldwide. The company can be found on the Web at UPS.com and its corporate blog can be found at blog.UPS.com. To receive UPS news direct, visit pressroom.UPS.com/RSS.

**11.4 Joint press release UPS and TNT dated 19 March 2012**

*This is a joint press release by United Parcel Service, Inc. and TNT Express N.V., pursuant to the provisions of Section 4 Paragraph 3 and Section 6 Paragraph 1 of the Decree on Public Takeover Bids (Besluit Openbare Biedingen Wft) in connection with the intended public offer by United Parcel Service, Inc. or a wholly owned subsidiary of United Parcel Service, Inc. for all the issued and outstanding ordinary shares in the capital of TNT Express N.V. This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in TNT Express N.V. Any offer will be made only by means of an offer memorandum. This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, Australia, Canada or Japan.*

**UNITED PARCEL SERVICE AND TNT EXPRESS TO CREATE A GLOBAL LEADER**

**IN THE LOGISTICS INDUSTRY**

***United Parcel Service and TNT Express Reach Agreement on Recommended All-Cash Public Offer of EUR 9.50 per Ordinary TNT Express Share***

**Transaction Highlights**

- United Parcel Service, Inc. ("UPS") and TNT Express N.V. ("TNT Express") have reached agreement on a recommended all-cash offer of EUR 9.50 per ordinary share for TNT Express, representing a premium of 53.7% to the unaffected share price of TNT Express of EUR 6.18 on February 16, 2012, the day before TNT Express and UPS announced their on-going discussions
- The transaction values TNT Express at approximately EUR 5.16 billion ($6.77 billion[(3)])
- The Executive and Supervisory Boards of TNT Express unanimously intend to support and recommend the offer

**Compelling Strategic Rationale with Significant Benefits for All Stakeholders**

- The transaction will create a global leader in the logistics industry with more than EUR 45 billion ($60 billion(1)) in annual revenues and an enhanced, integrated global network
- The complementary strengths of both organizations will create a customer-focused global platform that will be a leader in transportation technology and customer service
- The combination underlines UPS's long-standing commitment to Europe by expanding its express capabilities in Europe
- The integration of TNT Express' leading intra-Europe road freight network will expand UPS's logistics solutions in Europe
- TNT Express customers will benefit from UPS's unparalleled access to the North American market, as well as access to its logistics solutions, such as global freight forwarding and distribution capabilities
- The combination deepens UPS's existing position in fast-growing regions such as Asia-Pacific and Latin America
- The proposed transaction will create additional value for UPS's shareholders by accelerating UPS's international growth, further connecting the world
- UPS estimates that the transaction will deliver an annual run rate of approximately EUR 400 to EUR 550 million ($525 to $725 million([3])) of pre-tax cost synergies achieved by the end of year four after closing
- The transaction is expected to be EPS accretive([4] in year one
- Upon completion of the integration, UPS expects to generate returns in line with its existing target ROIC
- The combination of the two businesses benefits from a strong cultural fit as both entities have strong management teams that focus on customer service, operational excellence and good corporate citizenship
- The combined business will offer employees enhanced career opportunities

**Atlanta, GA / Hoofddorp, March 19, 2012 – United Parcel Service, Inc. (NYSE: UPS) and TNT Express N.V. (NYSE Euronext: TNTE) today jointly announce that they have reached agreement on a recommended all-cash public offer of EUR 9.50 per ordinary share by UPS for TNT Express (the "Offer"). TNT Express' Executive and Supervisory Boards unanimously intend to support and recommend the Offer.**

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3 Assuming FX spot rate as of 3-16-2012 of EUR / USD 1.3116 (Source: ECB)

4 On an as adjusted basis – expected to be accretive inclusive of net synergies

The offer price of EUR 9.50 (including any dividend or other distribution other than the financial year 2011 final dividend payment not exceeding EUR 0.004 per share, which has been paid on 7 May 2012) represents a 53.7% premium to TNT Express' unaffected share price on February 16, 2012 of EUR 6.18, the day before TNT Express and UPS announced their ongoing discussions. The Offer values the issued and outstanding share capital of TNT Express at EUR 5.16 billion ($6.77 billion[3]).

The combination of UPS and TNT Express will create a global leader in the logistics industry, with annual revenues of more than EUR 45 billion ($60 billion[3]) and will deliver significant benefits for the shareowners, customers, employees and other stakeholders of both companies.

Together, UPS and TNT Express will offer customers an enhanced, integrated global network that will provide greatly enhanced service to customers throughout the world. In addition, the two companies are a strong cultural fit given their intense focus on customer service, operational excellence, employee engagement and good corporate citizenship.

The proposed transaction will accelerate UPS's growth strategy and increase its geographic diversity and ability to provide customers comprehensive solutions. UPS currently estimates annual run-rate pre-tax cost synergies of approximately EUR 400 to EUR 550 million ($525 to $725 million[3]) a year, achieved by the end of the fourth year after closing. UPS believes that the cumulative pre-tax implementation costs related to achieving these synergies will be approximately EUR 1 billion ($1.31 billion[3]) over the four-year integration period.

UPS and TNT Express believe this transaction will significantly enhance their ability to serve their customers' complex global logistics needs. Following the transaction, around 36% of the combined group's revenues will be generated outside the United States, up from 26% today at UPS. The combination underlines UPS's long-standing commitment to Europe, where it has maintained a presence since 1976, by strengthening its product capabilities through the addition of TNT Express' leading Intra-Europe road freight network. The combination also enhances UPS's existing position in fast growing regions such as Asia-Pacific and Latin America.

Service lies at the heart of this proposed transaction. With a combined network and enhanced IT platforms, customers will have access to deeper product capabilities and broader reach through the expanded geographies served, giving them more choice and flexibility to support the growth and globalization of their businesses. The combination also will offer employees greater opportunities to be part of a global, growing and respected business.

"With this combination, both UPS and TNT Express will significantly enhance their ability to serve our combined customers' complex global logistics needs. The additional capabilities and broadened global footprint will support the growth and globalization of our customers' businesses. At the same time, this positions us for future growth, which will benefit our employees and shareowners," said Scott Davis, UPS Chairman and CEO.

"This combination will significantly enhance the capabilities of two strong companies. I am convinced that together we will be the supplier and employer of choice in the express delivery industry. Our customers will greatly benefit from our enhanced combined service offerings. To my 77,000 colleagues I say that the combination will create unique opportunities for development and growth in which we can participate," said Marie-Christine Lombard, TNT Express CEO.

**Unanimous Support from Executive and Supervisory Boards of TNT Express**

After careful consideration of all of TNT Express' strategic alternatives, the Executive and Supervisory Boards of TNT Express believe this transaction is in the best interests of the company and its stakeholders and intend to support and unanimously recommend the Offer for acceptance to TNT Express' shareholders. Goldman Sachs International has issued a fairness opinion to the Supervisory and Executive Boards of TNT Express and Lazard B.V. has issued a fairness opinion to the Supervisory Board, in each case to the effect that, as of today, the offer price is fair to the TNT Express shareholders from a financial point of view.

**Irrevocable from PostNL**

PostNL N.V., holder of approximately 29.8% of the outstanding shares of TNT Express, has committed itself to tender its shares under the offer if and when made. The irrevocable contains certain customary undertakings and conditions.

**Corporate Governance and Integration**

UPS recognizes that TNT Express' employees will play a pivotal role in the success of the combined entity and they will be treated accordingly. All employee rights, covenants, and benefits under current ownership will be respected. As a result of the proposed transaction, the employees of the combined group will have broader career opportunities based on our future growth expectations.

UPS has a long-standing history of developing people through its promotion from within philosophy, giving employees the opportunity to hold positions at the highest levels of the company. Additionally, UPS and TNT Express share a common business culture and believe that a combination of the businesses will prove attractive to employees. Throughout integration, the selection and appointment of staff for any function within the newly combined entity, will be subject to applicable laws, and be based on the "best person for the job" principle. In case of potential consequences for employees of the combination, the principle of fairness will be applied as to the impact of redundancies on TNT Express and UPS staff.

UPS spent considerable time evaluating potential integration opportunities as it evaluated this transaction. In the coming months, UPS and TNT Express will work together through the establishment of an Integration Committee to develop plans to combine both companies' strong networks and customer relationships while maintaining the same level of quality and service associated with both companies. UPS is committed to maintaining an ongoing dialogue with, and to closely involve, employee representatives in line with legal requirements and UPS and TNT Express' leading employment practices.

UPS recognizes the expertise of TNT Express' leading road freight network in Europe. It also appreciates the leading role that the road freight management will occupy in the combined group. UPS undertakes to create a meaningful center of excellence for marketing, sales, and operations in The Netherlands. UPS recognizes the significant value of TNT Express' operations, assets and people in Liège and will seek to continue the future utilization of these operations, assets and people within the combined group.

TNT Nederland B.V. will maintain the mitigated structure regime. After successful completion of the Offer, the Supervisory Board of TNT Express will be composed of at least three members identified by UPS and two members of the current Supervisory Board of TNT Express, namely Shemaya Levy and Margot Scheltema. These two members will function as independent Supervisory Directors within the meaning of the Dutch Corporate Governance Code and shall continue to serve on the Supervisory Board until the third anniversary of the settlement date.

**Financing of the Offer**

The Offer values 100% of the issued and outstanding share capital at EUR 5.16 billion. UPS intends to finance the Offer by utilizing $3 billion in existing cash on balance sheet and through new debt arrangements. UPS will make a timely certain funds announcement as required by Section 7 Paragraph 4 of the Decree on Public Takeover Bids (*Besluit Openbare Biedingen Wft*). UPS has a strong financial position and remains committed to maintaining a strong balance sheet.

**Pre-Offer and Offer Conditions**

The commencement of the Offer is subject to the satisfaction or waiver of the following pre-offer conditions: (i) no material adverse effect having occurred, (ii) no breach of the merger protocol having occurred, (iii) approval of the offer memorandum by the AFM, (iv) no revocation of the recommendation by TNT Express' Executive Board and Supervisory Board, (v) Stichting Continuïteit TNT Express not having exercised its call option right to have protective preference shares issued to it, (vi) no notification having been received from the AFM that preparations of the offer are in breach of the offer rules and (vii) no order, stay judgment or decree having been issued prohibiting the transaction.

If and when made, the consummation of the Offer will be subject to the satisfaction or waiver of the following offer conditions: (i) a minimum acceptance of 80% of the TNT Express ordinary shares on a fully diluted basis, (ii) relevant competition clearances for the Offer having been obtained, (iii) no material adverse effect having occurred, (iv) no breach of the merger protocol having occurred, (v) no revocation of the recommendations by TNT Express' Executive Board and Supervisory Board (vi) Stichting Continuïteit TNT Express not having exercised its call option right to have protective preference shares issued to it and having agreed to terminate its call option subject to the Offer being declared unconditional, (vii) no notification having been received from the AFM that preparations of the Offer are in breach of the offer rules and (viii) no order, stay judgment or decree having been issued prohibiting the transaction.

UPS and TNT Express have done extensive preparatory work on the required competition filings. UPS is confident that it will secure all relevant competition approvals.

On termination of the Merger Protocol because of the competition offer condition not being satisfied or waived, UPS will forfeit a termination fee to TNT Express equal to EUR 200 million.

**Competing Offer**

UPS and TNT Express may terminate the merger protocol in the event that a bona fide third-party offeror makes an offer which is binding upon such party, exceeds the Offer Price by at least 8% and is considered by the Executive and Supervisory board of TNT Express to be substantially more beneficial to TNT Express. In the event of a competing offer, UPS will be given the opportunity to match such offer, in which case the merger protocol may not be terminated by TNT Express. TNT Express has entered into customary undertakings not to solicit offers from third parties.

On termination of the Merger Protocol on account of a competing offer, TNT Express will forfeit a termination fee to UPS equal to EUR 50 million.

**Indicative Timetable**

UPS and TNT Express will seek to obtain all the necessary approvals and competition clearances as soon as practicable. The required advice and consultation procedures with TNT Express' Central Works Council, European Works Council and unions will be commenced immediately. The cooperation of TNT Express is conditional upon Central Works Council advice.

It is UPS's intention to submit a request for approval of its offer document to the AFM within 8 weeks from today and to publish the offer memorandum during Q2 2012 in accordance with the applicable statutory timetable. TNT Express will hold an informative Extraordinary General Meeting (EGM) at least 6 business days before closing of the offer period in accordance with Section 18 Paragraph 1 of the Decree.

**Advisors**

Morgan Stanley, UBS and Bank of America Merrill Lynch are acting as financial advisors to UPS; Goldman Sachs is acting as financial advisor to TNT Express and Lazard is acting as financial advisor to the Supervisory Board of TNT Express.

Freshfields Bruckhaus Deringer is acting as legal counsel to UPS; Allen & Overy is acting as legal counsel to TNT Express.

**Communication**

Today at 10h00 CET, a joint press conference will take place for accredited representatives of the media at the Amsterdam Hilton Hotel, Diamond Room, Apollolaan 138, Amsterdam, The Netherlands.

There will be a webcast of the press conference available at http://www.pressroom.ups.com. For those wishing to listen in, dial in details are provided below:

- From The Netherlands: +31 (0)20 716 83 97 (no PIN required)
- From the UK: +44(0)20 3043 2442
- From the US: +1 914 885 0780

- And enter PIN code 479942#

Today at 13h30 CET (08h30 EST), an analyst and investor call will be held.

Investors and analysts who wish to ask a question should join the call using the following telephone number

- +1 612 332 0226 (USA) (no pin required)

Listeners only, should join the conference via live webcast where slides will also be available. The webcast registration will be located on the UPS Investor Relations home page beginning at 12h45 CET (07h45 EST). http://www.investors.ups.com

Replay of the conference call will be available after the call on the companies' websites.

**Further Information**

The information in this press release is not intended to be complete and for further information explicit reference is made to the offer memorandum, which is expected to be published during Q2 2012. The offer memorandum will contain details of the Offer. The TNT Express' shareholders are advised to review the offer memorandum in detail and to seek independent advice where appropriate in order to reach a reasoned judgment in respect of the content of the offer memorandum and the Offer itself.

**For More Information**

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**About UPS**

United Parcel Service (NYSE:UPS) is a global leader in logistics, offering a broad range of solutions including the transportation of packages and freight, the facilitation of international trade, and the deployment of advanced technology to manage the world of business more efficiently. Headquartered in Atlanta, UPS serves more than 220 countries and territories worldwide. The company can be found on the Web at UPS.com and its corporate blog can be found at blog.UPS.com. To receive UPS news direct, visit pressroom.UPS.com/RSS.

**About TNT Express**

TNT Express (NYSE Euronext: TNTE) is one of the world's largest express delivery companies. On a daily basis, TNT Express delivers close to 1 million consignments ranging from documents and parcels to palletized freight. The company operates road and air transportation networks in Europe, the Middle East and Africa, Asia-Pacific and the Americas. It employs 77,000 people and runs a fleet of 30,000 road vehicles and 46 aircraft. TNT Express had revenues of EUR 7.25 billion ($9.51 billion[(1)]) in 2011.

**Restrictions**

This announcement is for information purposes only and does not constitute an offer or an invitation to acquire or dispose of any securities or investment advice or an inducement to enter into investment activity. This announcement does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire the securities of UPS or TNT Express in any jurisdiction.

The distribution of this press release may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. To the fullest extent permitted by applicable law, UPS and TNT Express disclaim any responsibility or liability for the violation of any such restrictions by any person. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. Neither UPS, nor TNT Express, nor any of their advisors assumes any responsibility for any violation by any person of any of these restrictions. Any TNT Express shareholder who is in any doubt as to his position should consult an appropriate professional advisor without delay. This announcement is not to be published or distributed in or to Australia, Canada or Japan.

**Notice to US holders of TNT Express Shares**

The Offer will be made for the securities of a Dutch company and is subject to Dutch disclosure requirements, which are different from those of the United States. Some of the financial information included in this announcement has been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offer will be made in the United States pursuant to the applicable US tender offer rules and otherwise in accordance with the requirements of the Decree. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, that are different from those applicable under US domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a US holder of TNT Express shares may be a taxable transaction for US federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of TNT Express shares is urged to consult his independent professional advisor immediately regarding the tax consequences of acceptance of the offer.

It may be difficult for US holders of TNT Express shares to enforce their rights and claims arising out of the US federal securities laws, since TNT Express is located in a country other than the United States, and some or all of its officers and directors may be residents of a country other than the United States. US holders of TNT Express shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court’s judgment.

In accordance with normal Dutch practice and pursuant to Rule 14e-5(b) of the US Exchange Act, UPS or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, TNT Express shares outside of the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in The Netherlands, will be reported to The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) and disclosed in the offer memorandum or by press release.

**Forward Looking Statements**

This press release may include “forward-looking statements” and language indicating trends, such as “anticipated” and “expected.” Although UPS and TNT Express believe that the assumptions upon which their respective financial information and their respective forward-looking statements are based are reasonable, they can give no assurance that these assumptions will prove to be correct. Neither UPS nor TNT Express, nor any of their advisors accepts any responsibility for any financial information contained in this press release relating to the business or operations or results or financial condition of the other or their respective groups.

## 11.5 Press release UPS dated 11 May 2012

**FINANCING FOR UPS OFFER TO TNT EXPRESS IN PLACE**

***Draft "Offer Memorandum" to be Submitted to AFM Later Today***

ATLANTA, May 11, 2012 – UPS (NYSE:UPS) today announced it has the necessary financing in place for its intended recommended public offer for TNT Express N.V. (NYSE Euronext:TNTE).

On March 19, 2012, UPS and TNT Express jointly announced conditional agreement on a recommended all-cash offer of €9.50 per ordinary share for TNT Express (the "Offer").

The Offer values 100% of the issued and outstanding TNT Express ordinary shares at approximately €5.16 billion. UPS will finance the Offer by using approximately €3.7 billion of available cash on its balance sheet and approximately €1.46 billion in debt through existing credit facilities.

In line with regulatory requirements, UPS will submit a request for approval of its Offer Memorandum to the Netherlands Authority for the Financial markets later today. The Offer Memorandum is expected to be published and the Offer is expected to commence during the second quarter in accordance with the applicable timetable.

**For more information**

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*This is a press release by United Parcel Service, Inc., pursuant to the provisions of Section 7 Paragraph 4 of the Decree on Public Takeover Bids (Besluit Openbare Biedingen Wft) in connection with the intended public offer by United Parcel Service, Inc. or a wholly owned subsidiary of United Parcel Service, Inc. for all the issued and outstanding ordinary shares in the capital of TNT Express N.V. This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in TNT Express N.V. Any offer will be made only by means of an offer memorandum. This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, Australia, Canada or Japan.*

**Restrictions**

This announcement is for information purposes only and does not constitute an offer or an invitation to acquire or dispose of any securities or investment advice or an inducement to enter into investment activity. This announcement does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire the securities of UPS or TNT Express in any jurisdiction.

The distribution of this press release may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. To the fullest extent permitted by applicable law, UPS and TNT Express disclaim any responsibility or liability for the violation of any such restrictions by any person. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. Neither UPS, nor TNT Express, nor any of their advisors assumes any responsibility for any violation by any person of any of these restrictions. Any TNT Express shareholder who is in any doubt as to his position should consult an appropriate professional advisor without delay. This announcement is not to be published or distributed in or to Australia, Canada or Japan.

**Notice to US holders of TNT Express Shares**

The Offer will be made for the securities of a Dutch company and is subject to Dutch disclosure requirements, which are different from those of the United States. Some of the financial information included in this announcement has been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offer will be made in the United States pursuant to the applicable US tender offer rules and otherwise in accordance with the requirements of the Decree. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, that are different from those applicable under US domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a US holder of TNT Express shares may be a taxable transaction for US federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of TNT Express shares is urged to consult his independent professional advisor immediately regarding the tax consequences of acceptance of the offer.

It may be difficult for US holders of TNT Express shares to enforce their rights and claims arising out of the US federal securities laws, since TNT Express is located in a country other than the United States, and some or all of its officers and directors may be residents of a country other than the United States. US holders of TNT Express shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

In accordance with normal Dutch practice and pursuant to Rule 14e-5(b) of the US Exchange Act, UPS or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, TNT Express shares outside of the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. To the extent required in The Netherlands, any information about such purchases will be reported to the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) and disclosed in the offer memorandum or by press release.

**Forward Looking Statements**

This press release may include "forward-looking statements" and language indicating trends, such as "anticipated" and "expected." Although UPS and TNT Express believe that the assumptions upon which their respective financial information and their respective forward-looking statements are based are reasonable, they can give no assurance that these assumptions will prove to be correct. Neither UPS nor TNT Express, nor any of their advisors accepts any responsibility for any financial information contained in this press release relating to the business or operations or results or financial condition of the other or their respective groups.

## 12. DUTCH LANGUAGE SUMMARY

*Dit Hoofdstuk 12 is de Nederlandse samenvatting van het Biedingsbericht dat is uitgegeven ter zake van het openbaar bod dat door de Bieder is uitgebracht op alle Aandelen in het geplaatste kapitaal van TNT Express met inachtneming van de voorwaarden zoals beschreven in het Biedingsbericht.*

*De gedefinieerde termen in dit Hoofdstuk 12 van het Biedingsbericht hebben de betekenis die daaraan in Hoofdstuk 12.2. Deze Nederlandse samenvatting maakt deel uit van het Biedingsbericht, maar vervangt dit niet. Deze Nederlandse samenvatting is niet volledig en bevat niet alle informatie die voor de Aandeelhouders van belang is om zich een afgewogen oordeel te kunnen vormen omtrent het Bod.*

*Het lezen van deze Nederlandse samenvatting mag derhalve niet worden beschouwd als een alternatief voor het bestuderen van het volledige Biedingsbericht. Aandeelhouders wordt geadviseerd het volledige Biedingsbericht, inclusief alle documenten die door middel van verwijzing (incorporation by reference*) *zijn opgenomen in het Biedingsbericht, zorgvuldig door te lezen en zo nodig onafhankelijk advies in te winnen teneinde een afgewogen oordeel te kunnen vormen omtrent het Bod. Daarnaast zullen Aandeelhouders mogelijk hun belastingadviseur willen raadplegen met betrekking tot de fiscale gevolgen van het aanmelden van Aandelen onder het Bod.*

*Waar deze Nederlandse samenvatting afwijkt van de Engelse tekst van het Biedingsbericht, prevaleert de Engelse tekst.*

### 12.1 Belangrijke informatie

Het uitbrengen van het Bod, de verkrijgbaarstelling van het Biedingsbericht, inclusief deze Nederlandse samenvatting, en/of de verspreiding van enige andere informatie met betrekking tot het Bod, kunnen in bepaalde jurisdicties aan restricties onderhevig zijn. Zie Hoofdstukken 2 (*Restrictions*) en 3 (*Important Information*) van het Biedingsbericht. Het Bod wordt direct noch indirect gedaan in, en mag niet worden aanvaard door of namens Aandeelhouders vanuit een jurisdictie waarin het uitbrengen van het Bod of het aanvaarden daarvan niet in overeenstemming is met de in die jurisdictie geldende wet- en regelgeving. Het niet in acht nemen van deze restricties kan een overtreding van de effectenwet- en regelgeving van de desbetreffende jurisdictie opleveren. UPS, de Bieder en TNT Express en hun respectievelijke adviseurs aanvaarden geen enkele aansprakelijkheid ter zake van overtredingen van voornoemde restricties. Aandeelhouders dienen zo nodig onafhankelijk advies in te winnen omtrent hun positie dienaangaande.

De Bieder behoudt zich het recht voor om in het kader van het Bod de aanmelding van Aandelen te accepteren, zelfs indien dit niet gebeurt in overeenstemming met de bepalingen zoals uiteengezet in het Biedingsbericht.

De informatie opgenomen in de Hoofdstukken 1 tot en met 6 (met uitzondering van de informatie opgenomen in de Hoofdstukken 6.6, 6.8, 6.9, 6.16, 6.17 en 6.18) en Hoofdstukken 8, 10, 11 en 12 van het Biedingsbericht is uitsluitend door de Bieder verstrekt. De informatie opgenomen in de Hoofdstukken 6.6, 6.8, 6.17, 7, 13 en 14 van het Biedingsbericht is uitsluitend door TNT Express verstrekt. De informatie op het voorblad en bladzijden 2 en 3, en de informatie opgenomen in de Hoofdstukken 6.9, 6.16, 6.18 en 9 van het Biedingsbericht is door de Bieder en TNT Express gezamenlijk verstrekt.

Uitsluitend de Bieder en TNT Express zijn verantwoordelijk voor de juistheid en volledigheid van de informatie die in het Biedingsbericht is verstrekt, ieder afzonderlijk voor de informatie die door henzelf is verstrekt, en gezamenlijk voor de informatie die door hen gezamenlijk is verstrekt.

De Bieder en TNT Express verklaren ieder afzonderlijk ten aanzien van de informatie die door henzelf in het Biedingsbericht is verstrekt en gezamenlijk ten aanzien van de informatie die door hen gezamenlijk is verstrekt, dat de informatie in het Biedingsbericht voor zover hen redelijkerwijs bekend kan zijn, in overeenstemming is met de werkelijkheid en dat geen gegevens zijn weggelaten waarvan de vermelding de strekking van het Biedingsbericht zou wijzigen.

De informatie opgenomen in Hoofdstuk 13.6 en de accountansverklaring opgenomen in Hoofstuk 14 is verkregen door TNT Express van PWC, de accountant van TNT Express. TNT Express bevestigt dat deze informatie op accurate wijze is gereproduceerd en dat geen feiten zijn weggelaten die ervoor zouden zorgen dat de gepreproduceerde informatie niet accuraat of misleidend zou zijn.

Getallen in het Biedingsbericht kunnen naar boven of beneden zijn afgerond en dienen derhalve niet als exact te worden beschouwd.

## 12.2 Nederlandse definities

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| Aandeelhouder(s) | houder(s) van één of meer Aandelen; |
| Aandelen | Gewone Aandelen en ADSs; |
| Aangemelde Aandelen | elk Aandeel dat voorafgaand aan of op de Uiterste Dag van Aanmelding op juiste wijze is aangemeld (of op onjuiste wijze, indien de Bieder de Aanmelding desalniettemin heeft aanvaard) en geleverd onder het Bod; |
| Aanmelding | de aanmelding van Aandelen door de Aandeelhouders ter aanvaarding van het Bod; |
| Aanmeldingstermijn | de periode gedurende welke de Aandeelhouders hun Aandelen kunnen aanmelden bij de Bieder, beginnend op 22 juni 2012 om 09:00 uur, Amsterdamse tijd (03:00 uur, New Yorkse tijd), en eindigend op de Uiterste Dag van Aanmelding om 18:00 uur, Amsterdamse tijd (12:00 uur, New Yorkse tijd); |
| ADR(s) | American Depositary Receipt(s), die elk één ADR vertegenwoordigen; |

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| ADS(s) | American Depositary Share(s), die elk één Gewoon Aandeel vertegenwoordigen; |
| AFM | de Stichting Autoriteit Financiële Markten; |
| Amerikaans Betaal- en Wisselkantoor | Wells Fargo Bank N.A.; |
| Bieder | UPS BidCo B.V.; een besloten vennootschap met beperkte aansprakelijkheid, gevestigd te Eindhoven en kantoorhoudende te Luchthavenweg 57, 5657 EA Eindhoven, Nederland; |
| Biedingsbericht | het Biedingsbericht met betrekking tot het Bod; |
| Biedprijs | een bedrag van EUR 9,50 per Aangemeld Aandeel cum dividend (exclusief de 2011 Dividenduitkering); |
| Bob | Besluit Openbare Biedingen Wft; |
| Bod | het bod zoals in het Biedingsbericht beschreven; |
| Concurrerend Bod | een Potentieel Concurrerend Bod dat:<br><br>(a) is uitgebracht, of bindend is voor de biedende partij in de zin dat deze biedende partij (i) zich voorwaardelijk heeft verbonden om een Concurrend Bod binnen acht (8) weken uit te brengen en (ii) de intentie tot het uitbrengen van een Concurrerend Bod openbaar heeft gemaakt, met daarbij de voorgenomen pijs per Aandeel en de relevante voorwaarden in verband met het Concurrerend Bod en het uitbrengen daarvan;<br><br>(b) een biedprijs per Aandeel inhoudt, die de Biedprijs onder het Bod overstijgt met ten minste 8%. Voor zover het een bod betreft op de gehele of nagenoeg de gehele onderneming van de TNT Express Groep, zal de waardering van het bod per Aandeel worden gedaan op basis van de netto opbrengst te distribueren aan de Aandeelhouders als gevolg van een dergelijke transactie (gewaardeerd per de datum van de eerste handelsdag op Euronext na ondertekenen van de Fusieovereenkomst); en<br><br>(c) naar het oordeel van de Raden, na overleg met financiële en juridische adviseurs en handelend te goeder trouw met inachtneming van de geldende verplichtingen onder het Nederlands recht, substiantieel gunstiger is voor TNT Express en haar stakeholders, waarbij met name in acht zullen worden genomen de |

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| | identiteit en reputatie van een biedende partij, de door de aandeelhouder te ontvangen vergoeding, de mate van zekerheid van gestanddoening van het bod, de overige voorwaarden van het bod van de derde partij en de belangen van alle andere stakeholders van TNT Express; |
| Dag van Gestanddoening | heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.9.2; |
| Dag van Overdracht | de datum, die niet later zal zijn dan de vijfde (5de) Werkdag na de Dag van Gestanddoening, waarop, in overeenstemming met de bepalingen van het Bod, de Bieder de Biedprijs zal betalen aan Aandeelhouders voor elk Aangemeld Aandeel; |
| EU Mededingingsrechtelijke Goedkeuring | eerste fase of tweede fase mededingingsrechtelijke goedkeuring, of, indien relevant, goedkeuring van een EU lidstaat wanneer de zaak door de Europese Commissie verwezen wordt naar een nationale mededingingsautoriteit; |
| Euronext Amsterdam | de beurs van Euronext Amsterdam N.V. door NYSE Euronext, de gereguleerde markt van Euronext N.V.; |
| Fusieovereenkomst | de fusieovereenkomst tussen UPS en TNT Express zoals overeengekomen en ondertekend op 19 maart 2012; |
| Gecommitteerde Aandelen | heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.8.1(b); |
| Gewone Aandelen | alle geplaatste en uitstaande gewone aandelen in het kapitaal van TNT Express, elk met een nominale waarde van EUR 0,08; |
| Materieel Negatief Effect | elke verandering, gebeurtenis, aangelegenheid of omstandigheid (elk een ***Effect***) die individueel of in samenhang met andere Effecten die zich hebben voorgedaan tussen de datum van het Biedingsbericht en de Uiterste Dag van Aanmelding, die een materieel negatief effect heeft of redelijkerwijs kan hebben op de onderneming, activa, financieringsstructuur of financiële positie van TNT Express (als geheel tezamen met haar dochterondernemingen), dat van zodanige aard is dat van UPS redelijkerwijs niet kan worden verwacht dat zij het Bod gestand zal doen, met dien verstande dat, voor de vaststelling of sprake is of zal zijn van een Materieel Negatief Effect, alleen Effecten |

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| | zullen worden meegenomen die:<br><br>(i) de economieën waarin TNT Express Groep opereert, of de wereldeconomie in zijn geheel, materieel aantasten of redelijkerwijs materieel zullen aantasten;<br><br>(ii) het gevolg zijn van veranderingen die een materieel negatief effect hebben op de Europese economische omstandigheden of op de financiële, schuld, krediet of kapitaalmarkt omstandigheden; of<br><br>(iii) het gevolg zijn van de uitbraak of escalatie van een oorlog of ernstige vijandelijkheden of daden van terrorisme die leiden tot een materiële verstoring van de markt;<br><br>waarbij geldt dat elk Effect dat bekend is of bekend zou hebben moeten zijn bij UPS per de datum van het Biedingsbericht niet zal kwalificeren als een Materieel Negatief Effect; |
| Minimale Acceptatie Voorwaarde | heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.8.1(b); |
| Na-aanmeldingstermijn | een periode van niet meer dan twee (2) weken na afloop van de Aanmeldingstermijn gedurende welke Aandeelhouders die hun Aandelen nog niet hebben aangemeld onder het Bod de kans wordt gegeven dit alsnog te doen, op dezelfde wijze en onder dezelfde voorwaarden als opgenomen in het Biedingsbericht; |
| Omwissel- en Betaalkantoor | ING Bank N.V.; |
| Overige Mededingsrechtelijke Goedkeuringen | goedkeuring van de betreffende mededingingsautoriteiten in Australië, China, Israel, Rusland, Turkije en de Verenigde Staten met betrekking tot de voorgenomen transacties zoals omschreven in dit Biedingsbericht, ofwel het verstrijken van wettelijke of anderszins opgelegde wachtperiodes in de hiervoor genoemde landen; |
| Peildatum | 16 februari 2012, de laatste handelsdag voor de dag waarop UPS in een persbericht bevestigde in gesprek te zijn met TNT Express omtrent een mogelijk openbaar bod op de Aandelen; |

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| Peilkapitaal | heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.8.1(b); |
| Position Statement | de standpuntbepaling van TNT Express, die geen onderdeel uitmaakt van het Biedingsbericht; |
| PostNL | Post NL N.V. een naamloze vennootschap, gevestigd te ’s-Gravenhage, Nederland, en kantoorhoudende te prinses Beatrixlaan 23, 2595 AK ‘s-Gravenhage, Nederland; |
| Potentieel Concurrerend Bod | een ongevraagd potentieel door een bona fide derde partij uit te brengen bod, waarvan naar het redelijke oordeel van TNT Express (met inbegrip van de Raad van Commissarissen), na overleg met haar financiële en juridische adviseurs en na, onder andere, de hoogte en samenstelling van de biedprijs, de mate van zekerheid van financiering, de aan het bod verbonden voorwaarden, de integriteit van de onderneming en de positie van werknemers in overweging te hebben genomen, in redelijkheid kan worden verwacht dat dit zal kwalificeren als een Concurrerend Bod; |
| PWC | PricewaterhouseCoopers Accountants N.V.; |
| Raad van Bestuur | de raad van bestuur van TNT Express; |
| Raad van Commissarissen | de raad van commissarissen van TNT Express; |
| Raden | de Raad van Bestuur en de Raad van Commissarissen; |
| Toepasselijke Regelgeving | alle toepasselijke wet- en regelgeving, inclusief maar niet beperkt tot de toepasselijke bepalingen van en alle nadere regelgeving en beleidsregels die zijn vastgesteld of anderszins gelding hebben onder de Wft, het Bob, de beleidsregels en instructies van de AFM, de Wet op de ondernemingsraden, het SER-Besluit Fusiegedragsregels 2000, de regelgeving en beleidsregels van Euronext Amsterdam en het Burgerlijk Wetboek, de relevante regelgeving in andere relevante jurisdicties, waaronder alle relevante effecten-, medezeggenschaps- en mededingswetgeving; |
| TNT Express | TNT Express N.V., een naamloze vennootschap, gevestigd te Amsterdam, en kantoorhoudende te Taurusavenue 111, 2132 LS Hoofddorp, Nederland; |

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| TNT Express Aandeelhoudersvergadering | de informatieve aandeelhoudersvergadering van TNT Express, die zal worden gehouden ingevolge artikel 18, paragraaf 1 van het Bob ten minste 6 Werkdagen voor afloop van de Aanmeldingstermijn; |
| TNT Express Groep | TNT Express en de met haar verbonden groepsmaatschappijen; |
| Toegelaten Instellingen | de tot Euronext Amsterdam toegelaten instellingen; |
| Uiterste Dag van Aanmelding | de tijd en datum waarop het Bod afloopt, zijnde 18:00 uur, Amsterdamse tijd (12:00 uur, New Yorkse tijd), op 31 augustus 2012, tenzij de Aanmeldingstermijn is verlengd in overeenstemming met artikel 15 van het Bob, in welk geval de Uiterste Dag van Aanmelding zal zijn de dag waarop de verlengde Aanmeldingstermijn afloopt; |
| Uitkering | elk dividend of andere uitkering op de Aandelen (anders dan de 2011 Dividenduitkering); |
| UPS | United Parcel Service, Inc., een vennootschap opgericht naar het recht van de staat Delaware, en kantoorhoudende te 66 Glenlake Parkway, Atlanta, Georgia 30328, Verenigde Staten van Amerika; |
| UPS Groep | UPS en de met haar verbonden groepsmaatschappijen; |
| Voorwaarden | de opschortende voorwaarden met betrekking tot het Bod zoals uiteengezet in Hoofdstuk 12.8.1; |
| Werkdag(en) | een dag anders dan een zaterdag of zondag waarop banken in de Verenigde States en Nederland, ingevolge de Algemene Bank-CAO, Euronext Amsterdam en NYSE open zijn; |
| Wft | Wet op het financieel toezicht; en |
| 2011 Dividenduitkering | heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.6. |

## 12.3 Uitnodiging aan de Aandeelhouders

Onder verwijzing naar de verklaringen, voorwaarden en beperkingen zoals opgenomen in de Hoofdstukken 2 (*Restrictions*) en 3 (*Important Information*) van het Biedingsbericht worden Aandeelhouders uitgenodigd om hun Aandelen aan te bieden op de wijze en onder de voorwaarden zoals in het Biedingsbericht beschreven.

## 12.4 Het Bod

De Bieder brengt het Bod uit teneinde alle Aandelen te verwerven van de Aandeelhouders, onder de voorwaarden en conform de bepalingen en beperkingen zoals opgenomen in het Biedingsbericht.

Op voorwaarde dat het Bod gestand wordt gedaan, zullen de Aandeelhouders de Biedprijs per Aangemeld Aandeel ontvangen. Indien TNT Express tussen de datum van het Biedingsbericht en de Dag van Overdracht een Uitkering doet op de Aandelen, dan zal de Biedprijs worden verminderd met het bedrag van een dergelijke Uitkering.

De Biedprijs vertegenwoordigt:

- een premie van 53,7% ten opzichte van de slotkoers van de Aandelen op de Peildatum;
- een premie van 50,9% ten opzichte van de gemiddelde slotkoers van de Aandelen van EUR 12,78 gedurende een periode van één (1) maand eindigend op de Peildatum;
- een premie van 62,7% ten opzichte van de gemiddelde slotkoers van de Aandelen gedurende een periode van drie (3) maanden eindigend op de Peildatum;
- een premie van 64,7% ten opzichte van de gemiddelde slotkoers van de Aandelen gedurende een periode van zes (6) maanden eindigend op de Peildatum; en
- een premie van 50,0% ten opzichte van de gemiddelde slotkoers van de Aandelen sedert de eerste handelsdag op Euronext Amsterdam op 26 mei 2011 tot en met de Peildatum.[5]

Ter vergelijking, de gemiddelde premie betaald over de genormaliseerde aandelenkoers (slotkoers van het aandeel op de dag voor aankondiging van de transactie of materiële speculatie over een transactie, indien van topeassing) in het kader van een relevante selectie van *all cash* openbare biedingen op Nederlandse vennootschappen genoteerd aan Euronext Amsterdam met een *equity value* groter dan EUR 500 miljoen die bekend werden gemaakt en afgerond in de periode tussen 1 januari 2005 en de Peildatum, is 37,3%. De in dit kader relevante transacties zijn: Crucell / Johnson & Johnson, Océ / Canon, Smit Internationale / Boskalis, Corporate Express / Staples, Grolsch / SABMiller, Hagemeyer / Rexel, Getronics / KPN, Tele Atlas / TomTom, Univar / CVC, Numico / Danone, Stork / Candover – Landsbanki - Eyrir, Wegener / Mecom, Endemol / Cyrte – Mediaset – Goldman Sachs, Athlon Holding / De Lage Landen, VNU / Investor Group, AM / BAM Groep, Versatel / Tele 2 and P&O Nedlloyd / A.P. Møller - Mærsk.

Ter vergelijking, de gemiddelde ratio van de *enterprise value* over de laatstelijk gerapporteerde 12-maand EBITDA toegepast in het kader van een relevante selectie van transacties binnen hetzelfde businesssegment als TNT Express, is 8,6x. De in dit kader relevante transacties zijn: Trans-o-flex / Austrian Post, Target Express / City Link, Lynx / UPS, Blue Dart Express / Deutsche Post, Star Track / Australia Post, TDG Logistics / Norbert

[5] Gezien het feit dat de Aandelen op 26 mei 2011 voor het eerst tot de handel aan Euronext Amsterdam zijn toegelaten, is het niet mogelijk de premie te berekenen over het volledige jaar voorafgaand aan de Peildatum, zoals vereist door Annex B, artikel 1, sub 4.2 van de Bob.

Dentressangle, ABX Logistics / DSV Air and Sea, Geodis Logistics / SNCF Participations S.A., Salvesen / Norbert Dentressangle, TNT Express Freight Management / Geodis Logistics, Semblog / Toll, Exel / Deutsche Post, BAX / Deutsche Bahn, Overnite / UPS, Tibbett & Britten / Exel and Stinnes / DB Mobility Logistics.

## 12.5 Rationale voor het Bod

Door het samengaan van de ondernemingen van TNT Express en UPS zal op het gebied van logistieke diensten een wereldwijde speler ontstaan met een omzet van meer dan EUR 45 miljard. De gecombineerde onderneming onderstreept het reeds lang bestaande commitment van UPS ten opzichte van Europa en biedt klanten toegang tot betere service mogelijkheden.

Qua bedrijfscultuur passen TNT Express en UPS zeer goed bij elkaar, nu zij beide zeer gefocust zijn op service aan klanten, operationele uitmuntendheid, werknemersbetrokkenheid en maatschappelijk verantwoord ondernemen. UPS en TNT Express zijn ervan overtuigd dat de gecombineerde onderneming significant meer mogelijkheden zal bieden om te voldoen aan de complexe wereldwijde logistieke behoeftes van hun klanten.

Zie tevens Hoofdstuk 6.4 (*Rationale for the Offer*).

## 12.6 Biedprijs

Onder de voorwaarde dat het Bod gestand zal worden gedaan, zullen houders die hun Gewone Aandelen aanmelden onder het Bod een bedrag in contanten van EUR 9,50 per Aandeel ontvangen en houders die hun ADSs aanmelden onder het Bod een bedrag gelijk aan het equivalent van EUR 9,50 in US dollars ontvangen, zonder betaling van rente en onder aftrek van enige toepasselijke (bron)belasting, welke zal worden berekend door gebruik te maken van de locale handels wisselkoers van de US dollar tegen de euro op de datum waarop het Amerikaanse Betaal- en Wisselkantoor de middelen ontvangt om te betalen voor de ADSs bij de totstandbrenging van het Bod voor elk Aandeel dat op juiste wijze is aangemeld (of op onjuiste wijze, indien de Bieder de Aanmelding desalniettemin aanvaardt) en geleverd (de ***Biedprijs***).

De Biedprijs is cum dividend, met uitzondering van een dividenduitkering over het financiële jaar 2011 ten bedrage van EUR 0,004 per Aandeel die is uitgekeerd op 7 mei 2012 (de ***2011 Dividenduitkering***). Indien enige Uitkering op de Aandelen wordt vastgesteld door TNT Express (waarbij de *record date* die bepalend is voor gerechtigheid tot een dergelijke Uitkering gelegen is vóór de Dag van Overdracht), zal de Biedprijs worden verminderd met het volledige bedrag van een dergelijke Uitkering per Aandeel (vóór enige toepasselijke belastinginhouding).

Elke aanpassing van de Biedprijs ten gevolge van een Uitkering zal door middel van een persbericht kenbaar worden gemaakt.

## 12.7 Financiering van het Bod

Onder verwijzing naar artikel 7 lid 4 van het Bob heeft UPS op 11 mei 2012 aangekondigd over voldoende middelen te beschikken om het Bod te financieren.De Bieder zal het maximale bedrag van EUR 5,16 miljard dat voor het Bod benodigd is, financieren door gebruik te maken van ongeveer EUR 3,7 miljard aan cash op haar balans en ongeveer EUR 1,46 miljard aan schuld op basis van bestaande kredietfaciliteiten.

## 12.8 Voorwaarden, afstand en vervulling

12.8.1 Voorwaarden

Niettegenstaande de andere bepalingen in het Biedingsbericht, is de Bieder verplicht het Bod gestand te doen indien aan elk van de volgende Voorwaarden wordt voldaan, tenzij daarvan afstand wordt gedaan op of voor de Uiterste Dag van Aanmelding:

(a) dat EU Mededingingsrechtelijke Goedkeuring en de Overige Mededingsrechtelijke Goedkeuringen zijn verkregen;

(b) dat op de, al dan niet verlengde, Uiterste Dag van Aanmelding een zodanig aantal Aandelen ter aanvaarding wordt aangemeld dat dit, tezamen met (i) de Aandelen die rechtstreeks of indirect door de Bieder op de Uiterste Dag van Aanmelding worden gehouden, (ii) de Aandelen die zijn toegezegd aan UPS of een van haar groepsmaatschappijen, en (iii) de Aandelen waartoe de Bieder gerechtigd is (tezamen de ***Gecommitteerde Aandelen***), ten minste 80% vertegenwoordigt van het geplaatste en uitstaande aandelenkapitaal van TNT Express (met uitzondering van Aandelen die worden gehouden door de TNT Express zelf op de Uiterste Dag van Aanmelding) (het ***Peilkapitaal***) op basis van volledige verwatering op de Uiterste Dag van Aanmelding (de ***Minimale Acceptatie Voorwaarde***);

(c) dat zich geen Materieel Negatief Effect heeft voorgedaan;

(d) dat TNT Express geen inbreuk heeft gemaakt op enige bepaling uit de Fusieovereenkomst, voorzover deze inbreuk naar verwachting (i) redelijkerwijs materieel negatieve consequenties heeft of kan hebben voor TNT Express, UPS of het Bod en (ii) niet kan worden hersteld binnen tien (10) dagen na ontvangst door TNT Express van een schriftelijke aanmaning van UPS of niet is hersteld binnen tien (10) dagen na ontvangst door TNT Express van een schriftelijke aanmaning van UPS;

(e) dat UPS geen inbreuk heeft gemaakt op enige bepaling uit de Fusieovereenkomst, voorzover deze inbreuk naar verwachting (i) redelijkerwijs materieel negatieve consequenties heeft of kan hebben voor TNT Express of het Bod en (ii) niet kan worden hersteld binnen tien (10) dagen na ontvangst door UPS van een schriftelijke aanmaning van TNT Express of niet is hersteld binnen tien (10) dagen na ontvangst door UPS van een schriftelijke aanmaning van TNT Express;

(f) dat de aanbeveling van de Raden niet is ingetrokken, materieel gewijzigd of gekwalificeerd;

(g) dat de Stichting Continuïteit TNT Express haar optierecht om preferente aandelen aan haar uit te geven niet, geheel of gedeeltelijk, heeft uitgeoefend en, onder de opschortende voorwaarde van gestanddoening van het Bod, onvoorwaardelijk heeft ingestemd met de beëindiging van de optieovereenkomst tussen de Stichting Continuïteit TNT Express en TNT Express;

(h) dat op of voor de Dag van Gestanddoening, geen mededeling is ontvangen van de AFM, waarin wordt gesteld dat het Bod is gedaan in strijd met hoofdstuk 5.5 van de Wft en dat, ingevolge artikel 5:80, paragraaf 2 van de Wft, beleggingsondernemingen niet zouden mogen meewerken aan de uitvoering en voltooiing van het Bod; en

(i) dat geen vonnis of beschikking is uitgesproken en geen maatregel of onderzoek is bevolen, en van kracht is, door enige rechtbank, arbitraal college, regering, overheidsinstantie of andere toezichthoudende of administratieve instantie, of enig statuut, regel, wetgeving, overheidsaanwijzing of maatregel van toepassing is verklaard op het Bod welke het afronden van het Bod op enige wezenlijke wijze kan beperken of verbieden.

12.8.2 Afstand

(a) De Voorwaarden uiteengezet in Hoofdstukken 12.8.1(a), 12.8.1(b), 12.8.1(c), 12.8.1(d), 12.8.1(f) en 12.8.1(g) zijn uitsluitend opgenomen ten behoeve van de Bieder en hiervan mag, voor zover toegestaan op grond van de wet, te allen tijde afstand worden gedaan door de Bieder (geheel of gedeeltelijk), door middel van een schriftelijke verklaring aan TNT Express;

(b) De Bieder zal alleen gebruik maken van haar recht om afstand te doen van de Minimale Acceptatie Voorwaarde (zoals weergegeven in 12.8.1(b)) indien de Gecommitteerde Aandelen op de Uiterste Dag van Aanmelding minder vertegenwoordigen dan 80% maar meer dan 50%+1 van het Peilkapitaal;

(c) De Voorwaarde uiteengezet in Hoofdstuk 12.8.1(e) is uitsluitend opgenomen ten behoeve van TNT Express en hiervan mag, voor zover toegestaan op grond van de wet, te allen tijde (geheel of gedeeltelijk) afstand worden gedaan door TNT Express, door middel van een schriftelijke verklaring aan UPS;

(d) Van de Voorwaarden in Hoofdstukken 12.8.1(h) en 12.8.1(i) kan geen afstand worden gedaan.

12.8.3 Vervulling van Voorwaarden

De vervulling van elk van de Voorwaarden hangt niet af van de wil van de Bieder, overeenkomstig de in artikel 12, paragraaf 2 van het Bob opgenomen verbodsbepaling.

Zowel de Bieder als TNT Express zal zijn uiterste best doen om zo snel als redelijkerwijs mogelijk de vervulling van de Voorwaarden te bewerkstelligen. Wanneer op enig moment de Bieder of TNT Express kennis neemt van het feit dat een Voorwaarde is vervuld, zal de Bieder respectievelijk TNT Express daarvan onmiddellijk schriftelijk op de hoogte worden gesteld.

Ten aanzien van Voorwaarde 12.8.1(a) zal de Bieder zich inspannen om deze Voorwaarde zo snel als mogelijk in vervulling te doen gaan. Indien door een nationale of internationale autoriteit een vereiste mededingingsgoedkeuring of verklaring van geen bezwaar wordt gegeven onder bepaalde voorwaarden of verplichtingen, dan zal de Bieder, indien deze voorwaarden en/ of verplichtingen redelijkerwijs toereikend zijn voor de Bieder, die in dit verband redelijkerwijs zal handelen, deze voorwaarden en/of verplichtingen aanvaarden, met dien verstande dat de Bieder verplicht zal zijn om enige voorwaarde of verplichting die niet materieel is te aanvaarden. Bovendien zal de Bieder de Aanmeldingstermijn verlengen met een termijn die redelijkerwijs nodig is om Voorwaarde 12.8.1(a) te doen vervullen, en zal de Bieder, indien noodzakelijk, een ontheffing aan de AFM vragen om de Aanmeldingstermijn te mogen verlengen. De Bieder zal direct een nieuw openbaar bod op dezelfde voorwaarden als het Bod uitbrengen, indien op enig moment voor 28 februari 2013 (i) de AFM geen goedkeuring geeft voor de verlenging van de Aanmeldingstermijn als gevolg waarvan de Aanmeldingstermijn verloopt zonder dat het Bod gestand is gedaan en (ii) Voorwaarde 12.8.1(a) niet is vervuld of geen afstand is gedaan door de Bieder, maar nog geen (tweede fase) mededingingsrechtelijke goedkeuring van de Europese Commissie is verkregen.

Ten aanzien van Voorwaarde 12.8.1(c), zijn de Bieder en TNT Express een bindend advies procedure overeengekomen, voor het geval dat de Bieder meent dat de Voorwaarde niet is vervuld en TNT Express het daar niet mee eens is.

## 12.9 Aanmelding

### 12.9.1 Aanmeldingstermijn

De aanmeldingstermijn vangt aan om 09:00 uur, Amsterdamse tijd (03:00 uur, New Yorkse tijd), op 22 juni 2012 en eindigt op 31 augustus 2012 om 18:00 uur, Amsterdamse tijd (12:00 uur, New Yorkse tijd), tenzij de Aanmeldingstermijn wordt verlengd in overeenstemming met Hoofdstuk 12.9.3 (*Verlenging*).

Aandelen die reeds zijn aangemeld op of voorafgaande aan de Uiterste Dag van Aanmelding blijven onderworpen aan het Bod gedurende de verlenging van de Aanmeldingstermijn, behoudens het recht van een Aandeelhouder om de Aandelen die hij of zij reeds heeft aangemeld in te trekken in overeenstemming met artikel 15, paragraaf 3 van het Bob.

Indien aan alle Voorwaarden van het Bod is voldaan of, voor zover van toepassing, daarvan afstand is gedaan, zal de Bieder alle Aandelen aanvaarden die op geldige wijze zijn aangemeld (of op ongeldige wijze, indien de Bieder de Aanmelding desalniettemin heeft aanvaard) en niet zijn ingetrokken ingevolge artikel 15, paragraaf 3 van het Bob, met inachtneming van de procedures zoals uiteengezet in Hoofdstuk 12.10 (*Aanvaarding door Aandeelhouders*).

### 12.9.2 Gestanddoening

Het Bod wordt gedaan onder voorbehoud van de vervulling van de Voorwaarden zoals uiteengezet in Hoofdstuk 12.8. Van de Voorwaarden kan afstand worden gedaan, voor zover wettelijk toegestaan, zoals uiteengezet in Hoofdstuk 12.8. Indien de Bieder of TNT Express voornemens is afstand te doen van één of meerdere Voorwaarden in overeenstemming met het bepaalde in Hoofdstuk 12.8, zal de Bieder daarvan kennis geven aan de Aandeelhouders, zoals voorgeschreven door de Toepasselijke Regelgeving.

De Bieder zal niet later dan op de derde (3e) Werkdag na de Uiterste Dag van Aanmelding, zijnde de ***Dag van Gestanddoening***, vaststellen of aan de Voorwaarden is voldaan dan wel daarvan afstand wordt gedaan (voor zover wettelijk toegestaan als uiteengezet in Hoofdstuk 12.8. Bovendien zal de Bieder op de Dag van Gestanddoening een openbare mededeling doen inhoudende dat ofwel (i) het Bod gestand wordt gedaan, ofwel (ii) het Bod wordt verlengd in overeenstemming met artikel 15 van het Bob, ofwel (iii) het Bod wordt ingetrokken omdat niet is voldaan aan de Voorwaarden en daarvan geen afstand is gedaan, alles met inachtneming van artikel 16 van het Bob. Indien het Bod niet gestand wordt gedaan, zal de Bieder dit besluit motiveren.

Indien de Bieder aankondigt het Bod gestand te doen, zal de Bieder de aangemelde Aandelen accepteren tegen betaling van de Biedprijs en kan een Na-aanmeldingstermijn worden aangekondigd.

12.9.3 Verlenging

Indien en voor zover één of meer van de Voorwaarden als uiteengezet in Hoofdstuk 12.8 niet is vervuld op de Uiterste Dag van Aanmelding kan de Bieder in overeenstemming met artikel 15, paragraaf 1 en 2 van het Bob, de Aanmeldingstermijn verlengen voor een minimale periode van twee (2) weken en een maximale periode van tien (10) weken teneinde deze Voorwaarden in vervulling te doen gaan of daarvan afstand te doen. Verlenging van de Aanmeldingstermijn kan éénmalig (verlenging voor meer dan één periode is onder voorbehoud van goedkeuring van de AFM, welke alleen in uitzonderlijke omstandigheden gegeven zal worden). Ingeval van een dergelijke verlenging zullen alle verwijzingen in het Biedingsbericht naar 18:00 uur, Amsterdamse Tijd (12:00 uur, New Yorkse tijd) op de Uiterste Dag van Aanmelding, wijzigen naar de laatste datum en tijd van de verlengde Aanmeldingstermijn, tenzij uit de context anderszins blijkt.

Gedurende een verlenging van de Aanmeldingstermijn blijft elk Aandeel dat is aangemeld en niet is ingetrokken onderworpen aan het Bod, behoudens het recht van elke Aandeelhouder om de Aandelen die hij of zij reeds heeft aangemeld in te trekken.

12.9.4 Na-aanmeldingstermijn

Indien de Bieder aankondigt het Bod gestand te doen, zal de Bieder binnen drie (3) Werkdagen na de Dag van Gestanddoening een Na-aanmeldingstermijn aankondigen van maximaal twee (2) weken, gedurende welke Aandeelhouders alsnog Aandelen onder het Bod mogen aanmelden die nog niet zijn aangemeld.

Overdracht met betrekking tot de Aandelen die zijn aangemeld gedurende de Na-aanmeldingstermijn zal direct plaatsvinden, althans uiterlijk binnen tien (10) Werkdagen na het aflopen van de Na-aanmeldingstermijn.

De Bieder zal de resultaten van de Na-aanmeldingstermijn en het totale aantal en percentage van de door haar gehouden aandelen Aandelen uiterlijk op de derde Werkdag na afloop van de Na-aanmeldingstermijn publiekelijk mededelen, in overeenstemming met artikel 17, paragraaf 4 van het Bob. Overdracht van Aandelen die zijn aangemeld gedurende de Na-aanmeldingstermijn zal plaatsvinden binnen 5 Werkdagen na afloop van de Na-aanmeldingstermijn.

Gedurende de Na-aanmeldingstermijn hebben Aandeelhouders die hun Aandelen gedurende de Aanmeldingstermijn hebben aangemeld en welke Aandelen onder de voorwaarden en bepalingen van het Bod zijn geaccepteerd en Aandeelhouders die hun Aandelen hebben aangemeld gedurende de Na-aanmeldingstermijn, niet het recht om hun Aandelen in te trekken.

12.9.5 Overdracht

Indien de Bieder aankondigt het Bod gestand te doen, zullen Aandeelhouders die hun Aandelen hebben aangemeld en aan de Bieder hebben geleverd binnen vijf (5) Werkdagen volgend op de Dag van Gestanddoening (de ***Dag van Overdracht***), de Biedprijs ontvangen voor elk Aangemeld Aandeel.

**12.10 Aanvaarding door Aandeelhouders**

Aandeelhouders die hun Gewone Aandelen houden via een Toegelaten Instelling worden gevraagd om hun Aanmelding via hun bank of commissionair niet later dan op de Uiterste Dag van Aanmelding om 18:00 uur Amsterdamse tijd bekend te maken, tenzij de Aanmeldingstermijn is verlengd overeenkomstig Hoofdstuk 12.9.3 (*Verlenging*). De relevante bank of commissionair kan een eerdere deadline vaststellen voor Aanmelding door Aandeelhouders zodat deze bank of commissionair voldoende tijd heeft om de Aanmelding door te geven aan het Omwissel- en Betaalkantoor.

De desbetreffende Toegelaten Instellingen mogen de Aanmeldingen slechts indienen bij het Omwissel- en Betaalkantoor en alleen in schriftelijke vorm. Bij het indienen van de Aanmeldingen dient iedere Toegelaten Instelling te verklaren dat: (i) zij de aangemelde Gewone Aandelen in hun administratie hebben opgenomen; (ii) de betrokken Aandeelhouder onherroepelijk garandeert dat hij/zij zal voldoen aan alle restricties die worden genoemd in de Hoofdstukken 2 (*Restrictions*) en 3 (*Important Information*) van het Biedingsbericht; en (iii) zij zich verplicht om de aangemelde Gewone Aandelen te leveren aan de Bieder op de Dag van Overdracht, onder voorwaarde dat het Bod gestand is gedaan.

Aandeelhouders die individueel zijn geregistreerd in het aandeelhoudersregister van TNT Express en die hun Gewone Aandelen willen aanmelden onder het Bod, dienen een compleet en getekend aanmeldingsformulier te overhandigen aan het Omwissel- en Betaalkantoor in overeenstemming met de voorwaarden van het Bod, niet later dan op de Uiterste Dag van Aanmelding om 18:00 uur Amsterdamse tijd, tenzij de Aanmeldingstermijn is verlengd ingevolge Hoofdstuk 12.9.3 (*Verlenging*). De aanmeldingsformulieren zijn op verzoek verkrijgbaar bij het Omwissel- en Betaalkantoor. Het aanmeldingsformulier zal dienen als een akte van levering met betrekking tot de Gewone Aandelen waarnaar daarin verwezen wordt.

**12.11 Besluitvorming en aanbeveling van de Raad van Bestuur en de Raad van Commissarissen**

Zoals vermeld in het Position Statement hebben de Raad van Bestuur en de Raad van Commissarissen, na zorgvuldige afweging van de strategische, operationele, financiële en sociale aspecten van de voorgenomen transactie, en in overweging nemende andere beschikbare alternatieven (inclusief een stand alone scenario), geconcludeerd dat het Bod zoals uiteengezet in het Biedingsbericht in het beste belang is van TNT Express en haar stakeholders.

De Raad van Bestuur heeft gedurende het proces op regelmatige basis overleg gevoerd met de Raad van Commissarissen, waarbij de Raad van Commissarissen zeer betrokken is geweest van het begin tot het eind. De voorwaarden van het Bod, zoals opgenomen in de Fusieovereenkomst, zijn met voorafgaande toestemming van de Raad van Commissarissen overeengekomen tussen UPS en TNT.

De Raden zijn van oordeel dat de Biedprijs, alsmede de overige voorwaarden van het Bod, redelijk (*fair*) zijn jegens de Aandeelhouders vanuit financieel oogpunt. In dit verband wordt verwezen naar de fairness opinies.

Onder verwijzing naar het bovenstaande, ondersteunen de Raden unaniem het Bod en bevelen zij unaniem de Aandeelhouders aan om het Bod te aanvaarden en om op de TNT Express Aandeelhoudersvergadering, als bedoeld in Hoofdstuk 6.17 (*EGM*), vóór alle aldaar in verband met het Bod voor te stellen besluiten te stemmen.

## 12.12 Toezeggingen

PostNL, houdster van ongeveer 29.8% van de Aandelen, heeft onherroepelijk toegezegd de door haar gehouden Aandelen of nog te verkrijgen Aandelen voor de Uiterste Dag van Aanmelding aan te bieden onder de voorwaarden en bepalingen van het Bod, met dien verstande dat het PostNL is toegestaan om na 19 september 2012 (indien het Bod dan nog niet gestand is gedaan) tot maximaal 54.320.242 Aandelen (vertegenwoordigend ongeveer 10% van de Aandelen) te verkopen en leveren.

De onherroepelijke toezegging bevat gebruikelijke voorwaarden, waaronder de bepaling dat de onherroepelijke toezegging zal eindigen (ten gevolge waarvan PostNL niet gehouden is haar Aandelen aan te bieden of gerechtigd zal zijn de door haar gehouden Aandelen die reeds zijn aangemeld onder het Bod in te trekken) indien een Concurrerend Bod is gedaan, als gevolg waarvan de Raden hun aanbeveling hebben ingetrokken of aangepast.

De onherroepelijke toezegging eindigt tevens indien, onder andere, (i) het Bod wordt ingetrokken (ii) het Bod niet gestand wordt gedaan binnen drie (3) Werkdagen na afloop van de Aanmeldingstermijn (iii) het Bod niet gestand wordt gedaan voor 28 februari 2013 of (iv) PostNL redelijkerwijs van mening is verplicht te zijn (een gedeelte) van haar Aandelen aan te melden onder een ander openbaar bod op TNT Express op basis van de bepalingen van de *relationship agreement* van 7 april 2011 tussen TNT Express en PostNL.

Als en wanneer het Bod gestand wordt gedaan, zal PostNL een bedrag van ongeveer EUR 1,54 miljard in contanten ontvangen. Zoals op 19 maart 2012 is aangekondigd door PostNL, zal PostNL van de opbrengsten uit de verkoop van de Aandelen een bedrag van EUR 700 miljoen storten op een *escrow* rekening, welk bedrag zal worden aangewend voor het terugdringen van de schuldpositie van PostNL, hetgeen in lijn is met het financiële beleid van PostNL.

PostNL heeft geen informatie ontvangen ten aanzien van het Bod welke niet in het Biedingsbericht is opgenomen.

## 12.13 Aankondigingen

Iedere aankondiging met betrekking tot het Bod zal door middel van een persbericht worden uitgebracht. Onder voorbehoud van de wettelijke vereisten op grond van de Toepasselijke Regelgeving en zonder afbreuk te doen aan de manier waarop de Bieder een publieke aankondiging wenst te doen, zal op de Bieder geen enkele verplichting rusten om een publieke aankondiging te doen anders dan zoals hierboven uiteengezet.

## 12.14 Beoogd tijdschema

| **Verwachte datum en tijd** | **Gebeurtenis** |
|---|---|
| 09:00 uur Amsterdamse tijd (03:00 uur, New Yorkse tijd), 22 juni 2012 | Publicatie van het persbericht met betrekking tot de verkrijgbaarstelling van het Biedingsbericht en de aanvang van het Bod |
| 09:00 uur Amsterdamse tijd (03:00 uur, New Yorkse tijd), 22 juni 2012 | Aanvang van de Aanmeldingstermijn onder het Bod |
| 30 juli 2012 | Publicatie van de gereviewde geconsolideerde interim cijfers van TNT Express over de eerste 6 maanden van 2012, eindigend op 30 juni 2012 |
| 14:00 uur Amsterdamse tijd (08:00 uur, New Yorkse tijd), 6 augustus 2012 | TNT Express Aandeelhoudersvergadering, op welke vergadering onder andere het Bod zal worden besproken |
| 18:00 uur Amsterdamse tijd (12:00 uur, New Yorkse tijd), 31 augustus 2012 | Uiterste Dag van Aanmelding:<br><br>Uiterste datum waarop Aandeelhouders hun Aandelen kunnen aanmelden, tenzij de termijn wordt verlengd in overeenstemming met artikel 15 van het Bob |
| Uiterlijk drie Werkdagen na de Uiterste Dag van Aanmelding | Dag van Gestanddoening<br><br>De dag waarop de Bieder zal aankondigen of het Bod al dan niet gestand wordt gedaan in overeenstemming met artikel 16 van het Bob |
| Uiterlijk vijf (5) Werkdagen na de Dag van Gestanddoening | Dag van Overdracht<br><br>De dag waarop, overeenkomstig de voorwaarden van het Bod, de Bieder de Biedprijs zal betalen voor elk Aangemeld Aandeel |
| Uiterlijk drie (3) Werkdagen na de Dag van Gestanddoening | Na-aanmeldingstermijn<br><br>Indien het Bod gestand is gedaan, zal de Bieder een Na-aanmeldingstermijn aankondigen voor een periode van niet meer dan twee (2) weken in |

overeenstemming met artikel 17 van het Bob

# 13. SELECTED CONSOLIDATED FINANCIAL INFORMATION TNT EXPRESS

## 13.1 Preliminary note – Timing of publications half-year results 2012

Pursuant to an exemption granted by the AFM, TNT Express has not included a review report on financial information in respect of the first quarter of the Financial Year 2012 in this Offer Memorandum. However, under the terms of the exemption, TNT Express has included the unaudited and not-reviewed information for the first quarter of the Financial Year 2012 in Section 13.7 of this Offer Memorandum and will publish its reviewed results for the first half of the Financial Year 2012 by press release ultimately on 30 July 2012, prior to the date of the Shareholders' Meeting to be held on 6 August 2012. The review report in respect of the results for the first half of the Financial Year 2012 will also be made available on the website of TNT Express. Shareholders are advised to await TNT Express' reviewed results for the first half of the Financial Year 2012 before making their decision to tender their Shares under the Offer.

## 13.2 Introduction

TNT Express acquired the Express Business as a result of the Demerger from the former parent company TNT N.V. As at the date of the Demerger, all of the assets and liabilities directly related to the Express Business were transferred under universal title to TNT Express. Consequently no historic consolidated financial statements of TNT Express exist for the period before the Demerger.

TNT Express has incorporated the financial information of the Express Business in its consolidated financial statements from 1 January 2011 as stated in the demerger and merger proposals (in accordance with article 2:312 section 2 under f and article 2:334f section 2 under i of the Dutch Civil Code). Prior to the Demerger the financial information in respect of the Express Business is included in the individual financial information of the legal entities that constitute the Express Business. This affects the ability of an investor to make an informed assessment of the Express Business. As a consequence, TNT Express is to be treated as having a ''complex financial history'' as meant in Commission Regulation (EC) 211/2007. In order to support investors in their assessment of the Express business, Combined Financial Statements for the Financial Year 2009 and 2010 have been prepared that provide a comparable overview of the Express Business prior to the Demerger.

In determining the entities to be included in the Combined Financial Statements, management considered those entities that have been managed as part of the Express Business on an historical basis, or have been allocated to TNT Express in the demerger process. Following the internal restructuring that was finalised in December 2010, the legal entities comprising Express were held by TNT Express Holdco B.V., a company that was merged into TNT Express immediately after the Demerger. TNT Express Holdco B.V. did not own or control the Express Business prior to the internal restructuring completed in December 2010. Therefore, the Combined Financial Statements for the Financial Year 2009 and 2010 have not been prepared by consolidating the current ultimate parent TNT Express Holdco B.V. and its subsidiaries. Instead the Combined Financial Statements have been prepared by combining all individual subsidiaries into one reporting entity, TNT Express, in these years.

For purposes of the consolidated/combined financial statements in this section, 'TNT Express' refers to (i) TNT Express and its subsidiaries in relation to the period after the consummation of the Demerger and to (ii) the Express Business of the former parent TNT N.V. and its subsidiaries prior to the consummation of the Demerger. Pursuant to the Demerger, the Express Business transferred to TNT Express was, upon consummation of the Demerger, deemed to have been for the risk and account of TNT Express as of 1 January 2011.

Basis of preparation 2011

The 2011 consolidated financial statements of TNT Express have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). IFRS includes the application of International Financial Reporting Standards including International Accounting Standards (IAS), related Interpretations of the International Financial Reporting.

Interpretations Committee (IFRIC) and Interpretations of the Standing Interpretations Committee (SIC). The 2011 consolidated financial statements have been prepared under the historical cost convention except for financial instruments.

Basis of preparation 2010 and 2009

In preparing the 2009 and 2010 Combined Financial Statements, the financial information of the legal entities that constitute the Express Business were extracted from the reporting records on a legal entity basis. The accounting policies in the 2010 and 2009 Combined Financial Statements for TNT Express were consistent with the accounting policies applied in TNT N.V.'s 2010 consolidated financial statements, which comply with IFRS as adopted by the EU. As a result the Combined Financial Statements were based on predecessor values and included all entities that were within reporting entity scope of TNT Express.

The Combined Financial Statements were prepared on a 'carve-out' basis from the former parent TNT N.V. consolidated financial statements for the purposes of presenting the financial position, results of operations and cash flows of TNT Express on a stand-alone basis. The Combined Financial Statements of TNT Express reflect assets, liabilities, revenues and expenses directly attributable to TNT Express, including management fee allocations recognised on a historical basis in the accounting records of the former parent TNT N.V. on a legal entity basis. Although it is not possible to estimate the actual costs that would have been incurred if the services performed by the former parent TNT N.V. were purchased from independent third parties, the allocations were considered to be reasonable by management of TNT Express. However, the financial position, results of operations and cash flows of TNT Express were not necessarily representative or indicative of those that would have been achieved had TNT Express operated autonomously or as an entity independent from TNT N.V.

The 2010 and 2009 Combined Financial Statements form the basis for the preparation of the 2011 consolidated financial statements.

In accordance with the Decree, summaries of the consolidated/combined statement of financial position, consolidated/combined income statement, and consolidated/combined statement of cash flows for the Financial Year 2011, the Financial Year 2010, and the Financial Year 2009 have been prepared. This has been derived from:

- the consolidated financial statements for the Financial Year 2011 as audited by PWC, which issued an independent auditor's report thereon, without qualification, on 21 February 2012;- the Combined Financial Statements for the Financial Year 2010 as audited by PWC, which issued an independent auditor's report on the Express Business without qualification, on 11 April 2011; and

- the Combined Financial Statements for the Financial Year 2009 as audited by PWC, which issued an independent auditor's report on the Express Business without qualification, on 11 April 2011.

The paragraphs 13.3, 13.4, and 13.5 contain abbreviated overviews of the consolidated/combined statement of financial position, the consolidated/combined income statements, and the consolidated/combined cash flows only. For a better understanding of TNT Express' financial position and results, the abbreviated overviews should be read in conjunction with the unabbreviated audited financial statements for the Financial Year 2011, the Financial Year 2010, and the Financial Year 2009. A summary of the main accounting policies of the TNT Express consolidated financial statements for the Financial Year 2011 is outlined in Section 14.

## 13.3 Consolidated/combined statement of financial position relating to the Financial Year 2009, the Financial Year 2010 and the Financial Year 2011

**TNT Express**
**Selected financial information**

| Balance Sheet (€m) | consolidated 31 Dec 2011 | combined 31 Dec 2010 | combined 31 Dec 2009 |
|---|---|---|---|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | | | |
| Goodwill | 1,483 | 1,703 | 1,646 |
| Other intangible assets | 146 | 189 | 207 |
| Total | 1,629 | 1,892 | 1,853 |
| Property, plant and equipment | | | |
| Land and buildings | 485 | 453 | 452 |
| Plant and equipment | 241 | 245 | 213 |
| Aircraft | 50 | 259 | 280 |
| Other | 100 | 108 | 119 |
| Construction in progress | 23 | 24 | 13 |
| Total | 899 | 1,089 | 1,077 |
| Financial fixed assets | | | |
| Investments in associates | 20 | 42 | 58 |
| Other loans receivable | 3 | 3 | 3 |
| Deferred tax assets | 244 | 230 | 204 |
| Other financial fixed assets | 17 | 19 | 20 |
| Total | 284 | 294 | 285 |
| Pension assets | 34 | 6 | 4 |
| Total non-current assets | 2,846 | 3,281 | 3,219 |
| Current assets | | | |
| Inventory | 15 | 15 | 13 |
| Trade accounts receivable | 1,117 | 1,075 | 953 |
| Accounts receivable | 139 | 166 | 183 |
| Income tax receivable | 29 | 26 | 33 |
| Prepayments and accrued income | 159 | 157 | 130 |
| Cash and cash equivalents | 250 | 807 | 830 |
| Total current assets | 1,709 | 2,246 | 2,142 |
| Assets classified as held for disposal | 146 | 4 | 10 |
| Total assets | 4,701 | 5,531 | 5,371 |
| Liabilities and equity/net investment | | | |
| Equity/net investment | | | |
| Equity of entities contributed in kind | | 2,994 | 2,751 |
| Equity attributable to the equity holders of the parent | 2,806 | | |
| Non-controlling interests | 6 | 8 | 3 |
| Total equity/net investment | 2,812 | 3,002 | 2,754 |
| Non-current liabilities | | | |
| Deferred tax liabilities | 26 | 35 | 52 |
| Provisions for pension liabilities | 46 | 49 | 53 |
| Other provisions | 101 | 77 | 69 |
| Long-term debt | 219 | 301 | 348 |
| Accrued liabilities | 4 | 6 | 53 |
| Total non-current liabilities | 396 | 468 | 575 |
| Current liabilities | | | |
| Trade accounts payable | 435 | 414 | 316 |
| Other provisions | 88 | 91 | 84 |
| Other current liabilities | 309 | 845 | 984 |
| Income tax payable | 31 | 31 | 26 |
| Accrued current liabilities | 630 | 680 | 632 |
| Total current liabilities | 1,493 | 2,061 | 2,042 |
| Total liabilities and equity/net investment | 4,701 | 5,531 | 5,371 |

## 13.4 Consolidated/combined income statement relating to the Financial Year 2009, the Financial Year 2010 and the Financial Year 2011

**TNT Express**
**Selected financial information**

| Income statement (€m) | consolidated 2011 | combined 2010 | combined 2009 |
|---|---|---|---|
| Net Sales | 7,156 | 6,945 | 6,109 |
| Other Operating Revenue | 90 | 108 | 99 |
| Total Revenue: | 7,246 | 7,053 | 6,208 |
| Other income | 7 | 12 | - |
| Operating expenses: | | | |
| Work contracted out and other external expenses | (4,291) | (4,051) | (3,447) |
| Salaries and social security contributions | (2,238) | (2,190) | (2,007) |
| Depreciation, amortisation and impairments | (494) | (209) | (237) |
| Other | (335) | (435) | (456) |
| Total operating expenses | (7,358) | (6,885) | (6,147) |
| Operating income | (105) | 180 | 61 |
| Interest and similar income | 21 | 22 | 64 |
| Interest and similar expenses | (66) | (59) | (77) |
| Net financial (expense)/income | (45) | (37) | (13) |
| Results from investments in associates | (22) | (17) | (13) |
| Profit before income taxes | (172) | 126 | 35 |
| Income taxes | (100) | (57) | (43) |
| Profit for the period | (272) | 69 | (8) |
| Attributable to: | | | |
| Non-controlling interests | (2) | 3 | 3 |
| Equity holders of the parent | (270) | 66 | (11) |

## 13.5 Consolidated/combined cash flow statement relating to the Financial Year 2009, the Financial Year 2010 and the Financial Year 2011

**TNT Express**
**Selected financial information**

| Cashflow statement (€m) | consolidated 2011 | combined 2010 | combined 2009 |
|---|---|---|---|
| Profit before income taxes | (172) | 126 | 35 |
| Adjustments for: | | | |
| Depreciation, amortisation and impairments | 494 | 209 | 237 |
| Amortisation of financial instruments/ Derivatives | 1 | 0 | 0 |
| Share-based compensation | 19 | 14 | 13 |
| Investment income: | | | |
| (Profit)/loss of assets held for disposal | (2) | (9) | 3 |
| (Profit)/loss on sale of Group companies/joint ventures | | | |
| Interest and similar income | (21) | (22) | (64) |
| Foreign exchange (gains) and losses | 6 | 4 | 7 |
| Interest and similar expenses | 60 | 55 | 70 |
| Results from investments in associates | 22 | 17 | 13 |
| Changes in provisions: | | | |
| Pension liabilities | (31) | (6) | (3) |
| Other provisions | 11 | (1) | (23) |
| Cash from/(used for) financial instruments/derivatives | (20) | 0 | 0 |
| Changes in working capital: | | | |
| Inventory | 0 | (1) | 2 |
| Trade accounts receivable | (40) | (76) | 10 |
| Accounts receivable | 25 | 21 | (56) |
| Other current assets | 20 | (30) | 19 |
| Trade accounts payable | 24 | 58 | 66 |
| Other current liabilities excluding short-term financing and tax | (37) | (3) | 87 |
| Cash generated from operations | 359 | 356 | 416 |
| Interest paid | (58) | (39) | (66) |
| Income taxes received/(paid) | (110) | (76) | (34) |
| Net cash from operating activities | 191 | 241 | 316 |
| Interest received | 21 | 13 | 22 |
| Acquisition of subsidiairies and joint ventures (net of cash) | 3 | (23) | (62) |
| Disposal of subsidiaires and joint ventures | | | |
| Investments in associates | 0 | (8) | (15) |
| Disposal of associates | 0 | 8 | 0 |
| Capital expenditure on intangible assets | (38) | (50) | (36) |
| Disposal of intangible assets | 0 | 2 | 1 |
| Capital expenditure on property, plant and equipment | (151) | (121) | (120) |
| Proceeds from sale of property, plant and equipment | 7 | 26 | 26 |
| Other changes in (financial) fixed assets | 0 | 2 | (1) |
| Changes in non-controlling interests | 0 | 1 | 0 |
| Net cash used in investing activities | (158) | (150) | (185) |
| Share-based payments | (9) | 0 | 0 |
| Cash proceeds from the exercise of shares/options | | | |
| Proceeds from long-term borrowings | 4 | 5 | 24 |
| Repayments of long-term borrowings | (15) | (19) | (9) |
| Proceeds from short-term borrowings | 162 | 9 | 32 |
| Repayments of short-term borrowings | (171) | (51) | (377) |
| Repayments of finance leases | (20) | (24) | (21) |
| Dividends paid | (14) | 0 | 0 |
| Financing related to PostNL | (526) | (41) | 612 |
| Net cash used in financing activities | (589) | (121) | 261 |
| Total changes in cash | (556) | (30) | 392 |

## 13.6 Independent auditor's report on the selected consolidated financial information of TNT Express

# *Independent Auditor's report*

To: the Executive Board of TNT Express N.V.

We refer to the selected consolidated/combined financial information of TNT Express N.V., Amsterdam as included in Sections 13.3, 13.4 and 13.5 of this Offer Memorandum. The financial figures for the years 2011, 2010 and 2009 of this selected consolidated/combined financial information, comprising summaries of the consolidated/combined statement of the financial position as at 31 December 2011, 2010 and 2009, the consolidated/combined income statement and the consolidated/combined statement of cash flows for the years then ended and related notes, are derived from the audited consolidated/combined financial statements of the years 2011, 2010 and 2009 of TNT Express N.V. We expressed an unqualified audit opinion on the consolidated/combined financial statements of the years 2011, 2010 and 2009 in our independent auditor's reports dated 21 February 2012, 11 April 2011 and 11 April 2011 respectively. Those consolidated/combined financial statements, and the selected consolidated financial information, do not reflect the effects of events that occurred subsequent to the date of our reports on those financial statements. The selected consolidated financial information as included in Chapter 13 of this Offer Memorandum does not contain all the disclosures required by International Financial Reporting Standards as adopted by the European Union and by Part 9 of Book 2 of the Dutch Civil Code. Reading the selected consolidated financial information, therefore, is not a substitute for reading the audited consolidated/combined financial statements of TNT Express N.V.

*Executive Board's responsibility*

The Executive Board of TNT Express N.V. is responsible for the preparation of the selected consolidated financial information, in accordance with the criteria as set out in the Basis for preparation paragraph in the Offer Memorandum.

*Auditor's responsibility*

Our responsibility is to express an opinion on the 2011, 2010 and 2009 selected consolidated financial information comprising summaries of the consolidated/combined statements of the financial position, consolidated/combined income statements and consolidated/combined statements of cash flows of TNT Express N.V. based on our procedures, which we conducted in accordance with Dutch Law, including the Dutch Standard 810 "Engagements to report on summary financial statements".

*Opinion*

In our opinion, the 2011, 2010 and 2009 selected consolidated financial information as included in Section 13 of this Offer Memorandum derived from the audited consolidated/combined financial statements of TNT Express N.V. for the years 2011, 2010 and 2009, are consistent, in all material aspects, with those financial statements in accordance with the criteria as set out in the Basis for preparation paragraph in the Offer Memorandum.

*Restriction on use*

The selected consolidated financial information and our auditor's report thereon are intended solely for enclosure in the Offer Memorandum in connection with the recommended cash offer of United Parcel Service, Inc. and cannot be used for other purposes.

Amsterdam, 21 June 2012

PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs. R. Dekkers RA

## 13.7 Unaudited and not-reviewed information for the first quarter of the Financial Year 2012

# PRESS RELEASE

2 May 2012 Hoofddorp, The Netherlands

**1Q12 results: Subdued European performance, Asia Pacific and Brazil improve**

- Timetable for completion of proposed UPS offer proceeding as previously indicated
- Reported revenues €1,819m (+1.3%); adjusted revenues (at constant FX) €1,780m (-0.9%)
- Reported operating income €37m (1Q11: €(79)m); adjusted operating income (at constant FX and excluding one-offs) €34m (1Q11: €50m)
- Net cash from operating activities €(2)m, net cash used in investing activities €13m and net debt €36m (4Q11: €7m net debt)
- Indirect cost savings programme launched in May 2011 on track
- Timing of implementation of certain long-term projects that are part of 2012-2013 fixed-cost savings programme temporarily adjusted in light of the proposed UPS offer

**Summary: Consolidated results (€m)**

| | | Reported | | | Adjusted (non-GAAP) | | |
|---|---|---|---|---|---|---|---|
| | Notes | **1Q12** | 1Q11 | *%chg* | **1Q12** | 1Q11 | *%chg* |
| Revenue | (1) | **1,819** | 1,796 | *1.3* | **1,780** | 1,796 | *-0.9* |
| Operating income | (2) | **37** | (79) | | **34** | 50 | *-32.0* |
| Operating income margin (%) | | ***2.0*** | *(4.4)* | | ***1.9*** | *2.8* | |
| Profit attributable to shareholders | | **16** | (106) | | | | |
| Cash generated from operations | | **17** | 3 | - | | | |
| Net cash from operating activities | | **(2)** | (24) | *91.7* | | | |
| Net cash used in investing activities | | **(13)** | (49) | *73.5* | | | |
| Net debt | | **36** | | | | | |

Notes: Non-GAAP adjustments

(1) YTD '12: -€39m FX

(2) YTD '12: -€3m FX

(2) YTD '11: €9m demerger related (€3m pensions, €6m costs), €120m business one-offs (impairment Brazil (€105m goodwill and €15m customer relationships))

In 1Q12, TNT Express experienced mixed economic conditions in Europe and slowing Asia-Europe trading volumes. Europe & MEA was affected by negative price and product mix developments. Results in Asia-Pacific, while under pressure because of weakness out of Asia, benefited from the strong performance of the Australian operations and cost reductions. China Domestic performed according to plan. Americas saw improved performance from Brazil. Non-allocated costs were lower.



**More detailed quarterly financial and operational information: www.tnt.com/corporate/1Q12datasheets**

Date 2 May 2012

**Commenting on the results, Marie-Christine Lombard, CEO said:**

*'As announced at the beginning of the year, the first quarter of 2012 has been challenging, given the ongoing sluggish business environment. In Europe, cost savings and commercial initiatives are being pursued to mitigate revenue pressure. Profitability in Asia-Pacific improved, despite weak intercontinental demand. Americas also improved, with better results in Brazil. In parallel, we are supporting progress towards completion of the proposed offer by UPS. We anticipate discussing the proposed offer with our shareholders during an Extraordinary Shareholders Meeting to be held in 3Q12.'*

**2012 outlook and aims:**

- Mixed economic conditions in Europe and lower Asia-Europe trading volumes expected to persist
- In Europe & MEA, indirect and fixed cost reduction programmes and commercial initiatives in place to alleviate negative impact trading conditions
- Asia Pacific 1Q12 trends expected to continue; exposure to fixed intercontinental air capacity has been reduced as of 2Q12, with further reductions being investigated
- Americas to benefit from better results in Brazil
- Indirect cost savings programme launched in May 2011 to be completed this year
- Timing of implementation of certain long-term projects that are part of 2012-2013 fixed-cost savings programme temporarily adjusted in light of the proposed UPS offer
- Capital expenditures and working capital targets in line with medium-term aims

**Medium-term outlook and aims:**

- EMEA revenue to grow organically and through new initiatives in adjacent market segments, with an operating margin increasing to 10-11%, assuming normal economic conditions
- Positive contributions from other operating segments
- Capital expenditure of around 3% of total revenue and trade working capital around 10% of total revenue
- Effective tax rate trending towards 31-33%

Date 2 May 2012

**Revenue and operating income by segment, reported and adjusted**

| | | Reported | | | | | Adjusted (non-GAAP) | | |
|---|---|---|---|---|---|---|---|---|---|
| Revenue (€m) | Notes | 1Q12 | 1Q11 | %chg | FX | Business one-offs | 1Q12 | 1Q11 | %chg |
| Europe & MEA | | **1,147** | 1,153 | *-0.5* | (7) | | **1,140** | 1,153 | *-1.1* |
| Asia Pacific | | **430** | 419 | *2.6* | (31) | | **399** | 419 | *-4.8* |
| Americas | | **118** | 112 | *5.4* | (1) | | **117** | 112 | *4.5* |
| Other networks | | **126** | 113 | *11.5* | (1) | | **125** | 113 | *10.6* |
| Non-allocated | | **(2)** | (1) | | 1 | | **(1)** | (1) | |
| Total | | **1,819** | 1,796 | *1.3* | (39) | | **1,780** | 1,796 | *-0.9* |
| | | | | | | | | | |
| Operating income (€m) | | | | | | | | | |
| Europe & MEA | (1) | **68** | 103 | *-34.0* | (1) | | **67** | 106 | *-36.8* |
| Asia Pacific | (2) | **(7)** | (18) | *61.1* | 1 | | **(6)** | (18) | *66.7* |
| Americas | (3) | **(23)** | (152) | *84.9* | | | **(23)** | (32) | *28.1* |
| Other networks | | **3** | 4 | *-25.0* | | | **3** | 4 | *-25.0* |
| Non-allocated | (4) | **(4)** | (16) | | (3) | | **(7)** | (10) | *30.0* |
| Total | | **37** | (79) | | (3) | | **34** | 50 | *-32.0* |
| | | | | | | | | | |
| Operating income margin (%) | | | | | | | | | |
| Europe & MEA | | ***5.9*** | *8.9* | | | | ***5.9*** | *9.2* | |
| Asia Pacific | | ***-1.6*** | *-4.3* | | | | ***-1.5*** | *-4.3* | |
| Americas | | ***-19.5*** | *-135.7* | | | | ***-19.7*** | *-28.6* | |
| Other networks | | ***2.4*** | *3.5* | | | | ***2.4*** | *3.5* | |
| Non-allocated | | **-** | - | | | | **-** | - | |
| Total | | ***2.0*** | *-4.4* | | | | ***1.9*** | *2.8* | |

## 1Q12 segmental performance overview

### EMEA

| | 1Q12 | 1Q11 | %chg |
|---|---|---|---|
| Adjusted revenues | **1,140** | 1,153 | *-1.1* |
| Adjusted operating income | **67** | 106 | *-36.8* |
| | | | |
| Average consignments per day ('000) | **754** | 739 | *2.0* |
| Revenue per consignment (€)[1] | **23.3** | 24.0 | *-2.9* |
| Average kilos per day ('000) | **14,752** | 14,625 | *0.9* |
| Revenue per kilo (€)[1] | **1.19** | 1.21 | *-1.7* |

(1) based on reported revenues @avg11

- 1.1% adjusted revenue decline as a net result of positive volume growth and yield contraction
- Despite slow start of the year, increase in average consignments per day in all product categories
- Average kilos per day show International Economy kilos growing but slight decline in Domestic and more significant decrease in International Express
- Controlled cost development despite volume growth and inflation; European air network capacity reduced as per 2Q12
- Lower operating income mainly due to negative yield (mix and pricing) and cost inflation

### Asia Pacific

| | 1Q12 | 1Q11 | %chg |
|---|---|---|---|
| Adjusted revenues | **399** | 419 | *-4.8* |
| Adjusted operating income | **(6)** | (18) | *66.7* |
| | | | |
| Average consignments per day ('000) | **158** | 173 | *-8.7* |
| Revenue per consignment (€)[1] | **38.8** | 37.3 | *4.0* |
| Average kilos per day ('000) | **9,840** | 12,573 | *-21.7* |
| Revenue per kilo (€)[1] | **0.62** | 0.51 | *21.6* |

(1) based on reported revenues @avg11

- Adjusted revenues declined by 4.8% because of lower international revenues, India Domestic divestment and targeted shift away from standard LTL activities China Domestic
- Large decline in volume and large difference between RPC and RPK attributable to India Domestic divestment and increased uptake of Day Definite service in China Domestic
- Day Definite service now represents 34% of China Domestic turnover (1Q11: 18%)
- Lower intercontinental volumes continued; as of 2Q12, half of the capacity of the three Boeing 777 freighters absorbed through code-share and block-space agreement with Emirates Sky Cargo
- Higher operating income due to Australia performing strongly, better performance other Asian activities and general cost control, offsetting weaker China international performance

## Americas

| | 1Q12 | 1Q11 | %chg |
|---|---|---|---|
| Adjusted revenues | 117 | 112 | 4.5 |
| Adjusted operating income | (23) | (32) | 28.1 |
| | | | |
| Average consignments per day ('000) | 50 | 51 | -2.0 |
| Revenue per consignment (€)(1) | 36.0 | 33.4 | 7.8 |
| Average kilos per day ('000) | 3,078 | 3,204 | -3.9 |
| Revenue per kilo (€)(1) | 0.59 | 0.54 | 9.3 |

(1) based on reported revenues @avg11

- Brazil's revenue increased compared to the prior year as a result of higher prices and continuing volume recovery, with growth in Automotive and Telecom verticals
- Brazil's adjusted operating losses declined compared to 1Q11
- The rest of Americas also performed better than the prior year

## Other Networks and Non-allocated

- Other Networks declined due to lower results of Innight activities
- Non-allocated improved; net impact of indirect cost reduction measures implemented in 2011 and lower charge out to the segments

## Other financial indicators

- Effective tax rate of 48.4% reflects the weighted average statutory tax rate in the countries TNT Express operates, several non-deductible costs and losses for which no tax assets could be recognised
- Net cash from operating activities €22m higher than prior year as lower operating income was more than offset by €45m improvement in Trade and Other working capital and €5m lower taxes paid
- Trade working capital stable at ~10% of revenues
- The net cash used in investing activities was €36m lower than last year principally because of €37m lower net capital expenditure (net capex spend 0.9% of reported revenues; 1Q11 included €18m of expenditures related to transfer of real estate from TNT N.V.)
- Net debt €36m (4Q11: €7m)

## CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### GENERAL INFORMATION

The interim financial statements have been prepared in accordance with IAS 34 'Interim financial reporting'.

TNT Express N.V. is a public limited liability company domiciled in Amsterdam, the Netherlands. The consolidated financial statements include the financial statements of TNT Express N.V. and its consolidated subsidiaries (hereafter referred to as 'TNT Express', 'Group' or 'the company'). The company was incorporated under the laws of the Netherlands and is listed on Euronext Amsterdam. TNT Express provides door-to-door express delivery services for customers sending documents, parcels, freight and special services worldwide, with a focus on time-certain and/or day–certain pick-up and delivery.

### BASIS OF PREPARATION

The information is reported on a year-to-date basis ending 31 March 2012. Where material to an understanding of the period starting 1 January 2012 and ending 31 March 2012, further information is disclosed. The interim financial statements were discussed in and approved by the Executive Board. The interim financial statements should be read in conjunction with TNT Express' consolidated financial statements in the 2011 annual report as published on 21 February 2012.

The significant accounting policies applied in these consolidated interim financial statements are consistent with those applied in TNT Express' consolidated financial statements in the 2011 annual report for the year ended 31 December 2011.

The measure of profit and loss and assets and liabilities is based on the TNT Express Group Accounting Policies, which are compliant with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The pricing of inter-company sales is done at arm's length.

### AUDITOR'S INVOLVEMENT

The content of this interim financial report has not been audited or reviewed by an external auditor.

Date 2 May 2012

## SEGMENT INFORMATION

TNT Express operates its businesses through four reportable segments: Europe & MEA, Asia Pacific, Americas and Other networks.

The Express business provides on-demand door-to-door express delivery services for customers sending documents, parcels and freight. The Other networks include TNT Fashion and TNT Innight business. TNT Fashion provides supply change solutions for the fashion industry and fashion retailers. TNT Innight provides time-critical deliveries to individually agreed service delivery points for business customers during the night.

The following table presents the segment information relating to the income statement and total assets of the reportable segments for the first three months of 2012 and 2011:

| in € millions | Europe & MEA | Asia Pacific | Americas | Other networks | Non-allocated | Inter-company | **Total** |
|---|---|---|---|---|---|---|---|
| Q1 2012 ended at 31 March 2012 | | | | | | | |
| Net sales | 1,120 | 428 | 117 | 125 | 0 | | 1,790 |
| Inter-company sales | 1 | 0 | 0 | 1 | 0 | (2) | 0 |
| Other operating revenues | 26 | 2 | 1 | 0 | 0 | | 29 |
| Total operating revenues | 1,147 | 430 | 118 | 126 | 0 | (2) | 1,819 |
| Other income | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Depreciation/impairment property, plant and equipment | (20) | (8) | (3) | (3) | (2) | | (36) |
| Amortisation/impairment intangibles | (2) | (1) | (1) | 0 | (8) | | (12) |
| Total operating income | 68 | (7) | (23) | 3 | (4) | | 37 |
| Total assets | 3,091 | 717 | 318 | 185 | 332 | | 4,643 |
| Q1 2011 ended at 2 April 2011 | | | | | | | |
| Net sales | 1,133 | 416 | 111 | 112 | 0 | 2 | 1,774 |
| Inter-company sales | 3 | 0 | 0 | 1 | 0 | (4) | 0 |
| Other operating revenues | 17 | 3 | 1 | 0 | 1 | | 22 |
| Total operating revenues | 1,153 | 419 | 112 | 113 | 1 | (2) | 1,796 |
| Other income | 3 | | | | | | 3 |
| Depreciation/impairment property, plant and equipment | (27) | (8) | (3) | (2) | (2) | | (42) |
| Amortisation/impairment intangibles | (2) | (1) | (122) | | (8) | | (133) |
| Total operating income | 103 | (18) | (152) | 4 | (16) | | (79) |
| Total assets | 3,135 | 693 | 438 | 173 | 964 | | 5,403 |

Date 2 May 2012

## Consolidated statement of financial position TNT Express N.V.

| in € millions | note | 31 Mar 2012 | 31 Dec 2011 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | | | |
| Goodwill | | 1,481 | 1,483 |
| Other intangible assets | | 138 | 146 |
| Total | (1) | 1,619 | 1,629 |
| Property, plant and equipment | | | |
| Land and buildings | | 480 | 485 |
| Plant and equipment | | 244 | 241 |
| Aircraft | | 48 | 50 |
| Other | | 94 | 100 |
| Construction in progress | | 10 | 23 |
| Total | (2) | 876 | 899 |
| Financial fixed assets | | | |
| Investments in associates | | 20 | 20 |
| Other loans receivable | | 2 | 3 |
| Deferred tax assets | | 246 | 244 |
| Other financial fixed assets | | 17 | 17 |
| Total | | 285 | 284 |
| Pension assets | (3) | 40 | 34 |
| **Total non-current assets** | | 2,820 | 2,846 |
| **Current assets** | | | |
| Inventory | | 15 | 15 |
| Trade accounts receivable | | 1,133 | 1,117 |
| Accounts receivable | | 99 | 139 |
| Income tax receivable | | 15 | 29 |
| Prepayments and accrued income | | 188 | 159 |
| Cash and cash equivalents | (5) | 229 | 250 |
| **Total current assets** | | 1,679 | 1,709 |
| Assets classified as held for disposal | | 144 | 146 |
| **Total assets** | | 4,643 | 4,701 |
| **Liabilities and equity** | | | |
| **Equity** | | | |
| Equity attributable to the equity holders of the parent | | 2,804 | 2,806 |
| Non-controlling interests | | 6 | 6 |
| **Total equity** | (4) | 2,810 | 2,812 |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | | 25 | 26 |
| Provisions for pension liabilities | | 45 | 46 |
| Other provisions | (6) | 97 | 101 |
| Long-term debt | (5) | 210 | 219 |
| Accrued liabilities | | 3 | 4 |
| **Total non-current liabilities** | | 380 | 396 |
| **Current liabilities** | | | |
| Trade accounts payable | | 391 | 435 |
| Other provisions | (6) | 79 | 88 |
| Other current liabilities | | 338 | 309 |
| Income tax payable | | 27 | 31 |
| Accrued current liabilities | | 618 | 630 |
| **Total current liabilities** | | 1,453 | 1,493 |
| **Total liabilities and equity** | | 4,643 | 4,701 |

## Consolidated income statement TNT Express N.V.

| in € millions | note | 1Q12 | 1Q11 |
|---|---|---|---|
| Net sales | | 1,790 | 1,774 |
| Other operating revenues | | 29 | 22 |
| Total revenues | | 1,819 | 1,796 |
| Other income | | 1 | 3 |
| Cost of materials | | (119) | (116) |
| Work contracted out and other external expenses | | (962) | (941) |
| Salaries and social security contributions | | (583) | (566) |
| Depreciation, amortisation and impairments | | (48) | (175) |
| Other operating expenses | | (71) | (80) |
| Total operating expenses | | (1,783) | (1,878) |
| Operating income | | 37 | (79) |
| Interest and similar income | | 4 | 10 |
| Interest and similar expenses | | (10) | (18) |
| Net financial (expense)/income | | (6) | (8) |
| Profit before income taxes | | 31 | (87) |
| Income taxes | (7) | (15) | (19) |
| Profit for the period | | 16 | (106) |
| Attributable to: | | | |
| Non-controlling interests | | 0 | 0 |
| Equity holders of the parent | | 16 | (106) |
| Earnings per ordinary share (in € cents) [1] | | 2.9 | |

1 Based on an average of 543,202,420 of outstanding ordinary shares (2011: 542,748,930)

## Consolidated statement of comprehensive income TNT Express N.V.

| in € millions | 1Q12 | 1Q11 |
|---|---|---|
| Profit for the period | 16 | (106) |
| Gains/(losses) on cashflow hedges, net of tax | 0 | 3 |
| Currency translation adjustment net of tax | (18) | (56) |
| | (18) | (53) |
| Total comprehensive income for the period | (2) | (159) |
| Attributable to: | | |
| Non-controlling interests | 0 | 0 |
| Equity holders of the parent | (2) | (159) |

The YTD 2012 tax impact on the cash flow hedges is €(1)m (2011: €(1)m). There is no tax impact on the currency translation adjustment.

## Consolidated statement of cash flows TNT Express N.V.

| in € millions | 1Q12 | 1Q11 |
|---|---|---|
| Profit before income taxes | 32 | (87) |
| Adjustments for: | | |
| Depreciation, amortisation and impairments | 48 | 175 |
| Amortisation of financial instruments/ Derivatives | 1 | |
| Share-based compensation | | 3 |
| Investment income: | | |
| (Profit)/loss of assets held for disposal | | |
| Interest and similar income | (4) | (10) |
| Foreign exchange (gains) and losses | 1 | 1 |
| Interest and similar expenses | 9 | 18 |
| Results from investments in associates | | |
| Changes in provisions: | | |
| Pension liabilities | (7) | (1) |
| Other provisions | (11) | 1 |
| Cash from/(used for) financial instruments/derivatives | | |
| Changes in working capital: | | |
| Inventory | | (1) |
| Trade accounts receivable | (19) | (35) |
| Accounts receivable | 12 | 13 |
| Other current assets | (45) | (42) |
| Trade accounts payable | (43) | (68) |
| Other current liabilities excluding short-term financing and taxes | 43 | 36 |
| Cash generated from operations | 17 | 3 |
| Interest paid | (6) | (9) |
| Income taxes received/(paid) | (13) | (18) |
| Net cash from operating activities | (2) | (24) |
| Interest received | 4 | 4 |
| Acquisition of subsidiairies and joint ventures (net of cash) | | |
| Disposal of subsidiaires and joint ventures | | |
| Investments in associates | (1) | |
| Disposal of associates | | |
| Capital expenditure on intangible assets | (4) | (11) |
| Disposal of intangible assets | | |
| Capital expenditure on property, plant and equipment | (16) | (43) |
| Proceeds from sale of property, plant and equipment | 4 | 1 |
| Other changes in (financial) fixed assets | | |
| Changes in non-controlling interests | | |
| Net cash used in investing activities | (13) | (49) |
| Share-based payments | | |
| Proceeds from long-term borrowings | | 1 |
| Repayments of long-term borrowings | (2) | (2) |
| Proceeds from short-term borrowings | 12 | 35 |
| Repayments of shortterm borrowings | (14) | (34) |
| Repayments of finance leases | (2) | (2) |
| Dividends paid | | |
| Financing related to PostNL | | 73 |
| Net cash used in financing activities | (6) | 71 |
| Total changes in cash | (21) | (2) |

Date 2 May 2012

## Consolidated statement of changes in equity TNT Express N.V.

| in € millions | Net investment | Issued share capital | Additional paid in capital | Legal reserves | Other reserves | Retained earnings | Attributable to equity holders of the parent | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| Combined balance at 31 December 2010 | 3,065 | | | (71) | | | 2,994 | 8 | 3,002 |
| Demerger and related reclassifications | (3,065) | 43 | 3,035 | 71 | | | 84 | | 84 |
| Balance at 1 January 2011 | | 43 | 3,035 | 0 | | | 3,078 | 8 | 3,086 |
| Legal reserves reclassifications | | | | 13 | (13) | | | | |
| Total comprehensive income | | | | (53) | | (106) | (159) | (1) | (160) |
| Other | | | | | 2 | | 2 | | 2 |
| Total direct changes in equity | | | 0 | | 2 | | 2 | | 2 |
| Balance at 2 April 2011 | | 43 | 3,035 | (40) | (11) | (106) | 2,921 | 7 | 2,928 |
| Balance at 31 December 2011 | | 43 | 3,021 | 24 | (12) | (270) | 2,806 | 6 | 2,812 |
| Total comprehensive income | | | | (18) | | 16 | (2) | | (2) |
| Changes in legal reserves | | | | (3) | 3 | | | | |
| Total direct changes in equity | | | | (3) | 3 | | | | |
| Balance at 31 March 2012 | | 43 | 3,021 | 3 | (9) | (254) | 2,804 | 6 | 2,810 |

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. INTANGIBLE ASSETS

The movements in the intangible assets are as follows:

| in € millions | 2012 | 2011 |
|---|---|---|
| Balance at 1 January | 1,629 | 1,892 |
| Additions | 4 | 11 |
| Disposals | 0 | (1) |
| Amortisation | (12) | (13) |
| Impairments | 0 | (120) |
| Exchange rate differences | (2) | (20) |
| Balance at end of period (31 March 2012, 2 April 2011) | 1,619 | 1,749 |

The intangible assets of €1,619m consist of goodwill for an amount of €1,481m and other intangibles for an amount of €138m.

The additions to the intangible assets of €4m are related to software licence and software development costs.

In 2011, the total impairment of €120m related to impairment of goodwill (€105m) and customer relationships (€15m). The impairment of goodwill and customer relationships was related to the South American operations as a result of unexpected volume losses and performance pressure.

### 2. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment are as follows:

| in € millions | 2012 | 2011 |
|---|---|---|
| Balance at 1 January | 899 | 1,089 |
| Capital expenditures in cash | 16 | 43 |
| Capital expenditures in financial leases/other | 0 | 4 |
| Disposals | (2) | (1) |
| Exchange rate differences | (1) | (18) |
| Depreciation and impairments | (36) | (42) |
| Balance at end of period (31 March 2012, 2 April 2011) | 876 | 1,075 |

Capital expenditures of €16m consist mainly of investments within Europe & MEA of €8m, Asia Pacific of €3m, Americas of €3m and Other networks of €2m. The investments mainly relate to hubs, depots, sorting machinery, depot equipment and vehicles.

**3. PENSIONS**

TNT Express operates a number of post-employment benefit plans around the world. Most of TNT Express' post-employment benefit plans are defined contribution plans. The most significant defined benefit plans are in place in the Netherlands, the United Kingdom, Germany, Australia and Italy.

On the balance sheet, the pension assets and pension liabilities of the various defined benefit pension schemes have been presented separately. The pension assets increased by €6m and pension liability decreased by €1m, resulting in a net movement of €7m. This movement is mainly due to contributions made to the various defined benefits pension schemes over the first three months of 2012.

**4. EQUITY**

Total equity attributable to equity holders of the parent decreased to €2,804m on 31 March 2012 from €2,806m as per 31 December 2011. This decrease of €2m is mainly due to comprehensive income loss attributable to equity holders of the parent of €2m, of which €16m relates to the profit for the period and a negative of €18m due to foreign currency translation and hedge results.

The Company's authorised share capital amounts to €120m, divided into 750,000,000 ordinary shares with a nominal value of €0.08 each and 750,000,000 Preference shares with a nominal value of €0.08 each.

The Company's issued share capital amounts to €43,456,193.60 divided into 543,202,420 ordinary shares with a nominal value of €0.08 each.

Additional paid-in capital amounts remains at €3,021m on 31 March 2012. The amount of paid-in capital recognised for Dutch dividend withholding tax purposes is €798m.

For administration and compliance purposes, a foundation (Stichting Bewaarneming Aandelen TNT) legally holds shares belonging to TNT Express and PostNL employees under (former) incentive schemes which are beneficially owned by the employees. As at 31 March 2012, the number of TNT Express shares involved amounted to 581,402 with a nominal value of €0.08 per share.

Date 2 May 2012

### 5. NET DEBT

The net debt is specified in the table below:

| in € millions | 31 Mar 2012 | 31 Dec 2011 |
|---|---|---|
| Short term debt | 55 | 38 |
| Long term debt | 210 | 219 |
| Total interest bearing debt | 265 | 257 |
| Cash and other interest bearing assets | (229) | (250) |
| Net debt | 36 | 7 |

The net debt position as at 31 March 2012 increased by €29m compared to 31 December 2011. The increase is due to: net cash from operating activities €(2)m, net cash used in investing activities €(13)m and various non-cash elements in net debt €(14)m.

### 6. OTHER PROVISIONS

The other provisions consist of long-term provisions and short-term provisions for employee benefits, restructuring, claims and indemnities and other obligations and risks incurred in the normal course of business. The long-term and short-term provisions as at 31 March 2012 decreased by €13m compared to 1 January 2012.

| in € millions | 2012 | 2011 |
|---|---|---|
| Balance at 1 January | 189 | 168 |
| Additions | 5 | 13 |
| Withdrawals/releases | (16) | (11) |
| Other | (1) | 1 |
| Exchange rate differences | (1) | (4) |
| Balance at end of period (31 March 2012, 2 April 2011) | 176 | 167 |

The additions of €5m relate to claims indemnities €3m and long-term employment benefits €2m. The withdrawals of €16m relate to restructuring €7m, claims indemnities €5m, long-term employment benefits €2m and others €2m.

### 7. TAXES

| Effective tax rate | YTD 2012 | YTD 2011 |
|---|---|---|
| Dutch statutory tax rate | 25.0% | 25.0% |
| Other statutory tax rates | -2.2% | -2.0% |
| Weighted average statutory tax rate | 22.8% | 23.0% |
| Non and partly deductible costs | 6.0% | -2.1% |
| Non and partly deductible impairments | 0.0% | -34.4% |
| Other | 19.6% | -8.3% |
| Effective tax rate | 48.4% | -21.8% |

The tax expense in the first three months of 2012 amounted to €15m (2011: €19m). The effective tax rate was 48.4% (2011: -21.8%).

The mix of income from countries in which TNT Express operates resulted in a weighted average statutory tax rate of 22.8%. Several non-deductible costs adversely affected the effective tax rate by 6.0 percentage points.

The line 'other' shows an impact of 19.6 percentage points and includes:

- The net impact of losses for which no deferred tax assets could be recognised due to uncertainty of the recoverability of those assets: 27.2 percentage points;
- Positive effects in connection with intragroup financing structures: -10.8 percentage points;
- The remaining 'other' of 3.2 percentage points reflects mainly the net impact of several local taxes and accounting estimates relating to deferred tax balances.

## 8. LABOUR FORCE

| Employees | 31 Mar 2012 | 31 Dec 2011 |
|---|---|---|
| Europe & MEA[1] | 36,103 | 36,262 |
| Asia Pacific | 21,635 | 24,825 |
| Americas | 10,878 | 11,255 |
| Other networks | 2,606 | 2,534 |
| Non-allocated | 1,403 | 1,534 |
| Total | 72,625 | 76,410 |

| Average FTEs | YTD 2012 | YTD 2011 |
|---|---|---|
| Europe & MEA | 34,219 | 34,185 |
| Asia Pacific | 21,879 | 26,084 |
| Americas | 12,249 | 12,101 |
| Other networks | 2,395 | 2,241 |
| Non-allocated | 1,364 | 1,512 |
| Total | 72,106 | 76,123 |

[1] For comparative purposes 2011 numbers have been restated

The average number of full time equivalents working in TNT Express during the first three months of 2012 was 72,106, which decreased by 4,017, mainly due to China and India.

## 9. RELATED PARTIES

Purchases of TNT Express from joint ventures amounted to €7m (2011: €7m). During the first three months of 2012, €0m sales were made by TNT Express companies to its joint ventures.

As at 31 March 2012, net amounts due from the joint venture entities amounted to €29m (2 April 2011: €29m). Net amounts due to associated companies amounted to €1m (2 April 2011: €0m).

TNT Express is currently owned by PostNL for 29.8%. It also has trading relationships with a number of other PostNL companies, joint ventures and uncombined companies in which it holds minority shares. In some cases there are contractual arrangements in place under which the TNT Express entities source supplies from such undertakings, or such undertakings source supplies from TNT Express.

### 10. SUBSEQUENT EVENTS

On 11 April 2012, the Annual General Meeting adopted the 2011 financial statements and determined the 2011 dividend at €4.4 cents per ordinary shares. After adjusting for the interim dividend of €4.0 cents per ordinary share paid out in August 2011, the final dividend will be €0.4 cents per ordinary share.

During TNT Express' AGM, the following resolutions were also adopted:

- To release from liability the members of the Executive Board and the Supervisory Board for their tasks in so far as these tasks are apparent from the financial statements;
- To approve the new remuneration policy for the Executive Board and the amendments to the remuneration policy of the Supervisory Board;
- To authorise the Executive Board to have the company acquire its own shares to a maximum of 10% of the issued share capital until 11 October 2013;
- To amend the Articles of Association regarding appointment and removal of Executive and Supervisory Board members.

### FINANCIAL CALENDAR

| | |
|---|---|
| **30 July 2012** | 2Q12 results |
| **29 October 2012** | 3Q12 results |

Additional information available at www.tnt.com/corporate/en/site/home.html#

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### WARNING ABOUT FORWARD-LOOKING STATEMENTS

Some statements in this press release are "forward-looking statements". 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 or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industries in which we operate and management's beliefs and assumptions about future events. You are cautioned not to put undue reliance on these forward-looking statements, which only speak as of the date of this press release and are neither predictions nor guarantees of future events or circumstances. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

## 14. FINANCIAL STATEMENTS 2011 OF TNT EXPRESS

# I. FINANCIAL STATEMENTS

## Consolidated statement of financial position

| | Notes | 31 December 2011 | variance % | 01 January 2011 | 31 December 2010 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Non-current assets | | | | | |
| Intangible assets | (1) | | | | |
| Goodwill | | 1,483 | | 1,703 | 1,703 |
| Other intangible assets | | 146 | | 189 | 189 |
| Total | | 1,629 | (13.9) | 1,892 | 1,892 |
| Property, plant and equipment | (2) | | | | |
| Land and buildings | | 485 | | 453 | 453 |
| Plant and equipment | | 241 | | 245 | 245 |
| Aircraft | | 50 | | 259 | 259 |
| Other | | 100 | | 108 | 108 |
| Construction in progress | | 23 | | 24 | 24 |
| Total | | 899 | (17.4) | 1,089 | 1,089 |
| Financial fixed assets | (3) | | | | |
| Investments in associates | | 20 | | 42 | 42 |
| Other loans receivable | | 3 | | 3 | 3 |
| Deferred tax assets | (22) | 244 | | 230 | 230 |
| Other financial fixed assets | | 17 | | 19 | 19 |
| Total | | 284 | (3.4) | 294 | 294 |
| Pension assets | (10) | 34 | | 6 | 6 |
| Total non-current assets | | 2,846 | (13.3) | 3,281 | 3,281 |
| Current assets | | | | | |
| Inventory | (4) | 15 | | 15 | 15 |
| Trade accounts receivable | (5) | 1,117 | | 1,075 | 1,075 |
| Accounts receivable | (5) | 139 | | 166 | 166 |
| Income tax receivable | (22) | 29 | | 26 | 26 |
| Prepayments and accrued income | (6) | 159 | | 157 | 157 |
| Cash and cash equivalents | (7) | 250 | | 807 | 807 |
| Total current assets | | 1,709 | (23.9) | 2,246 | 2,246 |
| Assets classified as held for disposal | (8) | 146 | | 4 | 4 |
| **Total assets** | | 4,701 | (15.0) | 5,531 | 5,531 |
| **Liabilities and equity** | | | | | |
| Equity | (9) | | | | |
| Equity attributable to the equity holders of the parent | | 2,806 | | 3,078 | 2,994 |
| Non-controlling interests | | 6 | | 8 | 8 |
| Total equity | | 2,812 | (8.9) | 3,086 | 3,002 |
| Non-current liabilities | | | | | |
| Deferred tax liabilities | (22) | 26 | | 35 | 35 |
| Provisions for pension liabilities | (10) | 46 | | 49 | 49 |
| Other provisions | (11) | 101 | | 77 | 77 |
| Long-term debt | (12) | 219 | | 301 | 301 |
| Accrued liabilities | | 4 | | 6 | 6 |
| Total non-current liabilities | | 396 | (15.4) | 468 | 468 |
| Current liabilities | | | | | |
| Trade accounts payable | | 435 | | 414 | 414 |
| Other provisions | (11) | 88 | | 91 | 91 |
| Other current liabilities | (13) | 309 | | 761 | 845 |
| Income tax payable | (22) | 31 | | 31 | 31 |
| Accrued current liabilities | (14) | 630 | | 680 | 680 |
| Total current liabilities | | 1,493 | (24.5) | 1,977 | 2,061 |
| **Total liabilities and equity** | | 4,701 | (15.0) | 5,531 | 5,531 |

(in € millions, except percentages)

The accompanying notes form an integral part of the financial statements. In the event the 31 December 2010 and 1 January 2011 balance is identical, the financials presented in the respective notes only show the 31 December 2010 position. When there is a variance (notes 9 and 13), both periods are presented. For the details on the demerger / merger transaction, see note 39 of the TNT Express N.V. corporate financial statements.

## Consolidated income statement

| Year ended at 31 December | Notes | 2011 | variance % | 2010 |
|---|---|---|---|---|
| Net sales | (15) | 7,156 | | 6,945 |
| Other operating revenues | (16) | 90 | | 108 |
| Total revenues | | 7,246 | 2.7 | 7,053 |
| Other income | (17) | 7 | | 12 |
| Cost of materials | | (482) | | (401) |
| Work contracted out and other external expenses | | (3,809) | | (3,650) |
| Salaries and social security contributions | (18) | (2,238) | | (2,190) |
| Depreciation, amortisation and impairments | (19) | (494) | | (209) |
| Other operating expenses | (20) | (335) | | (435) |
| Total operating expenses | | (7,358) | (6.9) | (6,885) |
| Operating income | | (105) | | 180 |
| Interest and similar income | | 21 | | 22 |
| Interest and similar expenses | | (66) | | (59) |
| Net financial (expense)/income | (21) | (45) | (21.6) | (37) |
| Results from investments in associates | (3) | (22) | | (17) |
| Profit before income taxes | | (172) | | 126 |
| Income taxes | (22) | (100) | | (57) |
| Profit/(loss) for the period | | (272) | | 69 |
| Attributable to: | | | | |
| Non-controlling interests | | (2) | | 3 |
| Equity holders of the parent | | (270) | | 66 |
| Earnings per ordinary share (in € cents)[1] | | (49.7) | | |
| Earnings per diluted ordinary share (in € cents)[1] | | (49.7) | | |

[1] In 2011 based on an average of 542,748,930 outstanding ordinary shares (2010: 0). See note 31.

(in € millions, except percentages and per share data)

The accompanying notes form an integral part of the financial statements.

## Consolidated statement of comprehensive income

| Year ended at 31 December | 2011 | variance % | 2010 |
|---|---|---|---|
| Profit/(loss) for the period | (272) | | 69 |
| Gains/(losses) on cashflow hedges, net of tax | (12) | | (7) |
| Currency translation adjustment, net of tax | 13 | | 105 |
| Other comprensive income for the period | 1 | | 98 |
| Total comprehensive income for the period | (271) | | 167 |
| Attributable to: | | | |
| Non-controlling interests | (2) | | 3 |
| Equity holders of the parent | (269) | | 164 |

(in € millions, except percentages)

The 2011 tax impact on the cash flow hedges is €10 million (2010: 1). There is no tax impact on the currency translation adjustment.

## Consolidated statement of cash flows

| Year ended at 31 December | Notes | 2011 | variance % | 2010 |
|---|---|---|---|---|
| Profit before income taxes | | (172) | | 126 |
| Adjustments for: | | | | |
| Depreciation, amortisation and impairments | | 494 | | 209 |
| Amortisation of financial instruments/ Derivatives | | 1 | | 0 |
| Share-based compensation | | 19 | | 14 |
| Investment income: | | | | |
| (Profit)/loss of assets held for disposal | (8) | (2) | | (9) |
| Interest and similar income | | (21) | | (22) |
| Foreign exchange (gains) and losses | | 6 | | 4 |
| Interest and similar expenses | | 60 | | 55 |
| Results from investments in associates | | 22 | | 17 |
| Changes in provisions: | | | | |
| Pension liabilities | | (31) | | (6) |
| Other provisions | | 11 | | (1) |
| Cash from/(used for) financial instruments/derivatives | | (20) | | 0 |
| Changes in working capital: | | | | |
| Inventory | | 0 | | (1) |
| Trade accounts receivable | | (40) | | (76) |
| Accounts receivable | | 25 | | 21 |
| Other current assets | | 20 | | (30) |
| Trade accounts payable | | 24 | | 58 |
| Other current liabilities excluding short-term financing and taxes | | (37) | | (3) |
| Cash generated from operations | | 359 | 0.8 | 356 |
| Interest paid | | (58) | | (39) |
| Income taxes received/(paid) | | (110) | | (76) |
| Net cash from operating activities | (23) | 191 | (20.7) | 241 |
| Interest received | | 21 | | 13 |
| Acquisition of subsidiairies and joint ventures (net of cash) | | 3 | | (23) |
| Disposal of subsidiaires and joint ventures | | 0 | | 0 |
| Investments in associates | | 0 | | (8) |
| Disposal of associates | | 0 | | 8 |
| Capital expenditure on intangible assets | | (38) | | (50) |
| Disposal of intangible assets | | 0 | | 2 |
| Capital expenditure on property, plant and equipment | | (151) | | (121) |
| Proceeds from sale of property, plant and equipment | | 7 | | 26 |
| Other changes in (financial) fixed assets | | 0 | | 2 |
| Changes in non-controlling interests | | 0 | | 1 |
| Net cash used in investing activities | (24) | (158) | (5.3) | (150) |
| Share-based payments | | (9) | | 0 |
| Proceeds from long-term borrowings | | 4 | | 5 |
| Repayments of long-term borrowings | | (15) | | (19) |
| Proceeds from short-term borrowings | | 162 | | 9 |
| Repayments of short-term borrowings | | (171) | | (51) |
| Repayments of finance leases | | (20) | | (24) |
| Dividends paid | | (14) | | 0 |
| Financing related to PostNL | | (526) | | (41) |
| Net cash used in financing activities | (25) | (589) | | (121) |
| Total changes in cash | (26) | (556) | | (30) |

(in € millions, except percentages)

The accompanying notes form an integral part of the financial statements.

## Consolidated statement of changes in equity TNT Express N.V.

| | Net investment | Issued share capital | Additional paid in capital | Legal reserves | Other reserves | Retained earnings | Attributable to equity holders of the parent | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| Combined balance at 31 December 2009 | 2,920 | | | (169) | | | 2,751 | 3 | 2,754 |
| Total comprehensive income | 66 | | | 98 | | | 164 | 3 | 167 |
| Capital contributions/reductions | 96 | | | | | | 96 | | 96 |
| Other | (17) | | | | | | (17) | 2 | (15) |
| Total direct changes in equity | 79 | | | | | | 79 | 2 | 81 |
| Combined balance at 31 December 2010 | 3,065 | | | (71) | | | 2,994 | 8 | 3,002 |
| Demerger and related reclassifications | (3,065) | 43 | 3,035 | 71 | | | 84 | | 84 |
| Balance at 1 January 2011 | | 43 | 3,035 | 0 | | | 3,078 | 8 | 3,086 |
| Legal reserves reclassifications | | | | 23 | (23) | | | | |
| Total comprehensive income | | | | 1 | | (270) | (269) | (2) | (271) |
| Interim dividend 2011 | | | (14) | | | | (14) | | (14) |
| Share-based compensation | | | | | 11 | | 11 | | 11 |
| Total direct changes in equity | | | (14) | | 11 | | (3) | | (3) |
| Balance at 31 December 2011 | | 43 | 3,021 | 24 | (12) | (270) | 2,806 | 6 | 2,812 |

(in € millions)

See the accompanying notes 9 and 39 for further details regarding to equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## GENERAL INFORMATION AND DESCRIPTION OF THE BUSINESS

TNT Express N.V. is a public limited liability company domiciled in Amsterdam, the Netherlands. The consolidated financial statements include the financial statements of TNT Express N.V. and its consolidated subsidiaries (hereafter referred to as 'TNT Express', 'Group' or 'the company'). The company was incorporated under the laws of the Netherlands and is listed on Euronext Amsterdam.

On 31 May 2011, the demerger of the express business of the former parent TNT N.V., currently named PostNL N.V. ('PostNL'), became effective. At this date, all of the assets and liabilities directly related to TNT N.V.'s express business were transferred under universal succession of title to TNT Express N.V. TNT Express N.V. has incorporated the financial information of the express business in its financial statements from 1 January 2011 as stated in the demerger and merger proposals (in accordance with article 2:312 section 2 under f and article 2:334f section 2 under i of the Dutch Civil Code).

For purposes of these consolidated financial statements, 'TNT Express' refers to the company and its subsidiaries in relation to the period after the consummation of the demerger and to the express business of TNT N.V. and its subsidiaries prior to the consummation of the demerger. Pursuant to the demerger agreement all of the express business transferred to TNT Express N.V. were, upon consummation of the demerger, deemed to have been for the risk and account of the company as of 1 January 2011.

To provide a comparable overview of the TNT Express business prior to the demerger, combined financial statements have been prepared of the legal entities that constitute the TNT Express business for the financial year ended 31 December 2010.

TNT Express provides door-to-door express delivery services for customers sending documents, parcels, freight and special services worldwide, with a focus on time-certain and/or day–certain pick-up and delivery. The main industries TNT Express serves are high-tech electronics, automotive, industrial, healthcare and lifestyle (fashion).

The consolidated financial statements have been authorised for issue by TNT Express' Executive Board and Supervisory Board on 21 February 2012 and are subject to adoption at the Annual General Meeting of Shareholders on 11 April 2012.

### Segment information

The company manages the business through four segments: Europe & Middle East Africa (Europe & MEA), Asia Pacific, Americas and Other Networks, of which the Executive Board of TNT Express receives operational and financial information on a monthly basis.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. All amounts included in the financial statements are presented in euro, unless otherwise stated.

### Basis of preparation

The consolidated financial statements of TNT Express have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). IFRS includes the application of International Financial Reporting Standards including International Accounting Standards (IAS), related Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Interpretations of the Standing Interpretations Committee (SIC). The consolidated financial statements have been prepared under the historical cost convention except for financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying TNT's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the 'Critical accounting estimates and judgments in applying TNT Express' accounting policies' section.

The International Accounting Standards Board (IASB) has issued certain International Financial Reporting Standards or amendments thereon, and the IFRIC has issued certain interpretations. The impact of changes, when adopted by the EU, on TNT Express' consolidated financial statements has been assessed.

## Basis of preparation 2010

In preparing the 2010 combined financial statements, the financial information of the legal entities within TNT Express were extracted from the reporting records on a legal entity basis. The accounting policies in the 2010 combined financial statements for TNT Express were consistent with the accounting policies applied in TNT N.V.'s 2010 consolidated financial statements, which comply with IFRS as adopted by the EU. As a result the combined financial statements were based on predecessor values and included all entities that were within reporting entity scope of TNT Express.

The combined financial statements were prepared on a 'carve-out' basis from the TNT N.V. consolidated financial statements for the purposes of presenting the financial position, results of operations and cash flows of TNT Express on a stand-alone basis. The combined financial statements of TNT Express reflect assets, liabilities, revenues and expenses directly attributable to TNT Express, including management fee allocations recognised on a historical basis in the accounting records of TNT N.V. on a legal entity basis. Although it is not possible to estimate the actual costs that would have been incurred if the services performed by TNT N.V. were purchased from independent third parties, the allocations were considered to be reasonable by management of TNT Express. However, the financial position, results of operations and cash flows of TNT Express were not necessarily representative or indicative of those that would have been achieved had TNT Express operated autonomously or as an entity independent from TNT N.V.

The 2010 combined financial statements form the basis for the preparation of the 2011 consolidated financial statements.

## Changes in accounting policies and disclosures

a) New and amended standards adopted by TNT Express

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011 and have been adopted by TNT Express:

- IAS 24 (revised), 'Related party disclosures', issued in November 2009. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011 and clarifies and simplifies the definition of a related party. TNT Express applies the revised standard from 1 January 2011, requiring the need to disclose any transactions between its subsidiaries and its associates.

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt or equity swap). TNT Express applies the revised standard from 1 January 2011. It has no impact on the Group or company's financial statements.

- Amendments to IFRIC 14, 'Prepayments of a minimum funding requirement'. The amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. Results in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. TNT Express applies the amendments for the financial reporting period commencing on 1 January 2011. The amendment will not result in a material impact on the Group or company's financial statements.

- Amendments to IAS 32, 'Financial instruments: Presentation – Classification of rights issues'. Amended to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro-rata to all of its existing owners of the same class of its own non-derivative equity instruments. TNT Express applies the amendments for the financial reporting period commencing on 1 January 2011. The amendment will not result in a material impact on the Group or company's financial statements.

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted by TNT Express:

- IAS 19, 'Employee benefits', was amended in June 2011. The impact on the group will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in OCI as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). TNT Express is yet to assess the full impact of the amendments.

- IFRS 9, ‘Financial Instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. TNT Express is yet to assess IFRS 9’s full impact and intends to adopt IFRS 9 on 1 January 2015.

- IFRS 10, ‘Consolidated financial statements’, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. TNT Express is yet to assess IFRS 10’s full impact and intends to adopt IFRS 10 on 1 January 2013.

- IFRS 11, 'Joint Arrangements', replaces IAS 31 ‘Interests in Joint Ventures’ and deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint ventures are required to be accounted for using the equity method of accounting, whereas under IAS 31, jointly controlled entities can be accounted for using the equity method of accounting or proportionate accounting. TNT Express is yet to assess IFRS 11's full impact and intends to adopt IFRS 11 on 1 January 2013.

- IFRS 12, ‘Disclosures of interests in other entities’, includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. TNT Express is yet to assess IFRS 12’s full impact and intends to adopt IFRS 12 on 1 January 2013.

- IFRS 13, ‘Fair value measurement’, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. TNT Express is yet to assess IFRS 13’s full impact and intends to adopt IFRS 13 on 1 January 2012.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

## Consolidation

The consolidated financial statements include the financial numbers of TNT Express N.V. and its subsidiaries, associates and joint ventures and have been prepared using uniform accounting policies for similar transactions and other events in similar circumstances. All significant intercompany transactions, balances and unrealised gains on transactions have been eliminated on consolidation. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. A complete list of subsidiaries, associates and joint ventures included in TNT Express’ consolidated financial statements is filed for public review at the Chamber of Commerce in Amsterdam. This list has been prepared in accordance with the provisions of article 379 (1) and article 414 of Book 2 of the Dutch Civil Code.

As the financial statements of TNT Express N.V. are included in the consolidated financial statements, the corporate income statement is presented in an abridged form (article 402 of Book 2 of the Dutch Civil Code).

## Subsidiaries, associates and joint ventures

Subsidiaries are all entities (including special purpose entities) over which TNT Express has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether TNT Express controls another entity.

An associate is an entity that is neither a subsidiary nor an interest in a joint venture, over which commercial and financial policy decisions TNT Express has the power to exert significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over those policies. TNT Express' share of results of all significant associates is included in the consolidated financial statements of income using the equity method. The carrying value of TNT Express' share in associates includes goodwill on acquisition and includes changes to reflect TNT Express' share in net earnings of the respective companies, reduced by dividends received. TNT Express' share in non-distributed earnings of associates is included in net investment. When TNT Express' share of any accumulated losses exceeds the acquisition value of the shares in the associates, the book value is reduced to zero and the reporting of losses ceases, unless TNT Express is bound by guarantees or other undertakings in relation to the associate.

A joint venture is a contractual arrangement whereby TNT Express and one or more parties undertake an economic activity that is subject to joint control. Joint ventures in which TNT Express participates with other parties are proportionately consolidated. In applying the proportionate combination method, TNT Express' percentage share of the balance sheet and income statement items are included in TNT Express' consolidated financial statements.

## Business combinations

TNT Express uses the acquisition method of accounting to account for the acquisition of subsidiaries. The consideration of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes also the fair value arising from contingent consideration arrangements. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any minority interest.

The excess of the consideration transferred over the fair value of TNT Express' share of the identifiable net assets of the subsidiary is recorded as goodwill. If the cost of acquisition is less than the fair value of TNT Express' share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

TNT Express treats transactions with non-controlling interests as transactions with equity owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When TNT Express ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity, are accounted for as if TNT Express had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income, are reclassified to profit or loss.

The non-controlling interest is initially measured at the proportion of the non-controlling interest in the recognised net fair value of the assets, liabilities and contingent liabilities. Losses applicable to the non-controlling interest in excess of its share of the subsidiary's equity, are allocated against TNT Express' interests, except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with TNT Express' accounting policies.

## Functional currency and presentation currency

Items included in the financial statements of all TNT Express' entities are measured using the currency of the primary environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euros, which is the functional and presentation currency of TNT Express.

## Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated to the functional currency using year-end exchange rates.

Foreign currency exchange gains and losses resulting from the settlement of foreign currency transactions and balances and from the translation at year-end exchange rates are recognised in the income statement, except for qualifying cash flow hedges and qualifying net investment hedges that are directly recognised in equity.

## Foreign operations

The results and financial position of all TNT Express entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing exchange rate;
- income and expenses are translated at average exchange rates; and
- the resulting exchange differences based on the different ways of translation between the balance sheet and the income statement are recognised as a separate component of equity (translation reserve).

Foreign currency exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments are taken to the translation reserve. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate.

## Intangible assets

### *Goodwill*

Goodwill represents the excess of the cost of acquisition over the fair value of the share of the identifiable net assets acquired by TNT Express. Goodwill on acquisitions of subsidiaries and joint ventures is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is recognised as an asset and, although it is not amortised, it is reviewed for impairment annually and whenever there is a possible indicator of impairment. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Goodwill is carried at cost less accumulated impairment losses. On disposal of an entity any residual amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous historical values, as no adjustment was required on transition. These have also been subject to impairment tests at that date and will continue to be, at least, annually.

### *Other intangible assets*

Costs related to the development and installation of software for internal use are capitalised at historical cost and amortised over the estimated useful life. Apart from software, other intangible assets mainly include customer relationships, assets under development, licences and concessions. Other intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

An asset under development is transferred to its respective intangible asset category at the moment it is ready for use and is amortised using the straight-line method over its estimated useful life. Other intangible assets are valued at the lower of historical cost less amortisation and impairment.

## Property, plant and equipment

Property, plant and equipment are valued at historical cost using a component approach, less depreciation and impairment losses. In addition to the costs of acquisition, the company also includes costs of bringing the asset to working condition, handling and installation costs and the non-refundable purchase taxes. Under the component approach, each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

Depreciation is calculated using the straight-line method based on the estimated useful life, taking into account any residual value. The asset’s residual value and useful life is reviewed, and adjusted if appropriate, at each balance sheet date. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Land is not depreciated. System software is capitalised and amortised as a part of the tangible fixed asset for which it was acquired to operate, because the estimated useful life is inextricably linked to the estimated useful life of the associated asset.

Leases of property, plant and equipment are classified as finance leases if the company has substantially all the risks and rewards of ownership. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in long-term debt. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

## Impairment of goodwill, intangible assets and property, plant and equipment

### *Goodwill*

Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is an indication that the asset might be impaired.

For the purposes of assessing impairment, assets are grouped by cash generating unit, the lowest level at which there are separately identifiable cash flows. For impairment testing of goodwill, the cash generating unit is defined as the lowest level where goodwill is monitored for internal purposes. This level may be higher than the level used for testing other assets, but is not at a higher level than an operating segment.

If the recoverable value of the cash generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. The recoverable amount is the higher of the fair value less cost to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the asset specific risks. For the purpose of assessing impairment, corporate assets are allocated to specific cash generating units before impairment testing. The allocation of the corporate assets is based on the contribution of those assets to the future cash flows of the cash generating unit under review. Goodwill following the acquisition of associates is not separately recognised or tested for impairment.

Impairment losses recognised for goodwill are not reversed in a subsequent period.

### *Finite lived intangible assets and property, plant and equipment*

At each balance sheet date, TNT Express reviews the carrying amount of its finite lived intangible assets and property, plant and equipment to determine whether there is an indication that those assets have suffered an impairment loss. If any indication exists, the recoverable amount of the assets is estimated in order to determine the extent, if any, of the impairment loss. An asset is impaired if the recoverable amount is lower than the carrying value. The recoverable amount is defined as the higher of an asset's fair value less costs to sell and its value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised immediately in the income statement. Impairment losses recognised in prior periods shall be reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The recoverable amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

## Financial assets and liabilities

TNT Express classifies financial assets and liabilities into the following categories: financial assets and liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and financial liabilities measured at amortised cost. The classification depends on the purpose for which the financial asset or liability was acquired. Management determines the classification of TNT Express' financial assets and liabilities at initial recognition.

Financial assets and financial liabilities at fair value through profit or loss include derivatives and other assets and liabilities that are designated as such upon initial recognition.

Measurement at fair value requires disclosure of measurement methods by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets.
Level 2: Inputs other than quoted prices that are observable either directly (prices) or indirectly (derived from prices).
Level 3: Inputs not based on observable market data.

'Financial assets and financial liabilities at fair value through profit or loss' are initially recorded at fair value and subsequently remeasured at fair value on the balance sheet. TNT Express designates certain derivatives as: hedges of the fair value of recognised assets and liabilities of a firm commitment (fair value hedge); hedges of a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction (cash flow hedge); or hedges of a net investment in a foreign operation (net investment hedge).

If a derivative is designated as a cash flow or net investment hedge, changes in its fair value are considered to be effective and recorded in a separate component in equity until the hedged item is recorded in income. Any portion of a change in the fair value of a derivative that is considered to be ineffective, or is excluded from the measurement of effectiveness, is immediately recorded in the income statement.

At the inception of the transaction, TNT Express documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The company also documents the assessment, both at hedge inception and on an on-going basis, of whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit and loss (for example, when the forecasted sale that is hedged takes place). However, when the forecasted transaction that is hedged, results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the asset or liability.

When a hedging instrument expires or is sold, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gains or losses existing in equity at that time, remain in equity until the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gains or losses that were reported in equity are immediately transferred to the income statement.

Loans granted and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which TNT Express has no intention of trading. Loans and receivables are included in trade and other receivables in the balance sheet, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities where TNT Express has the positive intention and ability to hold to maturity.

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories of the fair value measurement hierarchy. They are included in non-current assets unless management intends to dispose of the investment within 12 months at the balance sheet date. Available-for-sale financial assets are carried at fair value.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Unrealised gains and losses arising from changes in the fair value of financial assets and liabilities classified at fair value through profit and loss are directly recorded in the income statement.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in other comprehensive income. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the consolidated income statement as a gain or a loss.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), TNT Express establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

TNT Express assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement - is removed from equity and recognised in the income statement. Impairment losses on equity instruments recognised in the income statement are not reversed through equity.

Financial liabilities measured at amortised cost are recognised initially at fair value net of transaction costs incurred and are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the financial liability using the effective interest method.

## Inventory

Inventories of raw materials and finished goods are valued at the lower of historical cost or net realisable value. Historical cost is based on weighted average prices.

## Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of accounts receivable is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the loss is recognised in the income statement. Any reversal of the impairment loss is included in the income statement at the same line as where the original expense has been recorded.

The risk of uncollectibility of accounts receivable is primarily estimated based on prior experience with, and the past due status of, doubtful debtors, while large accounts are assessed individually based on factors that include ability to pay, bankruptcy and payment history. In addition, debtors in certain countries are subject to a higher collectability risk, which is taken into account when assessing the overall risk of uncollectability. The assumptions and estimates applied for determining the valuation allowance are reviewed periodically.

## Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at fair value. Cash and cash equivalents include cash at hand, bank account balances, bills of exchange and cheques (only those which can be cashed in the short term). All highly liquid investments with an original maturity of three months or less at date of purchase are considered to be cash equivalents. Bank overdrafts are not netted off from cash and cash equivalents.

## Assets (or disposal groups) classified as held for disposal and discontinued operations

Assets (or disposal groups) are classified as assets held for disposal and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount is recovered principally by means of disposal rather than through continuing use. Assets held for disposal are no longer amortised or depreciated from the time they are classified as such.

Operations that represent a separate major line of business or geographical area of operations, or that are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale and either have been disposed of or have been classified as held for disposal, are presented as discontinued operations in TNT Express' income statement.

Assets classified as held for disposal are available for immediate disposal in its present condition, and are considered as highly probable.

## Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases TNT Express' equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity until the shares are cancelled, re-issued or disposed of. Where such shares are subsequently sold or re-issued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects are included in equity.

## Provisions for pension liabilities

The obligation for all pension and other post-employment plans that qualify as defined benefit plans is determined by calculating the present value of the defined benefit obligation and deducting the fair value of the plan assets. TNT Express uses actuarial calculations (projected unit credit method) to measure the obligations and the costs. For the calculations, actuarial assumptions are made about demographic variables (such as employee turnover and mortality) and financial variables (such as the expected long-term return on plan assets). The discount rate is determined by reference to market rates.

Cumulative actuarial gains and losses are recognised in the balance sheet. The portion of the cumulative actuarial gains and losses that exceed the higher of 10% of the obligation or 10% of the fair value of plan assets (corridor approach), are recognised in the income statement over the employees' expected average remaining service years.

Past service costs, if any, are recognised on a straight-line basis over the average vesting period of the amended pension or early retirement benefits. Certain past service costs may be recognised immediately if the benefits vest immediately.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised at the date of the curtailment or settlement.

Pension costs for defined contribution plans are expensed in the income statement when incurred or due.

## Other provisions

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The gross up of the provision following the discounting of the provision is recorded in the profit and loss statement as interest expense.

Provisions are recorded for employee benefit obligations, restructuring, onerous contracts and other obligations.

The provision for employee benefit obligations includes long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit sharing, bonuses and deferred compensation. The expected costs of these benefits are recognised over the period of employment. Actuarial gains and losses and changes in actuarial assumptions are charged or credited to income in the period such gain or loss occurs. Related service costs are recognised immediately.

The provision recorded for restructuring largely relates to termination benefits. Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. TNT Express recognises termination benefits when the company has committed to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

Provisions for onerous contracts are recorded when the unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to arise from that contract, taking into account impairment of fixed assets first.

The provision for other obligations relates to legal and contractual obligations and received claims.

## Trade accounts payable

Trade accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income.

The amount of income tax included in the income statement is determined in accordance with the rules established by the taxation authorities, based on which income taxes are payable or recoverable.

Deferred tax assets and liabilities, arising from temporary differences between the carrying amounts of assets and liabilities and the tax base of assets and liabilities, are calculated using the substantively enacted tax rates expected to apply when they are realised or settled. Deferred tax assets are recognised if it is probable that they will be realised. Deferred tax assets and liabilities where a legally enforceable right to offset exists and within the same tax group are presented net in the balance sheet.

## Revenue recognition

Revenues are recognised when services are rendered, goods are delivered or work is completed. Revenue is the gross inflow of economic benefits during the current year that arise from ordinary activities and result in an increase in equity, other than increases relating to contributions from equity participants.

Revenues of delivered goods and services are recognised when:

- the company has transferred to a buyer the significant risks and rewards of ownership of the goods and services;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control of the goods and services sold;
- the amounts of revenue are measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the costs to be incurred in respect of the transaction can be measured reliably; and
- the stage of completion of the transaction at the balance sheet date can be measured reliably.

Revenue is measured at the fair value of the consideration of received amounts or receivable amounts.

Amounts received in advance are recorded as accrued liabilities until services are rendered to customers or goods are delivered.

## Net sales

Net sales represent the revenues from the delivery of goods and services to third parties less discounts, credit notes and taxes levied on sales. Accumulated experience is used to estimate and provide for the discounts and returns.

## Other operating revenues

Other operating revenues relate to the sale of goods and rendering of services not related to the normal trading activities of TNT Express and mainly include sale of passenger/charter revenue, custom clearance income and administration fees.

## Other income

Other income includes net gains or losses from the sale of property, plant and equipment and other gains and losses. Costs are recognised on the historical cost convention and are allocated to the reporting year to which they relate.

## Operating expenses

Operating expenses represent the direct and indirect expenses attributable to sales, including cost of materials, cost of work contracted out and other external expenses, personnel expenses directly related to operations, and depreciation, amortisation and impairment charges.

## Salaries

Salaries, wages and social security costs are charged to the profit and loss account when due, in accordance with employment contracts and obligations.

## Profit-sharing and bonus plans

TNT Express recognises a liability and an expense for cash-settled bonuses and profit-sharing when the company has a legal or constructive obligation to make such payments as a result of past performance and a reliable estimate of the obligation can be made, based on a formula that takes into consideration the profit attributable after normalisation for certain one-off items.

## Share-based payments

Prior to demerger TNT N.V. had equity-settled share-based compensation plans including those of TNT Express employees. Share-based payment transactions are transactions in which TNT Express receives benefits from its employees in consideration for equity instruments or for amounts of cash that are based on the price of equity instruments of the company. The fair value of the equity-settled share-based transactions is recognised as an expense (part of the employee costs) and a corresponding increase in equity over the vesting period. The fair value of share-based payments under the company's performance share plan is calculated using the Monte Carlo model. The equity instruments granted do not vest until the employee completes a specific period of service.

Due to the demerger, all these plans were terminated and settled prior to the demerger. This settlement was accounted for as an accelerated vesting, which resulted in expense recognition of the remaining grant date fair value.

In 2011, after the demerger, a new share-based payment plan (matching plan) was introduced by TNT Express N.V., which will be cash-settled upon vesting. The fair value of cash-settled share-based payment transactions is measured at each reporting date and at settlement. The fair value is recognised as an expense (part of the employee costs) and a corresponding increase in liabilities over the vesting period.

## Interest income and expense

Interest income and expense are recognised on a time proportion basis using the effective interest method. Interest income comprises interest income on borrowings, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains and gains on hedged items. Interest expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets and losses on hedged items.

All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they can be capitalised as cost of a qualifying asset.

## Grants

Grants are recognised initially as income when there is reasonable assurance that they will be received and TNT Express has complied with the conditions associated with the grant. Grants that compensate TNT Express for expenses incurred are recognised in the income statement on a systematic basis in the same period in which the expenses are recognised. Grants that compensate TNT Express for the cost of an asset are deducted from the historical value of the asset and recognised in the income statement on a systematic basis over the useful life of the asset.

## Operating leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

## Dividend distribution

Dividend distribution to TNT Express' shareholders is recognised as a liability in the financial statements in the year in which the dividends are approved by the shareholders. If TNT Express offers its shareholders dividends in additional shares, the additionally issued shares are recognised at their nominal amount.

## Consolidated statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method. Cash flows in foreign currencies are translated at average exchange rates. Exchange rate differences affecting cash items are shown separately in the statement of cash flows. Receipts and payments with respect to taxation on profits are included in cash flows from operating activities. Interest payments are included in cash flows from operating activities while interest receipts are included in cash flows from investing activities. The cost of acquisition of subsidiaries, associates and investments, insofar as it was paid for in cash, is included in cash flows from investing activities. Acquisitions of subsidiaries are presented net of cash balances acquired. Cash flows from derivatives are recognised in the statement of cash flows in the same category as those of the hedged item.

## Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Executive Board of TNT Express, which makes strategic decisions. The Executive Board receives operational and financial information on a monthly basis for Europe & MEA, Asia Pacific, Americas and Other Networks. For comparison purposes, the 2010 segment information has been revised accordingly.

# CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING TNT EXPRESS' ACCOUNTING POLICIES

The preparation of the financial statements of TNT Express requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of TNT Express' financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

TNT Express makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

## Business combinations

TNT Express accounts for all its business combinations applying the acquisition method. The assets acquired and the liabilities assumed are recognised and measured on the basis of their fair values at the date of acquisition. To determine fair values of assets acquired and liabilities assumed, TNT Express must make estimates and use valuation techniques when a market value is not readily available. Any excess of the cost of an acquisition over the fair value of the net identifiable assets acquired represents goodwill.

For purposes of preparation of the consolidated financial statements, internal reorganisations or transfer of businesses between TNT Express companies were accounted for at predecessor carrying amounts. These transactions did not give rise to goodwill.

## Impairment of assets

In determining impairments of intangible assets including goodwill, tangible fixed assets and financial fixed assets, management must make significant judgments and estimates to determine whether the fair value of the cash flows generated by those assets is less than their carrying value. Determining cash flows requires the use of judgments and estimates that have been included in the strategic plans and long-range forecasts of TNT Express. The data necessary for executing the impairment tests are based on management estimates of future cash flows, which require estimating revenue growth rates and profit margins. For applied sensitivities on intangible assets, see note 1.

## Depreciation and amortisation of tangible and intangible fixed assets

Tangible and intangible fixed assets, except for goodwill, are depreciated or amortised at historical cost using a straight-line method based on the estimated useful life, taking into account any residual value. The asset's residual value and useful life are based on TNT Express' best estimates and reviewed, and adjusted if required, at each balance sheet date.

## Impairment of receivables

The risk of uncollectability of accounts receivable is primarily estimated based on prior experience with, and the past due status of, doubtful debtors, while large accounts are individually assessed based on factors that include ability to pay, bankruptcy and payment history. In addition, debtors in certain countries are subject to a higher collectability risk, which is taken into account when assessing the overall risk of uncollectability. Should the outcome differ from the assumptions and estimates, revisions to the estimated valuation allowances would be required.

## Restructuring

Restructuring charges mainly result from restructuring operations, including combinations and/or relocations of operations, changes in TNT Express' strategic direction, or managerial responses to declining demand, increasing costs or other market factors. Restructuring provisions reflect many estimates, including those pertaining to separation costs, reduction of excess facilities, contract settlements and tangible asset impairments. Actual experience has been and may continue to be different from these estimates.

## Income taxes

The company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision and liability for income taxes. There are many transactions and calculations where the ultimate tax determination is uncertain during the ordinary course of business. TNT Express recognises liabilities for tax issues based on estimates of whether additional taxes will be due, based on its best interpretation of the relevant tax laws and rules. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

TNT Express recognises deferred tax assets to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered. This is based on estimates of taxable income by jurisdiction in which the company operates and the period over which deferred tax assets are recoverable. In the event that actual results differ from these estimates in future periods, and depending on the tax strategies that the company may be able to implement, changes to the recognition of deferred tax assets could be required, which could impact TNT Express' financial position and net profit.

## Accounting for assets classified as held for disposal

Accounting for assets classified as held for disposal requires the use of significant assumptions and estimates, such as the assumptions used in the fair value calculations as well as the estimated costs to dispose.

## Pension benefits

The present value of the pension obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any change in these assumptions will impact the carrying amount of pension obligations. The assumptions used in determining the net pension expense/(income) include the discount rate. The discount rate is based on the long-term yield of high quality corporate bonds. Other key assumptions for pension obligations are based in part on current market conditions. TNT Express reviews the assumptions at the end of each year. Additional information is disclosed in note 10.

## Contingent liabilities

Legal proceedings covering a range of matters are pending against the company in various jurisdictions. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the company often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, TNT Express consults with legal counsel and certain other experts on matters related to litigations.

TNT Express accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

## Basis of combination 2010

In determining the entities included in the 2010 combined financial statements, management considered those entities that were managed as part of TNT Express on a historical basis.

### *Net investment*

The net investment at 31 December 2010 by other TNT N.V. companies included the aggregated combined share capital of the entities included within the combined financial statements, capital contributions and reductions, dividend payments and other movements relating to TNT N.V. investments not managed as part of the TNT Express business, accumulated results, cumulative translation adjustments and cash flow hedging.

### *Management fee*

TNT N.V. used a cost recovery mechanism to recover certain central management and other similar costs it incurred at a corporate level. The management fees reflected in the 2010 combined financial statements were based on the amounts historically due and were recorded in the accounts of the individual legal entities within TNT Express under the contractual cost recovery mechanism. An appropriate proportion of the remuneration of personnel for TNT N.V. and TNT Express, including their salaries and pension costs, was included in these management fees. These management fees were either directly attributed to individual operations of TNT Express or, for costs incurred centrally, allocated between the relevant TNT N.V. businesses and TNT Express operations on arm's length basis.

### *Pension and post retirement costs*

In 2010, TNT Express operated a number of pension plans around the world, which include defined benefit plans in the Netherlands, the United Kingdom, Germany, Australia and Italy. The Dutch pension plans were funded defined benefit plans covered by pension funds externally funded in 'Stichting Pensioenfonds TNT' and 'Stichting Ondernemingspensioenfonds TNT'. TNT N.V. was the sponsoring employer for these two Dutch pension plans and consequently these pension plans qualify as group plans for TNT Express, in accordance with IAS 19.34a. Due to their qualification as group plans, TNT Express recognised in the 2010 combined financial statement a cost equal to the contribution payable for the period.

### *Interest*

The interest charge reflected in the 2010 combined financial statements were based on the interest charge historically incurred by the entities included in TNT Express on specific external borrowings or financing provided by other TNT N.V. companies.

### *Taxation*

The tax charge attributable to TNT Express was based on the tax charge in 2010 attributable to the individual entity or group of TNT N.V. entities in the relevant individual tax jurisdictions, on a separate return basis.

### *Goodwill*

Goodwill recorded at a consolidated TNT N.V. level and attributable to TNT Express as a result of previous business combinations with parties outside of the TNT N.V. group of companies were recorded in the 2010 combined financial statements.

### *Share-based Payments*

A number of TNT Express employees participated in TNT N.V.'s performance share schemes. For purposes of the 2010 combined financial statements, transfers of TNT N.V.'s equity instruments to employees of TNT Express were recognised as equity-settled share-based payment transactions.

## NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 1 Intangible assets: 1,629 million (2010: 1,892)

Statement of changes

| | Goodwill | Software | Other intangibles | Total |
|---|---|---|---|---|
| Amortisation percentage | | 10%- 35% | 0%- 35% | |
| Historical cost | 2,011 | 357 | 135 | 2,503 |
| Accumulated amortisation and impairments | (365) | (226) | (59) | (650) |
| Balance at 31 December 2009 | 1,646 | 131 | 76 | 1,853 |
| Changes in 2010 | | | | |
| Additions | 13 | 11 | 39 | 63 |
| Disposals | | (2) | | (2) |
| (De)consolidation | | | (23) | (23) |
| Internal transfers/reclassifications | | 29 | (29) | 0 |
| Amortisation | | (46) | (8) | (54) |
| Exchange rate differences | 44 | 4 | 7 | 55 |
| Total changes | 57 | (4) | (14) | 39 |
| Historical cost | 2,069 | 397 | 138 | 2,604 |
| Accumulated amortisation and impairments | (366) | (270) | (76) | (712) |
| Balance at 31 December 2010 | 1,703 | 127 | 62 | 1,892 |
| Changes in 2011 | | | | |
| Additions | (3) | 14 | 24 | 35 |
| Disposals | | (1) | | (1) |
| Internal transfers/reclassifications | | 43 | (43) | 0 |
| Amortisation | | (48) | (4) | (52) |
| Impairments | (209) | (16) | (15) | (240) |
| Exchange rate differences | (8) | 4 | (1) | (5) |
| Total changes | (220) | (4) | (39) | (263) |
| Historical cost | 2,054 | 429 | 118 | 2,601 |
| Accumulated amortisation and impairments | (571) | (306) | (95) | (972) |
| Balance at 31 December 2011 | 1,483 | 123 | 23 | 1,629 |

(in € millions)

#### *Goodwill*

Goodwill is allocated to TNT Express' cash generating units ('CGUs') and tested for impairment. The CGUs correspond to operations in a region and the nature of the services that are provided and include: Northern Europe, Southern Europe & MEA, Asia Pacific, North America, South America and Other Networks.

In 2011, the goodwill impairment of €209 million is related to the South America operations as a result of revenue losses and performance pressure. The addition of -€3 million is related to Southern Europe & MEA whereby a settlement of €3 million was received in 2011 related to the purchase price of TG Plus Transcamer Gomez S.A.U. As this company was acquired in 2006, this settlement was accounted for against goodwill in accordance with IFRS 3 (2004). The exchange rate differences favourably impact the goodwill of Northern Europe by €1 million and Asia Pacific by €6 million, while decreasing the value of South America by €15 million.

Total goodwill balance at 31 December 2011 amounted to €1,483 million (2010: 1,703) which is allocated to Northern Europe for €659 million (2010: 658), Southern Europe & MEA for €571 million (2010: 574), Asia Pacific for €168 million (2010: 162), North America for €0 million (2010: 0), South America for €27 million (2010: 251) and Other Networks for €58 million (2010: 58).

In 2010, the additions to goodwill of €13 million are the result of the finalisation of the purchase price allocation of the 2009 acquisitions of Expresso Araçatuba (€5 million) and LIT Cargo (€8 million). Exchange rate differences resulted in an increase of goodwill by €44 million for acquisitions in Brazil, Chile and China due to the strengthening of the relating currencies compared to the euro.

Based on the 2011 financial performance, a detailed review has been performed of the recoverable amount of each CGU. The recoverable amount is the higher of the value in use and fair value less cost to sell. Fair value less cost to sell represents the best estimate of the amount TNT Express would receive if it were to sell the CGU. The fair value was estimated on basis of the present value of future cash flows taking into account cost to sell.

For mature markets, the estimated future net cash flows are based on a five-year forecast and business plan. For emerging markets where no steady state has been achieved to date, a ten-year forecast has been applied to estimate the future net cash flows. The applied growth rate does not exceed the long-term average growth rate of the related operations and markets. The cash flow projections based on financial budgets have been approved by management.

TNT Express determined the budgeted gross margin based on past performance and its expectations for market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used in the CGUs valuations vary from 10% to 16% pre-tax (post-tax 8% to 12%) to reflect specific risks relating to each CGU.

Key assumptions used to determine the recoverable values of all CGUs are:
- maturity of the underlying market, market share and volume development to determine the revenue mix and growth rate;
- level of capital expenditure in network related assets that may affect the further roll-out of the network;
- level of operating income largely impacted by revenue and cost development taking into account the nature of the underlying costs and potential economies of scale; and
- discount rate to be applied following the nature of the underlying cash flows and foreign currency and inflation related risks.

Management has carried out an impairment test and concluded that the recoverable amount, based on value in use of the individual CGUs is higher than the carrying amount, with the exception of South America. A sensitivity analysis has been applied for all CGUs. This sensitivity analysis included the individual impact of the following items which are considered to be the most critical when determining the recoverable value:
- increase of the discount factor by 1% and 2%;
- increase of capital expenditure of 5% per year; and
- decrease of operating income of 5% per year.

At 31 December 2011, the impairment test based on the latest forecast with a forecast period of ten years revealed that the carrying amount of CGU South America exceeds the recoverable value by €209 million. Goodwill impairment of €209 million is recorded and consequently there is no headroom available in CGU South America. CGU South America's operations are mainly in Brazil and Chile. Brazil's 2011 results have been negatively impacted by revenue losses and performance pressure. The negative performance is being addressed through a full range of corrective measures.

Compared to the impairment test of 2010 the headroom for CGU Southern Europe & MEA has reduced from around €700 million to around €400 million as a reflection of the general macroeconomic environment in that region. The result of the sensitivity analysis for this CGU at an increase of the discount factor by 2% would reduce such headroom further to around €40 million.

### *Software and other intangible assets*

At 31 December 2011, the software balance of €123 million (2010: 127) included internally generated software with a book value of €102 million (2010: 103). The addition to software of €14 million related to self-produced software of €8 million and €6 million of purchased software. The reclassification of €43 million to self-produced software related to finalised IT projects. In 2011, software impairment of €16 million related to software development projects that are no longer deemed viable.

At 31 December 2011, other intangible assets of €23 million (2010: 62) related to customer relationships of €8 million (2010: 28) and software under construction of €15 million (2010: 34). In 2011, the impairment of €15 million related to customer relationships in South America as a result of loss of customers. The addition of €24 million related to software under construction.

In 2010, the reduction of €23 million in other intangibles was due to adjustments to the fair values of brand name of €6 million and customer relationships of €17 million. This was the result of the finalisation of the purchase price allocation of Expresso Araçatuba and LIT Cargo.

The estimated amortisation expenses for software and other intangibles for the subsequent five years are 2012: €43 million, 2013: €34 million, 2014: €25 million, 2015: €14 million, 2016: €11 million and thereafter: €19 million. Besides software development, TNT Express does not conduct significant research and development and therefore does not incur research and development costs.

## 2 Property, plant and equipment: 899 million (2010: 1,089)

### Statement of changes

| | Land and buildings | Plant and equipment | Aircraft | Other | Construction in progress | Total |
|---|---|---|---|---|---|---|
| Depreciation percentage | 0%-10% | 4%-33% | 4%-10% | 7%-25% | 0% | |
| Historical cost | 642 | 554 | 550 | 479 | 13 | 2,238 |
| Accumulated depreciation and impairments | (190) | (341) | (270) | (360) | | (1,161) |
| Balance at 31 December 2009 | 452 | 213 | 280 | 119 | 13 | 1,077 |
| Changes in 2010 | | | | | | |
| Capital expenditure in cash | 6 | 22 | 1 | 24 | 68 | 121 |
| Capital expenditure in financial leases | | 3 | | 2 | 3 | 8 |
| (De)consolidation | | 2 | | | | 2 |
| Disposals | (1) | (2) | (5) | (2) | | (10) |
| Exchange rate differences | 17 | 18 | 4 | 6 | 2 | 47 |
| Depreciation | (29) | (54) | (23) | (51) | | (157) |
| Impairments | | | 2 | | | 2 |
| Transfers to assets held for disposal | (1) | | | | | (1) |
| Internal transfers/reclassifications | 9 | 43 | | 10 | (62) | 0 |
| Total changes | 1 | 32 | (21) | (11) | 11 | 12 |
| Historical cost | 673 | 638 | 610 | 477 | 24 | 2,422 |
| Accumulated depreciation and impairments | (220) | (393) | (351) | (369) | | (1,333) |
| Balance at 31 December 2010 | 453 | 245 | 259 | 108 | 24 | 1,089 |
| Changes in 2011 | | | | | | |
| Capital expenditure in cash | 25 | 21 | 1 | 28 | 76 | 151 |
| Capital expenditure in financial leases/other | | 4 | | | 2 | 6 |
| Disposals | (1) | (3) | (2) | (2) | | (8) |
| Exchange rate differences | 5 | (2) | | 1 | (1) | 3 |
| Depreciation | (31) | (53) | (23) | (50) | | (157) |
| Impairments | | | (45) | | | (45) |
| Transfers to assets held for disposal | | | (140) | | | (140) |
| Internal transfers/reclassifications | 34 | 29 | | 15 | (78) | 0 |
| Total changes | 32 | (4) | (209) | (8) | (1) | (190) |
| Historical cost | 715 | 664 | 319 | 488 | 23 | 2,209 |
| Accumulated depreciation and impairments | (230) | (423) | (269) | (388) | | (1,310) |
| Balance at 31 December 2011 | 485 | 241 | 50 | 100 | 23 | 899 |

(in € millions)

Land and buildings mainly relate to depots, hubs and other production facilities. Plant and equipment of €7 million (2010: 16) are pledged as security to third parties in Brazil. In 2010, land and buildings of €30 million were pledged to third parties in Germany, this is no longer the case in 2011. TNT Express does not hold freehold office buildings for long-term investments and for long-term rental income purposes.

Plant and equipment primarily relate to investments in vehicles, sorting machinery and other depot equipments. Other property, plant and equipment mainly related to furniture, fittings, IT equipment and other office equipments.

Aircraft and (spare) engines are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term to estimated residual values of 20%. Depending on the type of aircraft, the depreciation term varies between 10 and 25 years. Spare parts are depreciated to their estimated residual value on a straight-line basis over the remaining estimated useful life of the associated aircraft or engine type. Of the 22 owned aircraft (2010: 25), 16 aircraft (2010: 22) are classified as property, plant and equipment and six (2010: 3) are classified as assets held for disposal.

In 2011, impairment of €45 million relates to four aircraft that are transferred to assets held for disposal with a written down value of €140 million. Two of these aircraft are Boeing 747 freighters under finance lease. The aircraft are measured at fair value less cost to sell. The impairment is triggered by a decline in air volume and management's action to reduce air capacity and lower operating costs.

In 2011, two aircraft classified as property, plant and equipment were sold along with one of the aircraft classified as assets held for disposal at year-end 2010, for a profit of nil.

In 2010, two aircraft that were classified as assets held for disposal as from 2008 were transferred back to property, plant and equipment. The aircraft were measured at their recoverable amounts at the date of the subsequent decision not to sell. As a result, €2 million of the previously recorded impairment charge was reversed after taking into account normal depreciation that would have been charged had no impairment occurred. These aircraft were recommissioned back into use in Asia in early 2011, and were subsequently sold in the second quarter of 2011.

Finance leases included in the property, plant and equipment balance at 31 December 2011 are:

| At 31 December 2011 | Land and buildings | Plant and equipment | Aircraft | Other | Total 2011 | Total 2010 |
|---|---|---|---|---|---|---|
| Total | 10 | 14 | 0 | 0 | 24 | 209 |
| Europe & MEA | 10 | 4 | | | 14 | 200 |
| Americas | | 10 | | | 10 | 9 |

(in € millions)

Included in land and buildings under financial leases are leasehold rights and ground rent. The book value of the leasehold rights and ground rent in TNT Express is €10 million (2010: 12), comprising a historical cost of €25 million (2010: 25), with accumulated depreciation of €15 million (2010: 13). Aircraft leases amount to nil (2010: 183). The 2010 amount was largely related to two Boeing 747 freighters which were transferred to assets held for disposal in 2011.

Leasehold and ground rents expiring:
- within one year amount to €1 million (2010: 1);
- between one and five years amount to €2 million (2010: 3); and
- between five and 20 years amount to €7 million (2010: 8).

There are no leasehold and ground rents contracts with indefinite terms. Leasehold rights and ground rent for land and buildings are mainly in Belgium for €7 million (2010: 8) and in France for €3 million (2010: 4).

There is no material temporarily idle property, plant and equipment at 31 December 2011 (2010: 0).

## 3 Financial fixed assets: 284 million (2010: 294)

| Statement of changes | Investments in associates | Other loans receivable | Deferred tax assets | Other financial fixed assets: Financial fixed assets at fair value | Other financial fixed assets: Other prepayments and accrued income | Total |
|---|---|---|---|---|---|---|
| Balance at 31 December 2009 | 58 | 3 | 204 | 2 | 18 | 285 |
| Changes in 2010 | | | | | | |
| Acquisitions/additions | 8 | | 35 | 1 | 2 | 46 |
| Disposals/decreases | (7) | | (25) | | | (32) |
| Impairments and other value adjustments | (17) | | | | | (17) |
| Withdrawals/repayments | | | | | (5) | (5) |
| Exchange rate differences | | | 16 | | 1 | 17 |
| Total changes | (16) | | 26 | 1 | (2) | 9 |
| Balance at 31 December 2010 | 42 | 3 | 230 | 3 | 16 | 294 |
| Changes in 2011 | | | | | | |
| Acquisitions/additions | | | 50 | | 1 | 51 |
| Disposals/decreases | | | (41) | (1) | | (42) |
| Impairments and other value adjustments | (22) | | | | | (22) |
| Withdrawals/repayments | | | | | (1) | (1) |
| Exchange rate differences | | | 5 | (1) | | 4 |
| Total changes | (22) | | 14 | (2) | | (10) |
| Balance at 31 December 2011 | 20 | 3 | 244 | 1 | 16 | 284 |

(in € millions)

### *Investments in associates*

At 31 December 2011, investments in associates amounted to €20 million (2010: 42) and relates mainly to investments made by Logispring Investment Fund Holding B.V. ('Logispring') and TNT Europe Finance B.V. The sole activity of Logispring is to manage investments in start-up companies in the transport and logistics sector.

In 2011, the underlying investments in these entities are adjusted for a fair value adjustment of €22 million (2010: 17) following anticipated liquidations of underlying investments, deteriorated prospects for other investments or limited results. The fair values are derived from most recent valuation reports based on EVCA rules for fair value calculations extrapolated using relevant benchmarks and indices. None of the investments are currently listed and as a consequence, they are grouped within level 3 of the fair value measurement hierarchy as mentioned in the accounting policies. The investments in associates do not include goodwill (2010: 0).

In 2010, the addition of €8 million to investments in associates related to capital contributions to Logispring investments. The disposals of €7 million relates to the unwinding and divestment of Logispring investments.

### *Deferred tax assets*

Deferred tax assets are further explained in note 22.

## 4 Inventory: 15 million (2010: 15)

| At 31 December | 2011 | 2010 |
|---|---|---|
| Raw materials and supplies | 12 | 11 |
| Finished goods | 3 | 4 |
| Total | 15 | 15 |
| (in € millions) | | |

Total inventory of €15 million (2010: 15) is valued at historical cost for an amount of €22 million (2010: 20) and is stated net of provisions for obsolete items amounting to €7 million (2010: 5). There are no inventories pledged as security for liabilities at 31 December 2011 (2010: 0). In 2011 and 2010, no material write-offs relating to inventories occurred. The balance of inventories that is expected to be recovered after 12 months is nil (2010: 0).

## 5 (Trade) accounts receivable: 1,256 million (2010: 1,241)

| At 31 December | 2011 | 2010 |
|---|---|---|
| Trade accounts receivable - total | 1,186 | 1,149 |
| Allowance for doubtful debt | (69) | (74) |
| Trade accounts receivable | 1,117 | 1,075 |
| VAT receivable | 12 | 15 |
| Accounts receivable from associates | 0 | 1 |
| Other accounts receivable | 127 | 150 |
| Accounts receivable | 139 | 166 |
| (in € millions) | | |

At 31 December 2011, the total trade accounts receivable amounted to €1,186 million (2010: 1,149), of which €424 million (2010: 407) were 'past due date' but not individually impaired. The balance of trade accounts receivable that is expected to be recovered after 12 months is €9 million (2010: 4). The standard payment term for customers of TNT Express is around seven days. The total allowance for doubtful debt amounts to €69 million (2010: 74) of which €36 million (2010: 34) relates to trade accounts receivable that were individually impaired for the notional amount. The remainder of the allowance relates to a collective loss component established for groups of similar trade accounts receivable balances in respect to losses that have been incurred but not yet identified as such. This collective loss component is largely based on the ageing of the trade receivables and is reviewed periodically.

The fair value of the accounts receivable approximates its carrying value. Other accounts receivables mainly include receivables from insurance companies, deposits and various other items. The balance of other accounts receivable that is expected to be recovered after 12 months is €22 million (2010: 0). The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. TNT Express does not hold collateral as security for the outstanding balances. The concentration of the accounts receivable per customer is limited. The top ten trade receivables of TNT Express account for 3% of the outstanding trade receivables at 31 December 2011 (2010: 3%). The concentration of the trade accounts receivable portfolio over the different regions can be summarised as follows: Europe & MEA €736 million (2010: 715), Asia Pacific €240 million (2010: 219), Americas €84 million (2010: 93) and Other Networks €57 million (2010: 48). For the non-trade accounts receivables no allowance for doubtful debt is required.

The ageing analysis of the trade accounts receivable past due but not individually impaired is presented below:

| At 31 December | 2011 | 2010 |
|---|---|---|
| Up to 1 month | 292 | 284 |
| 2-3 months | 82 | 84 |
| 3-6 months | 29 | 23 |
| Over 6 months | 21 | 16 |
| Total | 424 | 407 |
| (in € millions) | | |

The movements in the allowance for doubtful debt of trade accounts receivables are as follows:

| | 2011 | 2010 |
|---|---|---|
| Balance at 1 January | 74 | 71 |
| Provided for during financial year | 20 | 34 |
| Receivables written off during year as uncollectable | (25) | (25) |
| Unused amounts reversed | 0 | (6) |
| Balance at 31 December | 69 | 74 |
| (in € millions) | | |

## 6 Prepayments and accrued income: 159 million (2010: 157)

Prepayments and accrued income include amounts paid in advance to cover costs that will be charged against income in future years and net revenues not yet invoiced. At 31 December 2011, prepayments amounted to €64 million (2010: 78). The balance of prepayments and accrued income that is expected to be recovered after 12 months is nil (2010: 0).

Prepayments and accrued income also includes outstanding short-term foreign exchange forward contracts amounting to €17 million (2010: 2). The fair value of these financial instruments has been calculated at the relevant (forward) market rates at 31 December 2011. For the notional principal amount of the outstanding foreign exchange forward contracts see note 30.

## 7 Cash and cash equivalents: 250 million (2010: 807)

Cash and cash equivalents comprise of cash at bank and in hand of €55 million (2010: 75) and short-term bank deposits of €195 million (2010: 732). The effective interest rate during 2011 on short-term bank deposits was 0.6% (2010: 0.3%) and the average outstanding amount was €277 million (2010: 582). The individual deposits have an average maturity of 1.4 days (2010: 1.4). Included in cash and cash equivalents is €1 million (2010: 1) of restricted cash. The fair value of cash and cash equivalents approximates the carrying value.

## 8 Assets classified as held for disposal: 146 million (2010: 4)

The assets classified as held for disposal amount to €146 million (2010: 4) and relates to aircraft of €140 million (2010: 2) and vehicles of €6 million (2010: 2), mainly in Europe & MEA (2010: Americas).

As at 31 December 2011, there are six aircraft (2010: 3) classified as assets held for disposal, four of which were transferred from property, plant and equipment in 2011. Two of these aircraft are Boeing 747 freighters under finance lease with written down value of €134 million. Of the three aircraft held for disposal in 2010, one was sold along with two of the aircraft classified as property, plant and equipment for a net profit of nil (refer to note 2).

All six aircraft held for disposal are actively being marketed and are expected to be disposed of within one year.

## 9 Equity: 2,812 (1 January 2011: 3,086; 2010 Net investment: 3,002)

By way of legal demerger (30 May 2011, effective 31 May 2011) and subsequent legal merger (31 May 2011, effective 1 June 2011), TNT Express N.V. was listed on the NYSE Euronext Amsterdam (Euronext Amsterdam). Trading in the ordinary shares on an ''as-if-and-when-issued'' basis on Euronext Amsterdam started on 26 May 2011 and the shareholders of the former parent TNT N.V. (PostNL) have been allotted one ordinary share for each share they held in TNT N.V. on 30 May 2011 as part of the demerger. After the demerger, TNT N.V. held such number of ordinary shares, representing 29.9% of the issued and outstanding share capital of TNT Express.

At the date of demerger, all of the assets and liabilities directly related to TNT N.V.'s express business were transferred under universal succession of title to TNT Express N.V. Pursuant to the demerger agreement, all of the express business transferred to TNT Express N.V. were, upon consummation of the demerger, deemed to have been for the risk and account of the company as of 1 January 2011.

To provide a comparable overview of the TNT Express business prior to the demerger, combined financial statements have been prepared and audited of the legal entities that constitute the TNT Express business for the financial year ended 31 December 2010. The indicated equity at 31 December 2010 therefore relates to a combination of the equity of the legal entities of TNT Express. This equity represents the equity under TNT Express accounting policies, which have been prepared in accordance with IFRS for all assigned Express entities. The increase in total equity between 31 December 2010 of €3,002 million and 1 January 2011 of €3,086 million is a receivable of €84 million from TNT Mail Finance B.V. that was transferred under universal succession of title to TNT Express, see note 39. As TNT Express, prior to the demerger, did not have a defined capital structure, no details of the composition of the equity are presented, see overview of consolidated statement of changes in equity.

## Issued share capital

Issued share capital amounted to €43 million at 31 December 2011 (1 January 2011: 43). The number of authorised, issued and outstanding shares by class of share is as follows:

### Authorised, issued and outstanding shares

| Before proposed appropriation of profit | 2011 |
|---|---|
| **Authorised by class** | |
| Ordinary shares | 750,000,000 |
| Preference shares | 750,000,000 |
| Total authorised | 1,500,000,000 |
| **Issued and outstanding** | |
| per 1 January of the reported year | 0 |
| issued for additional public offering | 542,033,181 |
| issued for stock dividend | 1,169,239 |
| per 31 December of the reported year | 543,202,420 |
| **Issued and outstanding per 31 December by class** | |
| Ordinary shares | 543,202,420 |
| Preference shares | 0 |

## Authorised share capital

On 30 May 2011, the Articles of Association were amended by deed. As of that date the company's authorised share capital amounts to €120 million, divided into 750,000,000 ordinary shares with a nominal value of €0.08 each and 750,000,000 preference shares with a nominal value of €0.08 each.

## Form of shares

The ordinary shares are in bearer or in registered form. Ordinary shares in bearer form are represented by a global note held by the Dutch clearing system Euroclear Netherlands (formerly known as NECIGEF) and are transferable through Euroclear Netherlands' book entry system. ADRs represent ordinary shares in bearer form, held by the depositary, which are represented by the note held by Euroclear Netherlands. Ordinary shares in registered form are transferred by means of a deed of transfer and TNT Express' written acknowledgement of the transfer. TNT Express does not have share certificates for ordinary shares represented by the global note.

## Incentive scheme

For administration and compliance purposes, a foundation (Stichting Bewaarneming Aandelen TNT) legally holds shares belonging to TNT Express employees under (former) incentive schemes which are beneficially owned by the employees. At 31 December 2011, the number of TNT Express shares involved amounted to 716,791 with a nominal value of €0.08 per share.

## Additional paid-in capital

Additional paid-in capital amounts to €3,021 million (1 January 2011: 3,035). The amount of paid-in capital recognised for Dutch dividend withholding tax purposes is €798 million. The decrease in additional paid in capital of €14 million is due to the 2011 interim dividend.

### *Legal reserve*

The legal reserves relate to translation, hedge and other legal reserves. At 31 December 2011, the legal reserves amount to €24 million (1 January 2011: 0; 2010: -71).

The translation and hedge reserves amount to €70 million negative at 31 December 2011. The translation reserves reflect the movement in exchange rate differences on converting foreign subsidiaries of TNT Express N.V. into euros. These differences are charged or credited to the translation reserve, net of taxation. In 2011, an amount of €0 million was released from equity to the income statement.

At 31 December 2011, the hedge reserve mainly contains the fair value timing difference of $226 million (1 January 2011: $239) of interest rate swaps and of $412 million unwound forward starting interest rate swaps. The outstanding US dollar interest rate swaps have been entered into to mitigate the cash flow interest rate risk relating to the Boeing 747 freighters financial lease contracts which have variable interest conditions. The forward starting swaps were entered into to hedge the interest rate risk on three Boeing 777 freighter operational lease contracts with a 12 year lease term up to the period till delivery of the aircraft when the interest component in the lease was fixed. All three forward starting swaps have been unwound at the delivery of the aircraft during 2011. The outstanding and unwound interest rate swaps resulted in movements in cash flow hedging reserves of, net of taxation, -€12 million (2010: -7).

The net cash payments relating to the unwinding of these swaps will be recycled from equity to the income statement or to investments based on the duration of the underlying hedged items. In 2011, an amount of -€1 million (2010: -1) has been recycled from the hedge reserve to the income statement. For further information on interest rate swaps, see note 30.

Other legal reserves mainly relate to self-produced software, revaluation reserves and reserves required by local legislation being reclassified from other reserves in 2011.

Legal reserves cannot be distributed to the equity holders of the company.

### *Other reserves*

At 31 December 2011, the other reserves are -€12 million (1 January 2011: 0). In 2011, the other reserves decreased by €12 million. This decrease is related to reclassification of €23 million to the legal reserves and €11 million of share-based compensation (€19 million cost for share-based compensation and -€9 million cash payments for share-based compensation).

### *Retained earnings*

At 31 December 2011, the retained earnings amounts to -€270 million relating to the years loss for the period.

## 10 Pension assets: 34 million (2010: 6) and provisions for pension liabilities: 46 million (2010: 49)

TNT Express operates a number of post-employment benefit plans around the world. Most of TNT Express' post-employment benefit plans are defined contribution plans. The most relevant defined benefit plans are in place in the Netherlands, the United Kingdom, Germany, Australia and Italy.

### *Defined benefit plans in the Netherlands*

In the Netherlands, TNT Express employees participate in one of three different defined pension plans. The first pension plan covers the employees who are subject to the collective labour agreement and employees with a personal labour agreement arranged as from 2007. The second pension plan covers employees with a personal labour agreement arranged before 2007. The first and second pension plans are externally funded in 'Stichting Pensioenfonds PostNL' and 'Stichting Ondernemingspensioenfonds TNT' respectively, for which PostNL N.V. is the co-sponsoring employer. The third pension plan covers the Dutch employees of TNT Express Fashion.

Some of the employees covered by the first and second pension plan also participate in defined benefit transitional plans. These transitional defined benefit plans consist of an early retirement scheme and additional arrangements that have been agreed between the company and the employees following the revised fiscal regulations applying to Dutch pension plans in 2006.

### *Defined benefit plans in the United Kingdom*

In the United Kingdom, TNT Express contributes to a closed defined pension plan, externally funded in a pension fund governed by a trustee. The pension plan covers three active employees and the remainder are inactive (former) TNT Express employees. The pension entitlements are based on years of service within the plan until 1 July 2006 and final (average) salary at that time, with the pensions being revalued from then to retirement in accordance with legislation.

### Defined benefit plans in Germany

In Germany, TNT Express employees participate in one of two defined pension plans. The first plan is a defined benefit plan closed for new entries as of 1 January 2005. The second plan, applicable to new hires as from 1 January 2005, is a defined contribution plan with a minimum return guarantee. The defined benefit plan provides lump sum benefits based on years of service and final salary. The defined benefit plan is funded via direct insurance with an external insurance company. The contributions of the defined contribution plan are invested in public investment funds administered by an external party. The risk coverage for death and disability benefits within the defined contribution plan is directly insured with an external insurance company.

### Defined benefit plans in Australia

In Australia, TNT Express contributes to several superannuation funds. With the exception of the TNT Group Superannuation Plan ('TNT GSP'), a fund with both defined benefit and defined contribution sections, all other payments are made to defined contribution plans. The TNT GSP was established under a master trust as a sub-plan of the Mercer Superannuation Trust. The defined benefit section of TNT GSP provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from group companies and the group's obligation is limited to these contributions.

### Defined benefit plans in Italy

In Italy, in accordance with Italian law, employers have to pay to employees, upon the termination of employment, a lump sum indemnity ('Trattamento di Fine Rapporto', 'TFR'), equivalent to the total (annually revalued) benefits accrued over the years of service. Until 31 December 2006, this was an unfunded defined benefit plan whereby employers were obliged to accrue for this termination benefit. Starting from 1 January 2007, due to legislation change, TFR is no longer accrued by the employer but by external providers, mainly the National Social Security Institute. Employers contribute to the fund the equivalent of the accrued TFR. Therefore, the TFR liability for TNT Express consists of the unfunded benefits accrued up to 31 December 2006 and of the obligation reflecting the annual revaluation of these accrued benefits.

At 31 December 2011, the defined benefit plans described above covers approximately 98% of the TNT Express group obligation for post-employment benefits and approximately 99% of the TNT Express group plan assets.

### Defined benefit pension costs recognised in the income statement

The valuation of the pension obligation of TNT Express and the determination of its pension cost are based on key assumptions that include employee turnover, mortality rates and retirement ages, discount rates, expected long-term returns on plan assets, pension increases and future wage increases, which are updated on an annual basis at the beginning of each financial year. Actual circumstances may vary from these assumptions giving rise to a different pension liability at year-end. The difference between the projected pension liability based on the assumptions and the actual pension liability at year-end are reflected in the balance sheet as part of the actuarial gains and losses. If the cumulative actuarial gains and losses exceed the corridor, the excess will be amortised over the employees' expected average remaining service lives and reflected as an additional profit or expense in TNT Express' income statement in the next year.

In 2011, TNT Express' net expense for post-employment benefit plans was €2 million (2010: 7). The €2 million net expense consists of €18 million expense and €16 million settlement gain as a consequence of the demerger. Total cash contributions for post-employment benefit plans in 2011 amounted to €33 million (2010: 13) and are estimated to amount to approximately €41 million in 2012.

Statement of changes in net pension asset/(liability)

| | Balance at 1 January 2011 | Employer pension expense | Contributions / Other | Balance at 31 December 2011 |
|---|---|---|---|---|
| Provision for pension liabilities | (14) | (1) | 30 | 15 |
| of which pension and transitional plans in the Netherlands | (15) | 3 | 25 | 13 |
| of which other pension plans in Europe | 2 | (3) | 3 | 2 |
| of which pension plans outside Europe | (1) | (1) | 2 | 0 |
| Other post-employment benefit plans | (29) | (1) | 3 | (27) |
| Total post-employment benefit plans | (43) | (2) | 33 | (12) |

(in € millions)

The total net provision for post-employment benefit plans of €12 million at 31 December 2011 (2010: 43) consist of a pension asset of €34 million (2010: 6) and a pension liability of €46 million (2010: 49).

The funded status of the TNT Express' post-employment benefit plans at 31 December 2011 and 2010 and the employer pension expense for 2011 and 2010 are presented in the table below.

## Pension disclosures

| | 2011 | 2010 |
|---|---|---|
| **Change in benefit obligation** | | |
| Benefit obligation at beginning of year | (111) | (91) |
| Service costs | (19) | (5) |
| Interest costs | (24) | (5) |
| Amendments/foreign currency effects | (1) | (4) |
| Actuarial (loss)/gain | (10) | (13) |
| Benefits paid | 13 | 7 |
| Settlements | (347) | |
| **Benefit obligation at end of year** | (499) | (111) |
| **Change in plan assets** | | |
| Fair value of plan assets at beginning of year | 68 | 53 |
| Actual return on plan assets | 11 | 9 |
| Contributions | 30 | 10 |
| Amendments/foreign currency effects | 1 | 3 |
| Benefits paid | (13) | (7) |
| Settlements | 363 | 0 |
| **Fair value of plan assets at end of year** | 460 | 68 |
| **Funded status at 31 December** | | |
| Funded status | (39) | (43) |
| Unrecognised net actuarial loss | 54 | 29 |
| Pension assets/liabilities | 15 | (14) |
| Other employee benefit plans | (27) | (29) |
| **Net pension asset/liability** | (12) | (43) |
| **Components of employer pension expense** | | |
| Service costs | (19) | (5) |
| Interest costs | (24) | (5) |
| Expected return on plan assets | 28 | 5 |
| Amortisation of actuarial loss | (2) | (1) |
| Settlement gain | 16 | 0 |
| Employer pension expense | (1) | (6) |
| Other post-employment benefit plan expenses | (1) | (1) |
| **Total post-employment benefit expenses** | (2) | (7) |
| **Weighted average assumptions as at 31 December** | | |
| Discount rate | 4.9% | 4.9% |
| Expected return on plan assets | 6.3% | 5.8% |
| Rate of compensation increase | 2.1% | 2.4% |
| Rate of benefit increase | 1.5% | 2.0% |

(in € millions, except percentages)

In 2011, the settlement in benefit obligation and plan assets is as a result of the new separate execution agreements with the Dutch pension funds with regards to the allocated TNT Express employees as a consequence of the demerger. This results in a one-off settlement gain of €16 million.

TNT Express' pension expense is affected by the discount rate used to measure pension obligations and the expected long-term rate of return on plan assets. Management reviews these and other assumptions every year. Measurement date for TNT Express' post-employment benefits is 31 December. Changes in assumptions may occur as a result of economic and market conditions. If actual results differ from those assumed, this will generate actuarial gains or losses. These are amortised over the employee's expected average remaining service lives if they exceed the corridor.

The discount rate is based on the long-term yield on high quality corporate bonds. Management considers various factors to determine the expected return on plan assets. The expected return is based on the current long-term rates of return on bonds and applies to these rates a suitable risk premium for the different asset components. The premium is based on the plan's asset mix, historical market returns and current market expectation.

Assumptions regarding future mortality are based on advice, published statistics and experience per country. The average life expectancy of men after retiring at the age of 65 is 20 years (2010: 20). The equivalent expectancy for women is 22 years (2010: 22).

### *Funded status defined benefit plans*

The table below reconciles the opening and closing balances of the present value of the defined benefit obligation and the fair value of plan assets with the provision for post-employment benefit plans. Included in the provision for pension liabilities is the unfunded defined benefit TFR plan in Italy of €27 million (2010: 29).

| At 31 December | 2011 | 2010 |
|---|---|---|
| Present value of funded benefit obligations | (470) | (79) |
| Fair value of plan assets | 460 | 68 |
| (Un)Funded status | (10) | (11) |
| Present value of unfunded benefit obligations | (29) | (32) |
| Unrecognised liability | 54 | 29 |
| Other employee benefit plans | (27) | (29) |
| Net pension asset/liability | (12) | (43) |
| of which included in pension assets | 34 | 6 |
| of which included in provisions for pension liabilities | (46) | (49) |

(in € millions)

The table below shows the sensitivity of the employer pension expense, excluding the settlement gain of €16 million, to deviations in assumptions:

**Sensitivity of assumptions**

| | %-change in assumptions | change in employer pension expense |
|---|---|---|
| Employer pension expense 2011 | | (18) |
| Discount rate | + 0.5% | 3 |
| Expected return on plan assets | + 0.5% | 2 |
| Rate of compensation increase | + 0.5% | (5) |
| Rate of benefit increase | + 0.5% | (1) |
| Employer pension expense 2011 | | (18) |
| Discount rate | - 0.5% | (3) |
| Expected return on plan assets | - 0.5% | (2) |
| Rate of compensation increase | - 0.5% | 4 |
| Rate of benefit increase | - 0.5% | 1 |

(in € millions, except percentages)

The table below shows the defined benefit obligation, fair value of plan assets and experience adjustments thereon for the current annual period and previous annual period. Annual period 2011 is the first consolidated financial statements of TNT Express N.V., therefore only one previous annual period is presented instead of four as required by IAS 19.120p. The experience adjustment is the difference between the expected and actual position at the end of the year.

### Status of funding

| At 31 December | 2011 | 2010 |
|---|---|---|
| Funded and Unfunded Defined benefit obligation | (499) | (111) |
| Experience adjustment gain/(loss) | 1.9% | 0.7% |
| Fair value of plan assets | 460 | 68 |
| Experience adjustment gain/(loss) | -3.6% | 9.5% |
| (Un)Funded status | (39) | (43) |

(in € millions, except percentages)

The table below shows the expected future benefit payments per year related to TNT Express' main defined benefit plans for the coming five years. The benefits include all expected payments by these plans to the pensioners.

### Expected benefit payments

| Year | Amounts |
|---|---|
| 2012 | 17 |
| 2013 | 13 |
| 2014 | 12 |
| 2015 | 12 |
| 2016 | 13 |

(in € millions)

## 11 Other provisions: 189 million (2010: 168)

### Statement of changes

| | Other employee benefit obligations | Restructuring | Claims and indemnities | Other | Total |
|---|---|---|---|---|---|
| Balance at 31 December 2010 | 44 | 15 | 50 | 59 | 168 |
| of which included in other provisions (non-current) | 29 | 3 | 10 | 35 | 77 |
| of which included in other provisions (current) | 15 | 12 | 40 | 24 | 91 |
| Changes in 2011 | | | | | |
| Additions | 8 | 25 | 20 | 15 | 68 |
| Withdrawals | (6) | (18) | (14) | (6) | (44) |
| Exchange rate differences | 1 | | | (3) | (2) |
| Reclassification | 3 | (5) | 2 | | 0 |
| Other/releases | | | (11) | 10 | (1) |
| Total changes | 6 | 2 | (3) | 16 | 21 |
| Balance at 31 December 2011 | 50 | 17 | 47 | 75 | 189 |
| of which included in other provisions (non-current) | 33 | 1 | 17 | 50 | 101 |
| of which included in other provisions (current) | 17 | 16 | 30 | 25 | 88 |

(in € millions)

Other employee benefit obligations consist of provisions relating to jubilee payments of €17 million (2010: 14), long-service benefits of €9 million (2010: 7) and other employee benefits of €24 million (2010: 23). Short-term employee benefits, such as salaries, profit-sharing and bonuses are discussed in note 18.

At 31 December 2011, the restructuring provision amounts to €17 million (2010: 15), of which €15 million (2010: 11) relates to restructuring projects in Europe and €2 million (2010: 4) in other regions.

The total restructuring-related charge for 2011 amounts to €25 million (2010: 16). The 2011 restructuring plans mainly relate to redundancy costs in Europe for €21 million and Asia Pacific for €4 million. A majority of these restructuring provisions will be utilised in 2012. Restructuring plans announced before 2011 relate to Europe and South America and were largely finalised during 2011.

The withdrawals from the restructuring provisions of €18 million (2010: 23) relate to settlement payments following restructuring programmes for an amount of €14 million in Europe and €4 million in Asia Pacific.

In 2011, 305 employees (2010: 1,325) were made redundant, mainly in Europe and Asia Pacific. The relating settlements have been withdrawn from these provisions.

Provisions for claims and indemnities include provisions for claims from third parties, mainly customers, with respect to the ordinary business activities of TNT Express. At 31 December 2011, provision for claims and indemnities of €47 million (2010: 50) relates to Europe for €25 million (2010: 27), Asia Pacific for €15 million (2010: 12) and South America for €7 million (2010: 11).

Other provisions consist of provision for legal obligations, dilapidation, onerous contracts and other risks incurred in the course of normal business operations. At 31 December 2011, other provisions amounted to €75 million (2010: 59), of which €26 million (2010: 26) in Europe & MEA, €6 million (2010: 2) in Asia Pacific, €42 million (2010: 28) in Americas and €1 million (2010: 3) in Other Network. The additions of €15 million relate to Europe & MEA for €5 million, Asia Pacific for €3 million and Americas for €7 million.

The estimated utilisation in 2012 is €88 million, in 2013 €9 million, in 2014 €9 million and in 2015 and beyond €83 million.

## 12 Long-term debt: 219 million (2010: 301)

### Carrying amounts and fair value of long-term debt

| At 31 December | 2011 Carrying Amount | 2011 Fair value | 2010 Carrying Amount | 2010 Fair value |
|---|---|---|---|---|
| Finance leases | 177 | 181 | 184 | 186 |
| Other loans | 14 | 14 | 24 | 40 |
| Interest rate swaps | 28 | 28 | 93 | 93 |
| Total long term debt | 219 | 223 | 301 | 319 |

(in € millions)

The interest rate swaps per 2010 in the table above include an amount of €65 million, which was settled in May 2011 prior to the demerger. This interest rate swap was entered into by TNT Finance B.V. which is part of the TNT Express business and related to a GBP-denominated Eurobond of TNT N.V. (PostNL).

In the table above, the fair value of long-term interest-bearing debt, net of its current portion, has been determined by calculating the discounted value of the future cash flows (redemption and interest) using the interbank zero coupon curve. The carrying amounts of the current portion of long-term debt approximate their fair value.

The table below sets forth the carrying amounts of interest-bearing long-term liabilities (including the current portion) during each of the following five years and thereafter:

### Total borrowings

| | Finance leases | Other loans | Interest rate swaps | Short-term bank debt | Total |
|---|---|---|---|---|---|
| 2012 | 18 | 10 | | 15 | 43 |
| 2013 | 16 | 7 | | | 23 |
| 2014 | 15 | 3 | | | 18 |
| 2015 | 14 | 1 | | | 15 |
| 2016 | 70 | 1 | 13 | | 84 |
| Thereafter | 62 | 2 | 15 | | 79 |
| Total borrowings | 195 | 24 | 28 | 15 | 262 |
| of which included in long term debt | 177 | 14 | 28 | | 219 |
| of which included in other current liabilities | 18 | 10 | | 15 | 43 |

(in € millions)

For underlying details of the financial instruments, see notes 29 and 30.

## 13 Other current liabilities: 309 million (1 January 2011: 761; 2010: 845)

| | 31 December 2011 | 01 January 2011 | 31 December 2010 |
|---|---|---|---|
| Short-term bank debt | 15 | 28 | 28 |
| Other short-term debt | 28 | 29 | 29 |
| Total current borrowings | 43 | 57 | 57 |
| Net payable to PostNL | 0 | 442 | 526 |
| Taxes and social security contributions | 121 | 114 | 114 |
| Expenses to be paid | 35 | 22 | 22 |
| Other | 110 | 126 | 126 |
| Total | 309 | 761 | 845 |

(in € millions)

### *Total current borrowings*

Other short-term debt includes short-term bank facilities of €10 million (2010: 10) and the current portion of outstanding finance lease liabilities of €18 million (2010: 19). There are no balances as of 31 December 2011, which are expected to be settled after 12 months (2010: 0).

Other also includes outstanding short-term foreign exchange forward contracts amounting to €12 million (2010: 17). The fair value of these financial instruments has been calculated at the relevant (forward) market rates at 31 December 2011. For the notional principal amount of the outstanding foreign exchange forward contracts see note 30.

### *Net payable/receivable TNT N.V.*

The net payable towards the former parent TNT N.V. (PostNL) of €526 million at 31 December 2010 represents the net payable from legal entities of the TNT Express business towards TNT N.V. and legal entities of its continued business and has been settled during the first half year. The decrease between 31 December 2010 and 1 January 2011 is due to the transfer under universal succession of title of the receivable of €84 million from TNT Mail Finance B.V., see note 39.

## 14 Accrued current liabilities: 630 million (2010: 680)

| At 31 December | 2011 | 2010 |
|---|---|---|
| Amounts received in advance | 25 | 27 |
| Expenses to be paid | 429 | 488 |
| Vacation days/vacation payments | 75 | 74 |
| Other accrued current liabilities | 101 | 91 |
| Total | 630 | 680 |

(in € millions)

An amount of €8 million is expected to be settled after 12 months (2010: 6).

# NOTES TO THE CONSOLIDATED INCOME STATEMENT

## 15 Net sales: 7,156 million (2010: 6,945)

The net sales of TNT Express relate to the trading activities of the reporting segments Europe & MEA, Asia Pacific, Americas and Other Networks, arising from rendering of services. Net sales allocated by geographical area in the country or region in which the entity records sales is detailed in note 34.

## 16 Other operating revenues: 90 million (2010: 108)

Other operating revenues relate to the rendering of services not related to TNT Express normal trading activities and mainly include revenue from sale of unutilised air cargo space to third parties of €40 million (2010: 35), customs clearance and administration revenue of €11 million (2010: 17) and passenger/charter revenue of €11 million (2010: 21). The remaining other operating revenues are mainly related to aircraft maintenance and operations income.

## 17 Other income: 7 million (2010: 12)

Other income in 2011 includes net proceeds from the sale of property, plant and equipment for a net amount of €2 million (2010: 8) and other miscellaneous income of €5 million (2010: 4). Of the €2 million net proceeds from sale of property, plant and equipment €1 million relates to assets sold in the India domestic operations.

## 18 Salaries and social security contributions 2,238 million (2010: 2,190)

| Year ended at 31 December | 2011 | 2010 |
|---|---|---|
| Salaries | 1,839 | 1,781 |
| Share-based compensation | 19 | 19 |
| Pension charges: | | |
| Defined benefit plans | 2 | 7 |
| Defined contribution plans | 37 | 62 |
| Social security charges | 341 | 321 |
| Total | 2,238 | 2,190 |

(in € millions)

The share-based compensation of €19 million includes €14 million from the accelerated vesting related to the unwinding of the TNT N.V. equity schemes allocated to TNT Express employees prior to the demerger.

For additional information related to the defined benefit plans expense of €2 million, see note 10.

| Labour force | 2011 | 2010 |
|---|---|---|
| Employees[1] | | |
| Europe & MEA | 37,330 | 36,184 |
| Asia Pacific | 24,825 | 27,195 |
| Americas | 11,255 | 11,081 |
| Other Networks | 2,534 | 2,435 |
| Non-allocated[2] | 1,534 | 1,612 |
| Total at year end | 77,478 | 78,507 |
| Employees of joint ventures[3] | 1,032 | 1,022 |
| External agency staff at year end | 7,064 | 6,379 |
| Average full-time equivalents (FTEs)[1] | | |
| Europe & MEA | 34,589 | 34,177 |
| Asia Pacific | 27,389 | 27,230 |
| Americas | 12,688 | 12,291 |
| Other Networks | 2,265 | 2,241 |
| Non-allocated[2] | 1,532 | 1,563 |
| Total year average | 78,463 | 77,502 |
| FTEs of joint ventures[3] | 920 | 894 |

[1]Including temporary employees on our payroll.

[2]Including employees and FTEs in Head office and Global IT Support Centre.

[3]These numbers represent all employees and FTEs in the joint ventures.

The labour force expressed in employees (headcount) has decreased by 1,029 people mainly due to the sale of the domestic road business in India at 30 December 2011. Due to the late timing of this sale the headcount decrease is not yet reflected in the average full-time equivalents (FTEs), based on the hours worked divided by the local standard.

In this note, certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

## *Remuneration of members of the Supervisory Board*

For the year 2011, the remuneration of the current members of the Supervisory Board amounted to €297,000 of which €79,750 is related to membership and meetings of the supervisory board of TNT N.V. Mr Burgmans (chairman), Ms Scheltema and Mr Gunning joined the Supervisory Board after the demerger. The other members of the Supervisory Board (Ms Harris, Mr King and Mr Levy) participated in the TNT N.V. supervisory board.

The remuneration of individual members of the Supervisory Board is set out in the table below:

| | Base compensation[1] | Other payments[2] | Total remuneration |
|---|---|---|---|
| Mr Burgmans | 35,000 | 6,000 | 41,000 |
| Mr Gunning | 26,250 | 4,500 | 30,750 |
| Ms Harris | 45,000 | 20,500 | 65,500 |
| Mr King | 45,000 | 13,500 | 58,500 |
| Mr Levy | 45,000 | 27,000 | 72,000 |
| Ms Scheltema | 26,250 | 3,000 | 29,250 |
| Total | 222,500 | 74,500 | 297,000 |

[1]Base fees include payments for membership of Supervisory Board TNT N.V. and Supervisory Board TNT Express N.V.

[2]Payments relating to number of attended committee meetings for Supervisory Board TNT N.V. and Supervisory Board TNT Express N.V., including travel allowance for foreign members.

(in €)

No options or shares were granted to members of the Supervisory Board and none of the members of the Supervisory Board accrued any pension rights with the company.

## *Specific equity-based remuneration issues related to the demerger*

In 2011, due to the demerger, specific measures were taken for senior management participating in the various TNT N.V. equity compensation schemes. Pre-demerger all equity schemes of our former parent TNT N.V. were unwound and, post demerger, a one-off investment/matching plan in TNT Express N.V. (phantom) equity was launched, both are described below.

## *Unwinding of TNT N.V. equity schemes*

The supervisory board of TNT N.V. decided that, subject to approval of the demerger by the general meeting of shareholders of TNT N.V., the unvested rights on performance shares in TNT N.V. and granted matching shares in TNT N.V. as well as any unexercised options would be unwound before the demerger.

All schemes were terminated before the demerger so that no 'legacy plans' existed thereafter. The eligible management consisted of the members of the board of management of TNT N.V. and senior management.

The unwinding of the TNT N.V. equity schemes has been executed as described below.

The existing and unvested rights on performance shares and matching shares, pre-demerger, vested on a pro-rata basis in accordance with plan rules and, for the performance shares, applying the most recent performance criteria. There was no vesting of performance shares since the realised Total Shareholder Return (TSR) compared to the incentive zone of the performance schedule did not allow for this.

As the vesting period for the performance shares was terminated prematurely, the supervisory board of TNT N.V. decided, in accordance with its discretionary power under the plan rules, to apply a time value based compensation in cash for prematurely terminated plans. The calculation of the level of this compensation was based on a generally accepted valuation model, validated by independent external parties.

The unwinding of the unvested performance shares and matching shares was settled in cash and paid to the eligible management.

The exercise period of the employee options for shares in TNT N.V. was shortened and ended before the demerger. The TNT N.V. supervisory board decided to compensate participants in cash for the loss of the time value of the reduced options period. The value of the options was calculated in accordance with a generally accepted option valuation model, validated by an independent external party and was subsequently paid in cash to the eligible management.

The accelerated vesting related to the unwinding of the equity schemes in place for TNT Express employees prior to the demerger was €14 million. For TNT Express the cash out amounted to €7 million. These amounts are accounted for in equity in accordance with IFRS 2.28b.

### *One-off investment/matching plan*

Following the cash-settled unwinding of the TNT N.V. equity schemes, no 'legacy plans' remained. To stimulate share-ownership and to align the interests of the members of the Executive Board and (senior) management with shareholders, the supervisory board of TNT N.V. decided to apply a voluntary one-off investment/matching plan in which the cash proceeds from the unwinding of the TNT N.V. bonus/matching plan, performance share plan and option plan could - post demerger - be invested in TNT Express N.V shares. The participants could elect to invest from their net proceeds an amount equal to 25% or 50% of their total gross unwinding-related sum (but not more than the net proceeds thereof) in TNT Express N.V. shares. On the same date these shares (in the plan called: investment shares) were purchased, the participant received, free of charge, a matching right on phantom shares, representing the value in cash of half of the number of investment shares (matching on a 1: 0.5 basis). This matching right will vest and the cash value of the phantom shares comprising the matching right will be paid after three years, provided that the participant: i) has remained an employee throughout; and ii) still owns at least 50% of his/her investment shares.

If, prior to vesting the participant sold more than half of his/her investment shares, the matching right will forfeit in full, and if participant sold 50% or fewer of his/her investment shares, the number of phantom shares comprising the matching right will be reduced proportionally.

### *Remuneration of members of the Executive Board*

In 2011, the total remuneration of the Executive Board consisted of:
- base salary
- other periodic paid compensation
- variable compensation:
  - accrued short-term incentive
  - accrued long-term incentive
- pension

In the paragraphs below, the 2011 values of each of these remuneration elements are reported per member of the Executive Board.

### *Total remuneration*

In 2011, the total remuneration, including unwinding costs for the TNT N.V. short-term and long-term incentives amounted to €2,280,726.

The remuneration of the individual members of the Executive Board is set out in the table below. In this table the costs are specified per remuneration component and include both the period prior to and after the demerger. Of the total remuneration costs, €790,825 relates to the period before the demerger.

| | Marie-Christine Lombard | Bernard Bot | Total |
|---|---|---|---|
| Base salary | 692,500 | 479,167 | 1,171,667 |
| Other periodic paid compensation | 230,143 | 48,431 | 278,574 |
| Pension costs | 281,520 | 117,298 | 398,818 |
| Accrued for short-term incentive (excluding unwinding) | 2,187 | 16,064 | 18,251 |
| Accrued for long-term incentive (excluding unwinding) | 75,944 | 53,410 | 129,354 |
| Total 2011 excluding unwinding costs | 1,282,294 | 714,370 | 1,996,664 |
| Short-term incentive unwinding costs | 0 | 48,443 | 48,443 |
| Long-term incentive unwinding costs | 106,078 | 129,541 | 235,619 |
| Total 2011 including unwinding costs | 1,388,372 | 892,354 | 2,280,726 |
| Total 2010 | 1,842,017 | 608,898 | 2,450,915 |

(in €)

## Base salary

The total base salary for 2011 paid to Ms Lombard was €692,500 and to Mr Bot was €479,167. These base salaries include the base salary earned during the five months prior to the demerger; €255,000 for Ms Lombard and €187,500 for Mr Bot. After the demerger the base salaries were reset taking into account the new responsibilities. Accordingly, Ms Lombard's annualized base salary was increased to €750,000, and the annualized base salary for Mr Bot increased to €500,000.

## Other periodic paid compensation

The other periodic paid compensation includes company costs related to tax and social security, company car and other costs. For Ms Lombard other periodic paid compensation includes French social taxes and French social security contributions.

## Pension

The pension costs consist of the service costs for the reported year. Mr Bot is a participant in a career average defined benefit scheme, whereas for Ms Lombard, a contribution is made available for a retirement provision. The retirement age for both members of the Executive Board is 65 years.

## Variable compensation

In the table below the total accrued variable compensation in 2011 to the members of the Executive Board is shown:

| | Accrued for short-term incentive (excluding unwinding) | Accrued for long-term incentive (excluding unwinding) | Short-term incentive unwinding costs | Long-term incentive unwinding costs | Total variable compensation |
|---|---|---|---|---|---|
| Marie-Christine Lombard | 2,187 | 75,944 | 0 | 106,078 | 184,209 |
| Bernard Bot | 16,064 | 53,410 | 48,443 | 129,541 | 247,458 |
| Total | 18,251 | 129,354 | 48,443 | 235,619 | 431,667 |

(in €)

## Accrued short-term incentive

The accrued short-term incentive consists of the accrued bonuses for the performance of the year reported, paid in cash in the next year and the costs relating to the TNT N.V. bonus/matching plan and the one-off TNT Express N.V. investment/matching plan.

## Short-term incentive and long-term incentive unwinding costs

Under IFRS 2 the unwound number of granted TNT N.V. performance shares and bonus/matching shares qualifies as a settlement that needs to be accounted for as an accelerated vesting. As a result, the amount which otherwise would have been recognised over the originally remaining vesting period is now recognized immediately as cost. In the above table these unwinding costs are specified for both the short-term and the long-term incentive. These costs have no actual compensation value for each member of the Executive Board. The actual payments as a result of the unwinding amounted for Ms Lombard gross €85,515 and for Mr Bot gross €148,931.

## Bonus accrual for 2011 performance

Taking into account the profitability realised by TNT Express in 2011, the members of the Executive Board have decided to fully waive any of their entitlements to variable income for 2011.

The 2011 accrued short-term incentive amounts for the Executive Board are accrued as set out below:

| | Accrued for 2011 bonus | Accrued for bonus matching shares (excluding unwinding) | Unwinding costs of bonus matching shares | Accrued for investment matching shares | Accrued for short-term incentive (including unwinding) |
|---|---|---|---|---|---|
| Marie-Christine Lombard | 0 | 0 | 0 | 2,187 | 2,187 |
| Bernard Bot | 0 | 12,407 | 48,443 | 3,657 | 64,507 |
| Total | 0 | 12,407 | 48,443 | 5,844 | 66,694 |

(in €)

For Mr Bot, the accrued amount for bonus matching shares and the unwinding costs of bonus matching shares relate to his entitlements, until demerger, under the TNT N.V. bonus matching plan for senior management.

## *One-off investment/matching plan*

The following table shows the number of phantom shares, comprising the matching rights, granted to the members of the Executive Board under the one-off investment/matching plan.

| | Investment/Matching Plan: Number of matching rights on phantom shares | | | |
|---|---|---|---|---|
| | Outstanding 1 January 2011 | Granted during 2011 | Vested or forfeited during 2011 | Outstanding 31 December 2011 |
| Marie-Christine Lombard | 0 | 2,785 | 0 | 2,785 |
| Bernard Bot | 0 | 4,656 | 0 | 4,656 |
| Total | 0 | 7,441 | 0 | 7,441 |

The investment/matching rights on phantom shares are based on both the cash sum invested and the share price on the Euronext Amsterdam on the date the grant is made (2 August 2011: €7.68/share).

## *Accrued long-term incentive*

In the table below the total costs related to the TNT N.V. performance shares plan are shown.

| | Costs in 2011 from performance shares granted in 2008 | Costs in 2011 from performance shares granted in 2009 | Costs in 2011 from performance shares granted in 2010 | Unwinding costs of performance shares | Accrued for long-term incentive (including unwinding) |
|---|---|---|---|---|---|
| Marie-Christine Lombard | 35,145 | 40,799 | 0 | 106,078 | 182,022 |
| Bernard Bot | 19,111 | 17,481 | 16,818 | 129,541 | 182,951 |
| Total | 54,256 | 58,280 | 16,818 | 235,619 | 364,973 |

(in €)

For Mr Bot, the costs from performance shares granted in 2010 relate to his entitlements until demerger under the 2010 performance share plan for senior management at TNT N.V.

## *TNT N.V. performance share plan - Senior Management*

From 2005 onwards annually granted rights on performance shares to eligible members of senior management were part of the remuneration policy. At 31 December 2010, the total number of performance shares was 3,688,662. Due to the demerger, no performance shares were granted in 2011, all unvested rights at the date of demerger were included in the above described unwinding of the TNT N.V. equity schemes.

## *TNT N.V. option plan - Senior Management*

In 2005, the option plan was replaced by the performance share plan. Final option awards occurred in 2004. At 31 December 2010, the total number of outstanding options for TNT N.V. shares was 182,276, with a weighted average exercise price of €17.94. Prior to the demerger, all unexercised options lapsed and were included in the above described unwinding of the TNT N.V. equity schemes.

## *Bonus/matching plan - Senior Management*

At 31 December 2010, the total number of outstanding matching rights on TNT N.V. shares was 179,201. The unvested rights to TNT N.V. bonus/matching shares at the date of demerger were included in the above described unwinding of the TNT N.V. equity schemes.

Members of a selected group of managers may on a voluntary basis participate in the TNT Express N.V. bonus/matching plan. In such case, they are paid 100% of their bonus in cash and can convert 25% as a grant of TNT Express N.V. shares (in the plan called: bonus shares) with an associated matching right if at least 50% of the bonus shares is kept for three years.

The company sees the bonus/matching plan as part of the remuneration package for the members of its top management, and it is particularly aimed at further aligning their interests with the interests of the shareholders.

Grants are made in accordance with the bonus/matching plan, which has been approved by the Supervisory Board. For 2011, the matching rights comprise phantom shares so that after three years the rights under this plan will be settled in cash.

The significant aspects of the plan are:

- Bonus shares are purchased from the participant's net proceeds using 25% of the gross bonus amount. The matching right is granted upon the purchase of the bonus shares.
- The number of bonus shares is calculated by dividing 25% of an individual's gross annual bonus relating to the preceding financial year by the share price on the Euronext Amsterdam on the date the grant is made (6 June 2011: €9.47/share).
- The rights to phantom shares are granted for zero costs and the number of phantom shares is equal to the number of bonus shares (matching on a 1:1 basis).
- The value at vesting of the phantom shares is delivered in cash after a holding period of three years after the grant.
- For each bonus share that is sold within three years, the associated right to one matching phantom share lapses. If more than 50% of the bonus shares is sold within three years, the entire right to matching phantom shares lapses with immediate effect.
- Where a participant leaves the company for certain reasons (retirement, certain reorganisations, disability or death) the matching right will vest immediately and he/she receives cash on a pro-rata basis.
- A participant loses the matching right with immediate effect in case he/she leaves the company for reasons other than those mentioned above.

The table below shows the number of phantom shares comprising the matching rights.

| | Bonus/Matching Plan: Number of matching rights on shares | | | |
|---|---|---|---|---|
| | Outstanding 1 January 2011 | Granted during 2011 | Vested or forfeited during 2011 | Outstanding 31 December 2011 |
| Management | 0 | 82,018 | 7,679 | 74,339 |
| Total | 0 | 82,018 | 7,679 | 74,339 |

The investment/matching rights on phantom shares are based on both the cash sum invested and the share price on the Euronext Amsterdam on the date the grant is made (2 August 2011: €7.68/share).

### *One - off investment/matching plan - Senior Management*

The following table shows the number of phantom shares granted to senior management.

| | Investment/Matching Plan: Number of matching rights on phantom shares | | |
|---|---|---|---|
| | Granted during 2011 | Vested or forfeited during 2011 | Outstanding 31 December 2011 |
| Management | 73,763 | 7,020 | 66,743 |
| Total | 73,763 | 7,020 | 66,743 |

### *Hedging*

At 31 December 2011, TNT Express held no shares for the purpose of covering any obligations under the TNT Express equity compensation plan. At that date the company did not operate any equity-settled schemes.

## 19 Depreciation, amortisation and impairments: 494 million (2010: 209)

| Year ended at 31 December | 2011 | 2010 |
|---|---|---|
| Amortisation of intangible assets | 52 | 54 |
| Depreciation property, plant and equipment | 157 | 157 |
| Impairment of intangible assets | 240 | 0 |
| Impairment of property, plant and equipment | 45 | (2) |
| Total | 494 | 209 |

(in € millions)

The amortisation of intangible assets of €52 million (2010: 54) relates to software for €48 million (2010: 46) and other intangibles for €4 million (2010: 8).

In 2011, the impairment of intangibles assets of €240 million relates to €209 million goodwill impairment in South America, €16 million of software development projects that are no longer deemed viable and €15 million customer relationship in South America.

In 2011, impairment of property, plant and equipment of €45 million relates to four aircraft that are transferred to assets held for disposal. In 2010, the reversal of the impairment of property, plant and equipment of €2 million related to two aircraft that have been transferred back from asset held for sale to property, plant and equipment and that were introduced back into service in 2011 and subsequently sold.

## 20 Other operating expenses: 335 million (2010: 435)

The other operating expenses consist of government legal fees, marketing, consulting and shared services cost and auditors fees.

In 2011, fees for audit services included the audit of TNT Express' annual financial statements, procedures on internal controls and interim financial statements, statutory audits and services that only the auditor can reasonably provide.

Fees for audit related services include specific audit procedures for employee benefit plan audits, audit of corporate sustainability reports, internal control reviews, consultation concerning financial accounting and reporting matters not classified as audit.

Fees for tax services include tax compliance, tax advice, including all services performed by the auditor's professional staff in its tax division, except those rendered in connection with the audit.

Other fees include assessments and advice concerning establishing Export Control compliance organisation and other advisory engagements.

The fees can be divided into the following categories:

| Year ended at 31 December | 2011 | 2010 |
|---|---|---|
| Audit fees | 5 | 5 |
| Audit-related fees | 1 | 10 |
| Tax advisory fees | 1 | 0 |
| Other fees | 1 | 0 |
| Total | 8 | 15 |

(in € millions)

In accordance with the Dutch legislation, article 2:382a, the total audit and audit-related fees (excluding demerger related) paid to accounting organisation PricewaterhouseCoopers Accountants N.V. seated in the Netherlands amounted to €4 million.

## 21 Net financial income and expenses: -45 million (2010: -37)

| Year ended at 31 December | 2011 | 2010 |
|---|---|---|
| Interest and similar income | 21 | 20 |
| Fair value change fair value hedges | 0 | 2 |
| Total interest and similar income | 21 | 22 |
| Interest and similar expenses | (56) | (53) |
| Fair value change cashflow hedge recycled to profit and loss | (1) | (1) |
| Fair value change fair value hedges | (3) | 0 |
| Net foreign exchange losses | (6) | (5) |
| Total interest and similar expenses | (66) | (59) |
| Net financial expenses | (45) | (37) |

(in € millions)

TNT Express has financing relationships with external banks and had financial relationship with the former parent TNT N.V. (PostNL). Related payables and receivables have been fully settled upon demerger. The internal interest income and expense to the former parent has been recorded as external interest income and expense after the demerger became effective on 31 May 2011.

### *Interest and similar income: 21 million (2010: 22)*

The interest and similar income amounts to €21 million (2010: 20), of which €5 million (2010: 11) is income from PostNL. The remaining external interest and similar income of €16 million (2010: 9) mainly relates to interest income on banks, loans and deposits of €10 million (2010: 7), of which €7 million (2010: 4) relates to interest on notional cash pools, interest on taxes of €2 million (2010: 1) and interest on foreign currency hedges of €3 million (2010: 1).

### *Interest and similar expenses: 66 million (2010: 59)*

The interest and similar expenses amounts to €56 million (2010: 53), of which €6 million (2010: 12) are expenses to PostNL. The remaining external interest and similar expense of €50 million (2010: 41) mainly relate to interest expense on bank overdrafts and bank loans of €15 million (2010: 11), of which €7 million (2010: 4) relates to interest on notional cash pools, interest expenses on long-term borrowings of €11 million (2010: 12), interest on foreign currency hedges of €23 million (2010: 14), interest on provisions of €1 million (2010: 1). The increase in interest on foreign currency hedges was caused by higher interest rate differentials between currencies in foreign exchange forward contracts, mainly in EUR/USD cross-currency swap.

In accordance with IFRS, interest income and expense on (notional) cash pools are reported on a gross basis. From an economic and legal perspective the €7 million (2010: 4) interest income fully nets off against the same amount of interest expense. The amounts are not netted in the income statement because under IFRS such offset needs in practice to be irreversibly exercised from time to time.

The interest and similar income and expense on various foreign exchange derivatives have been aggregated on a gross basis while economically the €3 million of interest income on hedges (2010: 1 interest income and 2 fair value change fair value hedges) partly offsets the €23 million interest expense on hedges and €3 million of fair value change fair value hedges (2010: 14).

## 22 Income taxes: 100 million (2010: 57)

Income taxes amount to €100 million (2010: 57), or -58.1% (2010: 45.2%) of negative income before income taxes of €172 million (2010: 126 positive).

Income tax expense consists of the following:

| Year ended at 31 December | 2011 | 2010 |
|---|---|---|
| Current tax expense/(income) | 108 | 88 |
| Deferred tax expense/(income) | (8) | (31) |
| Total income taxes | 100 | 57 |

(in € millions)

In 2011, the current tax expense amounted to €108 million (2010: 88). The difference between the total income taxes in the income statement and the current tax expense is due to timing differences. These timing differences are recognised as deferred tax assets or deferred tax liabilities. The increase in total income tax expense is mainly because of accounting estimates relating to deferred tax balances in both 2010 and 2011.

## Effective income tax rate

| Year ended at 31 December | 2011 | 2010 |
|---|---|---|
| Dutch statutory income tax rate | 25.0 | 25.5 |
| Adjustment regarding effective income tax rates other countries | (0.2) | (3.9) |
| Permanent differences: | | |
| Non and partly deductible costs | (4.8) | 8.6 |
| Non and partly deductible impairments | (35.7) | 0 |
| Other | (42.4) | 15.0 |
| Effective income tax rate | (58.1) | 45.2 |

(in percentages)

In 2011, the effective income tax rate is -58.1% (2010: 45.2%), which differs significantly from the statutory income tax rate of 25% in the Netherlands (2010: 25.5%). This difference is mainly caused by the impact of non-deductible impairments of -35.7% (2010: 0.0%). The adverse impact of several non-deductible costs is -4.8% (2010: 8.6%), while the effect of different income tax rates in other countries is -0.2% (2010: -3.9%).
The line 'other' includes several effects:

- Current year losses for which no deferred tax assets could be recognised due to uncertainty regarding the recoverability of such assets, results in an impact of -32.9% (2010: 24.4%).
- Positive effects from several optimisation projects impacted the effective tax rate by 7.6% (2010: -14.1%).
- The remaining 'other' impact of -17.1% (2010: 4.7%) reflects changes in accounting estimates relating to deferred tax balances of -9.3% and the net impact of several other positive and negative effects.

At 31 December 2011, the income tax receivable amounts to €29 million (2010: 26) and the income tax payable amounts to €31 million (2010: 31). In 2011, TNT Express paid taxes for an amount of €110 million (2010: 76 million) related to current and prior years.

The following table shows the movements in deferred tax assets in 2011:

| | Provisions | Property, plant and equipment | Losses carried forward | Other | Total |
|---|---|---|---|---|---|
| Deferred tax assets at 31 December 2009 | 33 | 5 | 118 | 48 | 204 |
| Changes charged directly to equity | 0 | 0 | 0 | 1 | 1 |
| Changes via income statement | 3 | (1) | 6 | 1 | 9 |
| (De)consolidation/foreign exchange effects | 4 | 1 | 12 | (1) | 16 |
| Deferred tax assets at 31 December 2010 | 40 | 5 | 136 | 49 | 230 |
| Changes charged directly to equity | 0 | 0 | 0 | 10 | 10 |
| Changes via income statement | 3 | 0 | 1 | (5) | (1) |
| (De)consolidation/foreign exchange effects | 1 | 0 | 4 | 0 | 5 |
| Deferred tax assets at 31 December 2011 | 44 | 5 | 141 | 54 | 244 |

(in € millions)

Deferred tax assets and liabilities are presented net in the balance sheet if TNT Express has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority. Out of the total 'other' deferred tax assets of €54 million (2010: 49) an amount of €24 million (2010: 28) relates to temporary differences for assets that are both capitalised and depreciable for tax purposes only.

The total accumulated losses available for carry forward at 31 December 2011 amounted to €1,085 million (2010: 896). With these losses carried forward, future tax benefits of €331 million could be recognised (2010: 278). Tax deductible losses give rise to deferred tax assets at the substantively enacted statutory tax rate in the relevant country. Deferred tax assets are recognised if it is probable that they will be realised. The probability of the realisation is impacted by uncertainties regarding the realisation of such benefits, for example, as a result of the expiration of tax losses carried forward and projected future taxable income. As a result, TNT Express has not recognised €190 million (2010: 140) of the potential future tax benefits and has recorded deferred tax assets of €141 million at the end of 2011 (2010: 138). Of the total recognised deferred tax assets for loss carry forward an amount of €0 million (2010: 2) was offset against deferred tax liabilities.

The expiration of total accumulated losses is presented in the table below:

| | |
|---|---|
| 2012 | 18 |
| 2013 | 24 |
| 2014 | 38 |
| 2015 | 52 |
| 2016 and thereafter | 386 |
| Indefinite | 567 |
| Total | 1,085 |

(in € millions)

The following table shows the movements in deferred tax liabilities in 2011:

| | Provisions | Property, plant and equipment | Other | Total |
|---|---|---|---|---|
| Deferred tax liabilities at 31 December 2009 | 1 | 20 | 31 | 52 |
| Changes via income statement | 3 | (3) | (22) | (22) |
| (De)consolidation/foreign exchange effects | | 1 | 4 | 5 |
| Deferred tax liabilities at 31 December 2010 | 4 | 18 | 13 | 35 |
| Changes via income statement | 2 | 4 | (15) | (9) |
| Deferred tax liabilities at 31 December 2011 | 6 | 22 | (2) | 26 |

(in € millions)

## NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The non-cash transactions in the statement of cash flows relate to depreciation, amortisation and impairment charges, share-based payment expenses, result from investments in associates, foreign exchange gains and losses, investments in property, plant and equipment financed via financial leases, book result on sale of property, plant and equipment and changes in provisions.

### 23 Net cash from operating activities: 191 million (2010: 241)

In 2011, the net cash from operating activities decreased by €50 million from €241 million in 2010 to €191 million.

#### *Cash generated from operations*

The cash generated from operations increased from €356 million in 2010 to €359 million in 2011. In 2011, the profit before income taxes contributed -€172 million or €342 million (2010: 349) adjusted for the non-cash impact of depreciation, amortisation, impairments and share-based payments. This is €7 million lower than 2010, mainly due to lower operating results.

The change in net pension liabilities of -€31 million in 2011 (2010: -6) reflects the total TNT Express non-cash employer pension expense for the post-employment defined benefit plans of €2 million (2010: 7) including a settlement gain of €16 million as part of the demerger compared to the total TNT Express cash contributions to various post-employment defined benefit plans for a total amount of €33 million (2010: 13).

In 2011, there was a net positive change of €11 million in other provisions compared to net cash outflow of €1 million in 2010. This was mainly due to higher utilisation of restructuring provision in 2010.

In 2011, the net cash outflow related to working capital amounted to €8 million, which is an improvement of €23 million compared to 2010 (2010: -31), mainly as a result of a decrease in prepayment and accrued income balances. Change in trade working capital improved by €2 million compared to 2010, while the change in non-trade working capital improved by €21 million.

#### *Interest paid*

The total cash out flow for interest paid in 2011 is €58 million (2010: 39). In 2011, interest paid includes interest on TNT Express' financial leases of €11 million (2010: 13). In addition, interest payments of €18 million (2010: 12) are included for short-term debt (of which €7 million (2010: 4) is due to cash pools that is offset in the interest received) and for interest on foreign currency hedges of €23 million (2010: 14). The increase in interest on foreign currency hedges was caused by higher interest rate differentials between currencies in foreign exchange forward contracts, mainly in EUR/USD cross-currency swap.

The interest paid and received on notional cash pools are reported on a gross basis according to IFRS. From an economic and legal perspective the €8 million (2010: 4) interest paid fully nets off against the same amount of interest received. The amounts are not netted in the income statement because under IFRS such offset needs in practice to be irreversibly exercised from time to time.

Similarly, the interest paid and received on various foreign currency derivatives have been aggregated on a gross basis while economically the €3 million of interest received (2010: 3) is set off against the €23 million (2010: 14) of interest paid on hedges. Interest paid to PostNL of €6 million and interest received from PostNL of €5 million is also reported on a gross basis according to IFRS.

#### *Income taxes paid*

In 2011, TNT Express paid taxes for an amount of €110 million (2010: 76 million).

### 24 Net cash used in investing activities: -158 million (2010: -150)

#### *Interest received*

In 2011, interest received amounted to €21 million (2010: 13) and mainly includes interest relating to short-term bank balances and deposits of €11 million (2010: 9) (of which €7 million (2010: 4) is due to cash pools that is offset in the interest paid), realised interest on foreign currency hedges of €3 million (2010: 3) and interest received on taxes of €2 million (2010: 1).

### *Acquisition of subsidiaries and joint ventures (net of cash)*

In 2011, the positive cash flow of €3 million (2010: -23) relates to a settlement received related to the purchase price of TG Plus Transcamer Gomez S.A.U. As this company was acquired in 2006, this settlement was accounted for against goodwill in accordance with IFRS 3 (2004). In 2010, the total payment net of cash for acquisitions was related to the final payment for the acquisition of Expresso Araçatuba.

### *Capital expenditure on intangible assets and property, plant and equipment*

In 2011, capital expenditures on property, plant and equipment amounted to €151 million (2010: 121), and mostly relates to depot buildings, vehicles, IT equipment and depot equipments. The capital expenditures on intangible assets of €38 million (2010: 50), primarily related to software license and software development costs. In 2011, capital expenditures were funded primarily by cash generated from operations and were part of strict investment control and review.

### *Proceeds from sale of intangible assets and property, plant and equipment*

Proceeds from the sale of property, plant and equipment in 2011 amounted to €7 million (2010: 26), of which €1 million is related to the assets sale from the India domestic road operations. The remaining proceeds relate to the sale of vehicles, aircraft and other depot equipments.

## 25 Net cash used in financing activities: -589 million (2010: -121)

### *Share-based payments*

The share-based payments of €9 million includes the cash pay-out of €7 million from the accelerated vesting related to the unwinding of the TNT N.V. equity schemes in place for TNT Express employees prior to the of demerger.

### *Proceeds from and Repayments of long-term borrowings*

In 2011, the total net repayments on long-term borrowings relates to net repayments of local bank debt for a total amount of €11 million (2010: 14).

### *Proceeds from and Repayments of short-term borrowings*

The total net repayments on short-term borrowings largely pertained to the net of increases and decreases on local bank overdrafts of €9 million (2010: 42).

### *Repayments to finance leases*

The repayments relate to redemptions on the two Boeing 747 freighters of €9 million (2010: 9) and to redemptions on other finance lease contracts of €11 million (2010: 15).

### *Dividends paid*

An interim dividend payment of €14 million was made during the year.

### *Financing related to PostNL*

The payment related to TNT N.V. (PostNL) of €526 million represents the net payable from legal entities of the TNT Express business towards TNT N.V. and legal entities of its continued business and has been settled in the first half of 2011.

## 26 Reconciliation to cash and cash equivalents

The following table presents reconciliation between the cash flow statements and the cash and cash equivalents as presented in the statement of financial position.

| Year ended at 31 December | 2011 | 2010 |
|---|---|---|
| Cash at the beginning of the year | 807 | 830 |
| Exchange rate differences | (1) | 7 |
| Total change in cash (as in consolidated cash flow statements) | (556) | (30) |
| Cash at the end of the year | 250 | 807 |

(in € millions)

# ADDITIONAL NOTES

## 27 Business combinations

(No corresponding financial statement number)

In 2011 and 2010, TNT Express did not perform any acquisitions.

## 28 Commitments and contingencies

(No corresponding financial statement number)

Off-balance sheet commitments

| At 31 December | 2011 | 2010 |
|---|---|---|
| Rent and operating lease | 1,231 | 1,219 |
| Capital expenditure | 4 | 4 |
| Purchase commitments | 45 | 89 |

(in € millions)

Of the total commitments indicated above, €299 million are of a short-term nature (2010: 301).

### *Guarantees*

At the end of 2011, TNT Express, on behalf of TNT Express subsidiaries, has various parental and bank guarantees outstanding. However, none (2010: 0) result in an off-balance sheet commitment for the Group as the relating obligations to external parties have already been recognised by these subsidiaries following its ordinary course of business.

### *Pension arrangements*

#### Execution agreement with the pension funds

TNT Express has concluded an execution agreement with two pension funds (Stichting Pensioenfonds PostNL and Stichting Ondernemingspensioenfonds TNT), acting also on behalf of the companies affiliated to the company, under which it is liable for the payment of the premiums and lump sums, among other rights and obligations. The terms and conditions (including a prolongation of the liability of PostNL after the demerger for TNT Express' future pension payments, barring unforeseen circumstances as referred to in article 12 of the execution agreement) are the same as those in the pre-demerger execution agreement between TNT N.V. and the pension funds. Arranged in this agreement are liabilities allocated to TNT Express as part of the demerger, related to the pension entitlements of beneficiaries in the pension funds who are no longer employed by either TNT Express or PostNL (for example, employees of disposed subsidiaries, deferred members and pensioners). In the event TNT Express should fail to pay the amounts due under the execution agreements, the pension fund can directly address the companies affiliated to TNT Express (proportionally) for those amounts.

#### Arrangement between TNT Express and PostNL regarding pensions

The arrangement between TNT Express and PostNL regarding pensions entails that:

- TNT Express will provide a subsidiary guarantee for PostNL and PostNL will provide a subsidiary guarantee for TNT Express in case of violation of contractual terms, irregularity of payments and bankruptcy.
- The subsidiary guarantee will only be related to pension benefits accrued under the existing pension plans (up to the date of the demerger) and will comprise a liability that will gradually decrease over time.
- The reciprocal liability of TNT Express and PostNL will only exist as long as the coverage ratio of the fund(s) is below a certain level. If the coverage ratio rises above that level and remains above that level for three consecutive quarters, the guarantee lapses.
- Any changes in the agreed arrangements at the request of the Dutch Central Bank will be resolved between the parties and the pension funds in good faith.
- Article 12 of the current execution agreement(s) applies to the liabilities of the guarantor.
- The contractual agreement shall replace any rights under article 2:334t of the Dutch Civil Code.

### *Rent and operating lease contracts*

In 2011, operational lease expenses (including rental) in the consolidated income statement amounted to €384 million (2010: 354).

Rent and operating lease contracts relate mainly to aircraft, depots, hubs, vehicles and other depot equipments. Of the total rent and operating lease commitment, €450 million (2010: 464) relates to three Boeing 777 freighters delivered in 2011.

Future payments on non-cancellable existing lease contracts are as follows:

**Repayment schedule of rent and operating leases**

| At 31 December | 2011 | 2010 |
|---|---|---|
| Less than 1 year | 262 | 217 |
| Between 1 and 2 years | 200 | 190 |
| Between 2 and 3 years | 156 | 151 |
| Between 3 and 4 years | 120 | 119 |
| Between 4 and 5 years | 92 | 94 |
| Thereafter | 401 | 448 |
| Total | 1,231 | 1,219 |
| of which guaranteed by a third party/customers | 51 | 22 |

(in € millions)

## *Capital expenditure*

Commitments in connection with capital expenditure, which primarily relate to the commercial vehicle replacement programme, are €4 million (2010: 4).

## *Purchase commitments*

At 31 December 2011, TNT Express had unconditional purchase commitments of €45 million (2010: 89), which are primarily related to short-term aircraft charter contracts and various service, maintenance contracts. These contracts for service and maintenance relate primarily to facilities management, security, cleaning, salary administration and IT support contracts.

## *Contingent tax liabilities*

Multinational groups of the size of TNT Express are exposed to varying degrees of uncertainty related to tax planning and regulatory reviews and audits. TNT Express accounts for its income taxes on the basis of its own internal analyses, supported by external advice. TNT Express continually monitors its global tax position, and whenever uncertainties arise, TNT Express assesses the potential consequences and either accrues the liability or discloses a contingent liability in its financial statements, depending on the strength of the company's position and the resulting risk of loss.

At year end 2011, total contingent tax liabilities for uncertainties are assessed to amount to between €40 million and €50 million for which TNT Express, based on its own assessment and supported by external advice, has concluded that the likelihood of an outflow of economic benefits to settle the obligation is not probable.

## *Contingent legal liabilities*

### Ordinary course litigation

The company is involved in several legal proceedings relating to the normal conduct of its business, such as claims for loss of goods, delays in delivery, trademark infringements, subcontracting and employment issues, and general liability. The majority of these claims are for amounts below €1 million and are insured and/or provided for. TNT Express does not expect any liability arising from any of these legal proceedings to have a material effect on its results of operations, liquidity, capital resources or financial position. The company believes it has provided for all probable liabilities deriving from the normal course of business.

### Liège court case

In Belgium, judicial proceedings were launched by residents around Liège airport to stop night flights and seek indemnification from the Walloon Region, Liège airport and its operators (including TNT). On 29 June 2004, the Liège Court of Appeal rejected the plaintiffs' claims on the basis of a substantiated legal reasoning. The plaintiffs lodged an appeal with the Belgian Supreme Court, which overturned the 2004 judgment of the Liège Court of Appeal on 4 December 2009. The matter has been sent to the Brussels Court of Appeal for new submissions and pleadings. A new decision is not to be expected for at least two to three years. Following a Court of Appeal session on 7 October 2010, a calendar of proceedings was to be fixed. However parties did not manage to come to an agreement. On 21 December 2011, a hearing took place where the judge wished to assess whether all parties were validly represented. It appeared some of the plaintiffs no longer possessed legal representation. A new hearing will be scheduled with a fixed agenda.

A similar claim was lodged on 5 May 2009 before the Civil Court of Liège by the town of Riemst, which is seeking the closure of Liège airport. The Court rejected the claim on 14 April 2010. An appeal by Riemst was introduced on 14 September 2010 in which the town of Riemst requested the Court to pronounce a temporary measure that will forbid the use of the extended runway (an extension of 417 metres). The Court rejected the request on 12 October 2010 and fixed a calendar of proceedings. TNT Express had to submit its conclusions before 1 March 2011, which were filed before the Court on 30 September 2011. A hearing took place on 14 February 2012, where the matter was pleaded and judgment can be expected around the end of April or the beginning of May. It is unlikely that the outcome of this proceeding will be different from the night flights case above.

### *Foreign investigations*

The company has received and responded to subpoenas from the United States Office of Foreign Asset Control and voluntarily disclosed to the United States Bureau of Industry and Security inquiring about its involvement in exports to countries sanctioned by the United States. In addition the company has received and responded to information requests from competition authorities in various jurisdictions and cooperated with investigations in this context. TNT Express does not expect any liability arising from any of those investigations to have a material effect on its results of operation, liquidity, capital resources or financial position.

## 29 Financial risk management

(No corresponding financial statement number)

TNT Express' activities expose the company to a variety of financial risks, such as market risks (including foreign currency exchange risk and interest rate risk), credit risk and liquidity risk. All of these risks arise in the normal course of business. To manage market risks, TNT Express uses a variety of financial derivatives.

The following analyses provides quantitative information regarding TNT Express' exposure to the financial risks described above. There are certain limitations and simplifications inherent in the analyses presented, primarily due to the assumption that rates change in a parallel fashion and instantaneously, while at the same time, for example, the impact of changes in interest on foreign exchange exposures and visa versa is ignored. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts assumed.

TNT Express uses derivative financial instruments solely for the purpose of hedging exposures. The company enters into contracts related to derivative financial instruments for periods commensurate with its underlying exposures and does not take positions independent of these exposures. None of these financial instruments are leveraged or used for trading purposes or to take speculative positions.

Financial risk management is carried out by the Treasury department under policies approved by the Executive Board. The Treasury department identifies, evaluates and hedges financial risk in close co-operation with operating units. The Executive Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. Periodic reporting on financial risks has been embedded in the overall risk framework and has been provided to the Executive Board in a structural way.

### *Interest rate risk*

Part of TNT Express borrowings and leases are against floating interest rates. These floating interest rates may fluctuate substantially and could have a material adverse effect on TNT Express financial results in any given reporting period. Borrowings that are issued at variable rates, expose the company to cash flow interest risks. Borrowings that are issued at fixed rates expose the company to fair value interest rate risk. TNT Express' financial assets are on average of such short-term nature that they bear no significant fair value, but do cause cash flow interest rate risks. Group policy is to limit significantly the impact of interest fluctuations over a term of seven years as a percentage of earnings before interest, taxes, deprecation and amortisation. At 31 December 2011, TNT Express gross interest bearing borrowings, including finance lease obligations, totalled €262 million (2010: 358), of which €203 million (2010: 307) was at a fixed interest rate.

Although, TNT Express generally enters into interest rate swaps and other interest rate derivatives in order to attempt to reduce its exposure to interest rate fluctuations, these measures may be inadequate or may subject the company to increased operating or financing costs.

At 31 December 2011, if interest rates on borrowings and financial assets had been 1% higher with other variables held constant the profit before income tax would have been €2 million higher (2010: 7). Equity would be impacted by €9 million (2010: 15), due to the outstanding interest rate swap(s) with a nominal value of US$226 million, on top of the €2 million (2010: 7) impact on profit before income taxes, see also note 30.

## *Foreign currency exchange risk*

TNT Express operates on an international basis generating foreign currency exchange risks arising from future commercial transactions, recognised assets and liabilities, investments and divestments in foreign currencies other than the euro, TNT Express' functional and reporting currency. TNT Express Treasury department matches and manages the intragroup and external financial exposures. Although the company generally enters into hedging arrangements and other contracts in order to reduce its exposure to currency fluctuations, these measures may be inadequate or may subject the company to increased operating or financing costs.

The two main currencies of TNT Express external hedges are the British pound and US dollar, of which the 2011 exchange rates to the euro are shown below:

| | Year end closing[1] | Annual Average[2] |
|---|---|---|
| British pound | 0.83530 | 0.86954 |
| US dollar | 1.29390 | 1.39452 |

[1]Source: European Central Bank, reference rate on the last day of the year.

[2]The annual average is calculated as the 12-months' average of the month-end-closing rates of the European Central bank.

Management has set up a policy that requires group companies to manage their foreign exchange risk against the functional currency. Group companies are required to hedge material balance sheet exposures via the use of foreign exchange derivatives with the Treasury department, whereby a financing company operated by the Treasury department trades these foreign exchange derivatives with external banks. TNT Express currently has no net investment hedges outstanding. Significant acquisitions and local debt is usually funded in the currency of the underlying assets.

At 31 December 2011, if the euro had weakened 10% against the US dollar with all other variables held constant, the profit before income tax on the foreign exchange exposure on financial instruments would have been impacted by nil (2010: 0). The net income sensitivity to movements in EUR/USD exchange rates compared to 2010 has not changed. Impact on equity would have been nil (2010: 0).

At 31 December 2011, if the euro had weakened 10% against the British pound with all other variables held constant the profit before income tax on the foreign exchange exposure on financial instruments would been impacted by nil (2010: 0). The net income sensitivity to movements in EUR/GBP exchange rates compared to 2010 has not changed. Impact on equity would have been nil (2010: 0).

## *Credit risk*

Credit risk represents the loss that the company would incur if counterparties with whom TNT Express enters into financial transactions are unable to fulfil the terms of the agreements. Credit risk arises from cash and cash equivalents, derivatives and deposits with banks and financial institutions as well as credit exposures relating to customers. The company attempts to minimise its credit risk exposure by only transacting with financial institutions that meet established credit guidelines and by managing its customers' portfolio. TNT Express continually monitors the credit standing of financial counterparties and its customers. Individual risk limits are set on internal and external ratings in accordance with limits set by the Executive Board. The utilisation of credit limits is regularly monitored. At reporting date there were no significant concentrations of credit risk. The top ten customers of TNT Express account for 3% of the outstanding trade receivables at 31 December 2011.

## *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, TNT Express attempts to maintain flexibility in funding by keeping committed credit lines available.

TNT Express has central availability of the following undrawn committed facilities:

| At 31 December | 2011 | 2010 |
|---|---|---|
| Multi-currency Revolving Credit Facilities | 570 | 1,100 |
| (in € millions) | | |

In 2011, TNT Express arranged for a new €570 million facility, which became effective, as of demerger. This facility has replaced the previous €1,100 million facilities, available to TNT N.V. before the demerger of TNT Express which were cancelled at demerger.

The table below analyses TNT Express' financial liabilities per relevant maturity groups based on the remaining period on the balance sheet to the contractual maturity date. The outgoing flows disclosed in the table are the contractual undiscounted cash flows which contains the redemptions and interest payments.

| At 31 December | Less than 1 year | Between 1 and 3 years | Between 3 and 5 years | Thereafter | Book value |
|---|---|---|---|---|---|
| Outgoing flows based on the financial liablities 2011 | | | | | |
| Other loans | 14 | 6 | 4 | 1 | 24 |
| Financial leases | 19 | 34 | 89 | 63 | 195 |
| Interest rate and cross currency swaps - outgoing | 19 | 38 | 95 | 62 | 28 |
| Foreign exchange contracts - outgoing | 1,634 | | | | 17 |
| Short-term bank debt | 15 | | | | 15 |
| Trade accounts payable | 435 | | | | 435 |
| Other current liabilities | 93 | | | | 93 |
| Mitigation incoming flows based on the financial liabilities 2011 | | | | | |
| Interest rate and cross currency swaps - incoming | 12 | 26 | 86 | 61 | |
| Foreign exchange contracts - incoming | 1,634 | | | | |
| Total liquidity risk | 583 | 52 | 102 | 65 | 807 |
| Outgoing flows based on the financial liablities 2010 | | | | | |
| Other loans | 16 | 31 | 10 | 2 | 34 |
| Financial leases | 21 | 35 | 37 | 135 | 203 |
| Interest rate and cross currency swaps - outgoing | 69 | 442 | 118 | 823 | 93 |
| Foreign exchange contracts - outgoing | 1,303 | | | | 17 |
| Short-term bank debt | 28 | | | | 28 |
| Trade accounts payable | 414 | | | | 414 |
| Other current liabilities | 109 | | | | 109 |
| Mitigation incoming flows based on the financial liabilities 2010 | | | | | |
| Interest rate and cross currency swaps - incoming | 57 | 421 | 112 | 773 | |
| Foreign exchange contracts - incoming | 1,303 | | | | |
| Total liquidity risk | 600 | 87 | 53 | 187 | 898 |
| (in € millions) | | | | | |

### *Capital structure management*

It is the objective of TNT Express when managing the capital structure to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure. TNT Express' capital structure is managed along the following components: (i) maintain an investment grade credit rating at BBB+/Baa1; (ii) an availability of at least €400 million to €500 million of undrawn committed facilities; (iii) cash pooling systems facilitating optimised cash requirements for the group; and (iv) a tax optimal internal and external funding focused at optimising the cost of capital for the group, within long-term sustainable boundaries.

TNT Express' rating per 31 December 2011 was BBB+ 'stable' / Baa1 'negative'. On 13 January 2012, Moody's downgraded its credit rating to Baa2 'negative'. A downgrade in the credit rating of TNT Express may negatively affect its ability to obtain funds from financial institutions, retain investors and banks and increase its financing costs by increasing the interest rates of its outstanding debt or the interest rates at which the company is able to refinance existing debt or incur new debt. This could affect its returns for shareholders and benefits for other stakeholders.

The terms and conditions of TNT Express' material long and short-term debts, as well as its material (drawn or undrawn) committed credit facilities, do not include any financial covenants. There are also no possibilities to accelerate these material debts and committed facilities in case of a credit rating downgrade. The debt and credit facility instruments vary on a case by case basis and mostly contain customary clauses as are generally observed in the market such as negative pledge conditions, restrictions on (the use of the proceeds of) the sale of assets or businesses and in most cases change of control clauses.

## 30 Financial instruments

(No corresponding financial statement number)

### *Summary of financial instruments*

In line with IFRS 9 and IAS 39 the following categories of financial assets and financial liabilities can be distinguished.

**Assets**

| At 31 December | Notes | Loans and receivables | Financial assets at fair value through profit and loss | Total |
|---|---|---|---|---|
| Assets as per balance sheet 2011 | | | | |
| Other loans receivable | (3) | 3 | | 3 |
| Other financial fixed assets | (3) | 16 | 1 | 17 |
| Accounts receivable | (5) | 1,256 | | 1,256 |
| Prepayments and accrued income | (6) | 136 | 23 | 159 |
| Cash and cash equivalents | (7) | 250 | | 250 |
| Total | | 1,661 | 24 | 1,685 |
| Assets as per balance sheet 2010 | | | | |
| Other loans receivable | (3) | 3 | | 3 |
| Other financial fixed assets | (3) | 16 | 3 | 19 |
| Accounts receivable | (5) | 1,241 | | 1,241 |
| Prepayments and accrued income | (6) | 155 | 2 | 157 |
| Cash and cash equivalents | (7) | 807 | | 807 |
| Total | | 2,222 | 5 | 2,227 |

(in € millions)

**Liabilities**

| At 31 December | Notes | Financial liabilties measured at amortised costs | Derivatives used for hedging | Total |
|---|---|---|---|---|
| Liabilities as per balance sheet 2011 | | | | |
| Long-term debt | (12) | 191 | 28 | 219 |
| Trade accounts payable | | 435 | | 435 |
| Other current liabilities | (13) | 135 | 18 | 153 |
| Total | | 761 | 46 | 807 |
| Liabilities as per balance sheet 2010 | | | | |
| Long-term debt | (12) | 208 | 93 | 301 |
| Trade accounts payable | | 414 | | 414 |
| Other current liabilities | (13) | 166 | 17 | 183 |
| Total | | 788 | 110 | 898 |

(in € millions)

The fair value of financial instruments is based on foreign exchange and interest rate market prices. TNT Express uses commonly practised fair value valuation methods for its derivatives. The valuations represent a best approximation of the trading value of these derivatives at their valuation moment. The derivatives within the financial instruments are thereby grouped within level 2 of the fair value measurement hierarchy.

## *Finance leases*

Total debt on finance leases consist of financial lease contracts on buildings (depots), vehicles and aircraft.

For the outstanding finance leases, see the table below:

| At 31 December | Nominal value | Fixed / floating interest | Hedge accounting | Carrying value | Fair value |
|---|---|---|---|---|---|
| Boeing 747 freighters | 175 | floating | Yes | 175 | 179 |
| Other leases | 20 | floating/fixed | No | 20 | 20 |
| Total outstanding finance leases 2011 | 195 | | | 195 | 199 |
| Boeing 747 freighters | 179 | floating | Yes | 179 | 179 |
| Other leases | 24 | floating/fixed | No | 24 | 26 |
| Total outstanding finance leases 2010 | 203 | | | 203 | 205 |

(in € millions)

## *Interest rate swaps*

TNT Express has US$226 million (2010: 239) of interest rate swaps outstanding for which it pays fixed and receives floating interest. These interest rate swaps act as a hedge on the cash flow interest rate risk on outstanding long-term debt.

As all previously outstanding forward starting swaps have been designated as cash flow hedges, the market value movements of the effective portion of the hedges are included in equity. The market value movements will remain in equity (the hedge reserve) and will be straight-line amortised to the income statement. In 2011, net financial expense includes an amortisation of €1 million from the hedge reserve.

The total ineffective portion recognised in the income statement that arises from the usage of fair value hedges amount to a result of €0 million (2010: 0). The total ineffective portion recognised in the income statement that arises from the usage of cash flow hedges amount to result of €0 million (2010: 0).

An overview of interest rate and cross-currency swaps is presented below:

At 31 December

| Nominal | Forward Starting | Currency | Outstanding | Pay | Receive | Hedge | Fair value | Settlement amount |
|---|---|---|---|---|---|---|---|---|
| Interest rate swaps 2011 | | | | | | | | |
| 110 | No | USD | Yes | fixed | floating | cash flow | (13) | |
| 116 | No | USD | Yes | fixed | floating | cash flow | (15) | |
| Cross-currency swaps 2011 | | | | | | | | |
| 250 | No | EUR/USD | Yes | floating | floating | fair value | 6 | |
| 27 | No | EUR/SEK | Yes | floating | floating | fair value | (6) | |
| Interest rate swaps 2010 | | | | | | | | |
| 117 | No | USD | Yes | fixed | floating | cash flow | (11) | |
| 122 | No | USD | Yes | fixed | floating | cash flow | (12) | |
| 30 | No | EUR | Yes | fixed | floating | cash flow | 0 | |
| Cross-currency swaps 2010 | | | | | | | | |
| 250 | No | EUR/USD | Yes | floating | floating | fair value | 1 | |
| 568 | No | EUR/GBP | Yes | fixed | fixed | cash flow | (65) | |
| 27 | No | EUR/SEK | Yes | floating | floating | fair value | (5) | |

(in € millions)

## *Foreign exchange contracts*

TNT Express entered into short-term foreign exchange derivatives to hedge foreign exchange fair value and cash flow risks. The fair value of these outstanding foreign exchange hedges is recorded as a current asset in 'prepayments and accrued income' or as a current liability in 'total current borrowings'. The foreign exchange result on the outstanding fair value hedges is recorded in the income statement and mitigates the foreign exchange exposure and results on the underlying balance sheet items.

The fair value of the outstanding short-term cross-currency swaps is recorded as a current asset in 'prepayments and accrued income' or as a current liability in 'total current borrowings'. The outstanding cross-currency swaps are fair value hedges on intercompany positions.

The details relating to outstanding foreign exchange contracts are presented below:

| At 31 December | Notes | Carrying value | Fair value | Nominal value | Hedge | Amount in equity |
|---|---|---|---|---|---|---|
| Foreign exchange contracts 2011 | | | | | | |
| Asset | (6) | 17 | 17 | 905 | Fair value / Cash flow | 2 |
| Liability | (12)/(13) | 12 | 12 | 729 | Fair value | |
| Foreign exchange contracts 2010 | | | | | | |
| Asset | (6) | 2 | 2 | 177 | Fair value / Cash flow | |
| Liability | (12) | 17 | 17 | 1,126 | Fair value | |

(in € millions)

The cash flow hedges on highly probable forecasted transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on the effective portion of the forward exchange contracts as of 31 December 2011 amount to €2 million (2010: 0). These reserves are recognised in the income statement in the period or periods during which the hedged forecasted transaction affects the income statement. The total ineffective portion recognised in the income statement that arises from the usage of fair value hedges amount to a result of €0 million (2010: 0). The total ineffective portion recognised in the income statement that arises from the usage of cash flow hedges amount to a result of €0 million (2010: 0).

## 31 Earnings per share

(No corresponding financial statement number)

At 31 December 2011, TNT Express had no potential obligations under (former) incentive schemes. Therefore the diluted number of ordinary shares is zero.

The calculation of basic earnings per share is based on an average of 542,748,930 ordinary shares.

The following table summarises the outstanding shares for TNT Express' computation related to earnings per share:

| Year averages and numbers at 31 December | 2011 |
|---|---|
| Number of issued and outstanding ordinary shares | 543,202,420 |
| Average number of ordinary shares per year | 542,748,930 |
| Diluted number of ordinary shares per year | 0 |
| Average number of ordinary shares per year on fully diluted basis in the year | 542,748,930 |

## 32 Joint ventures

(No corresponding financial statement number)

TNT Express participates in joint ventures that are proportionately consolidated. The company's most significant joint venture at 31 December 2011 is the 50% interest in TNT Swiss Post AG, which offers express services in Switzerland. The TNT Express share in equity in joint ventures is limited at 31 December 2011.

Key pro-rata information regarding all of TNT Express joint ventures in which TNT Express has joint decisive influence over operations is set out below and includes balances at 50%:

| Year ended at 31 December | 2011 | 2010 |
|---|---|---|
| Non-current assets | 6 | 6 |
| Current assets | 47 | 36 |
| Equity | 23 | 17 |
| Non-current liabilities | 4 | 4 |
| Current liabilities | 26 | 21 |
| Net sales | 90 | 78 |
| Operating income | 16 | 10 |
| Profit attributable to the shareholders | 12 | 7 |
| Net cash provided by operating activities | 15 | 11 |
| Net cash used in investing activities | (1) | (1) |
| Net cash used in financing activities | (13) | (8) |
| Changes in cash and cash equivalents | 1 | 2 |

(in € millions)

## 33 Related party transactions and balances

(No corresponding financial statement number)

TNT Express has trading relationships with a number of joint ventures and unconsolidated companies in which it holds minority shares. In some cases there are contractual arrangements in place under which the TNT Express entities source supplies from such undertakings, or such undertakings source supplies from TNT Express.

During 2011, purchases of TNT Express from joint ventures amounted to €26 million (2010: 21). Sales made by TNT Express companies to its joint ventures were immaterial. The net amounts due to the joint venture entities amounted to €39 million (2010: 29). At 31 December 2011, net amounts due to associated companies amounted to €0 million (2010: 0).

TNT Express is currently owned by PostNL for 29.9%. It also has trading relationships with a number of other PostNL companies.

### *Relationship Agreement*

As a result of the demerger TNT Express and PostNL entered into a relationship agreement (‘the Relationship Agreement’). The Relationship Agreement provides for the terms and conditions on orderly market arrangements, subject to which PostNL may reduce the amount of its shareholding in TNT Express over time following the Listing. The Relationship Agreement contains certain key issues with respect to TNT Express’ corporate governance. The Relationship Agreement entered into effect on the First Trading Date and will terminate if PostNL holds less than 5% of the ordinary shares.

The following is a summary of certain other important elements of the Relationship Agreement.

### *Governance*

The rights attached to the ordinary shares held by PostNL will rank, pari passu, in all respects with the other ordinary shares. The Articles of Association provide that a number of intended resolutions or proposals of the Executive Board require the approval or a resolution, respectively, of the General Meeting. The Relationship Agreement provides that if one of the following items is put to a vote at the General Meeting, PostNL will attend the meeting but abstain from voting:

- (a) approval of an intended resolution of the Executive Board, which is approved by the Supervisory Board, entailing a significant change in the identity or character of TNT Express or its business, including in any case:
    - (i) the transfer of all, or substantially all, of the business of TNT Express to a third party;
    - (ii) entering into or breaking off a long-term cooperation of TNT Express or a subsidiary with another legal entity or company or as fully liable partner in a limited partnership or general partnership, if this cooperation or termination is of major significance for TNT Express; and
    - (iii) acquiring or disposing of participating interests in the capital of a company at a value of at least one-third of the sum of the assets of TNT Express as shown on its balance sheet plus explanatory notes or, if TNT Express prepares a consolidated balance sheet, as shown on its

consolidated balance sheet plus explanatory notes, according to the last adopted financial statements of TNT Express, by TNT Express or a subsidiary;

- (b) resolution on the proposal of the Executive Board, which is approved by the Supervisory Board, to merge or demerge within the meaning of Part 7 of Book 2 of the Dutch Civil Code; and
- (c) resolution on the proposal of the Executive Board, which is approved by the Supervisory Board, to amend the Articles of Association, only in as far as such amendment of the Articles of Association relates to any of the resolutions or proposals under paragraph (a) or (b) above.

This provision terminates automatically if PostNL holds 10% or less of the ordinary shares as a result of which PostNL may vote on the items referred above, but it applies again when PostNL holds more than 10% of the ordinary shares.

## *Future ordinary share sale*

After expiry of the lock-up period, PostNL may sell the ordinary shares it owns in whole or in part in an orderly market manner. PostNL must inform TNT Express of its intention to perform such sale. In the event of a private placement or accelerated bookbuild offering of 10% or more of the ordinary shares, PostNL is subject to another lock-up period of 90 days for the remainder of the retained stake as from completion of such placement or offering for the remainder of its ordinary shares. This lock-up period may be shortened or waived with the prior written consent of TNT Express. Subject to this provision and except if a public offer is made for TNT Express (section 'Public offer for TNT Express' below), there will be no restrictions for PostNL as to the method of sale and transfer of (part of) its stake in TNT Express.

Subject to PostNL's obligations in case a public offer is made for TNT Express (section 'Public offer for TNT Express' below), PostNL may not sell in one transaction or a series of transactions other than by way of an accelerated bookbuild offering 15% or more of the shares to one party or a group of related parties.

If PostNL proposes an offering that entails TNT Express' involvement in the form of a management road show and/or the preparation of a Prospectus (a Fully Marketed Offering) of (part of) TNT's ordinary shares, PostNL and TNT Express will work together in preparing the Fully Marketed Offering to the highest possible standard. However, such Fully Marketed Offering may not take place during the lock-up period. There may only be one Fully Marketed Offering in any nine month period. In connection with a Fully Marketed Offering TNT Express may propose one bookrunner who will subsequently be appointed by PostNL. Fees and expenses incurred by the bookrunners and their advisers will be borne by PostNL, as well as such reasonable expenses incurred by TNT Express in connection with the Fully Marketed Offering.

If PostNL sells (part of) the ordinary shares it owns other than by way of a Fully Marketed Offering, TNT Express will facilitate such sale by providing an opportunity to perform a limited due diligence investigation by a bona fide, creditworthy potential buyer of more than 5% of the ordinary shares (if and to the extent requested by PostNL). TNT Express' assistance might be restricted by anti-trust laws applicable from time to time. Such due diligence investigation will be similar to a customary due diligence for the accelerated bookbuild offering.

PostNL may not acquire in any way any additional ordinary shares, provided that PostNL may acquire shares indirectly upon the acquisition of another business for other business reasons than the acquisition of ordinary shares as long as its stake in TNT Express as a result of such acquisition will be 29.9% or less.

However, if and to the extent a choice of stock or cash dividend is offered by TNT Express, PostNL may choose to have any dividend on its ordinary shares in whole or in part paid as ordinary shares, unless the size of PostNL's stake after the acceptance of such additional shares would result in PostNL being obliged to launch a mandatory offer.

## *Public offer for TNT Express*

If a public offer, whether friendly or mandatory, is made for TNT Express, PostNL will be obliged to tender its ordinary shares if the Executive Board and the Supervisory Board support that offer and/or recommend the offer to the Shareholders. If the Executive Board and the Supervisory Board: (i) support the offer and take a neutral position as to recommending it to the Shareholders with regard to the offer; or (ii) do not support the offer and do not recommend the Offer to the Shareholders PostNL will be obliged to tender its ordinary shares:

- (a) if its stake is between 29.9% and 25% of the ordinary shares: if 66.67% of the other ordinary shares are tendered under the offer (for the avoidance of doubt, excluding TNT N.V.'s stake); or
- (b) if its stake is lower than 25% of the ordinary shares: if a percentage of the other ordinary shares is tendered under the offer (for the avoidance of doubt, excluding TNT N.V.'s stake) equal to 50% of all ordinary shares.

The position of the Executive Board and of the Supervisory Board towards the offer will be as set out in the position statement of the Executive Board (and the Supervisory Board) as is customary in the context of a (mandatory) offer.

If multiple public offers are simultaneously made for TNT Express by making an offer memorandum publicly available, PostNL must tender its ordinary shares under the offer for which most ordinary shares have been tendered, irrespective of the recommendation made by the Executive Board and the Supervisory Board, provided that more than 50% of the other ordinary shares (for the avoidance of doubt, excluding TNT's stake) have been tendered under all offers made.

In the event of a proposed legal merger of TNT Express, which merger entails a change of control of TNT Express, PostNL must attend the General Meeting and must vote in favour of such legal merger if the majority of the other shareholders support and vote in favour of such legal merger. This obligation to vote in favour of a merger terminates if PostNL holds 10% or less of the ordinary shares, but applies again if PostNL holds more than 10% of the ordinary shares again.

### *Mandatory offer*

If TNT Express intends to resolve or propose that the General Meeting resolve any matter that might trigger PostNL having to make a mandatory offer for TNT Express, TNT Express must inform PostNL in writing at least 20 business days before taking such resolution and/or proposing to take such resolution. This is to enable PostNL to take such measures as are required for it not having to make a mandatory offer. Examples of resolution or proposed resolution that might trigger PostNL having to make a mandatory offer for TNT Express are a reduction of TNT Express' outstanding capital and payment of stock dividend without a choice for cash dividend. If TNT Express notifies PostNL of a proposed resolution as described before, PostNL must sell or otherwise transfer such number of its ordinary shares to prevent that a mandatory offer has to be made within 30 days after a triggering event has taken place.

### *Information and reporting*

TNT Express will provide PostNL with certain financial information and other information reasonably requested by PostNL as detailed in the Relationship Agreement, to enable PostNL to satisfy its ongoing financial reporting, audit and other legal and regulatory requirements, including PostNL's tax, risk management and control procedures. It is taken into account that TNT Express has to comply with legal obligations concerning the content and timing of disclosure and rules on disclosure.

### *Governing law*

The Relationship Agreement is governed by Dutch law.

In some cases there are contractual arrangements in place under which the TNT Express entities source supplies from PostNL, or PostNL source supplies from TNT Express.

At 1 January 2011, a net liability towards PostNL of €526 million was recorded, which mainly arose from financing activities that have been fully paid off in the first half year. In addition €65 million was settled with PostNL upon assignment of the hedges outstanding on behalf of TNT N.V. and assets were transferred from PostNL to TNT Express caused by the demerger of €34 million. Immediately after the demerger, a receivable from PostNL of €84 million was settled. Prior to 31 December 2011, all outstanding amounts with PostNL have been settled and therefore the year-end net receivable/payable with PostNL amounts to nil.

The following transactions were carried out with PostNL companies.

| | 2011 | 2010 |
|---|---|---|
| Direct operational services to PostNL companies | 5 | 7 |
| Direct operational services from PostNL companies[1] | (8) | (11) |
| Management fees[1, 2] | 1 | 9 |
| License fees[2] | 3 | 7 |
| Share-based payments[2] | 3 | 19 |
| Pension costs in respect of group plans[1, 2] | 0 | (27) |
| Interest income | 5 | 11 |
| Interest expenses[1] | (6) | (12) |

[1]Amounts between brackets represent costs.
[2]As a result of the demerger of TNT Express the relationship with PostNL for these items has ended. The amounts indicated refer to the period prior to the demerger of TNT Express.
(in € millions)

## 34 Segment information

(No corresponding financial statement number)

The Executive Board of TNT Express N.V. receives operational and financial information on a monthly basis for the following reportable segments:

- Europe & MEA
- Asia Pacific
- Americas
- Other Networks, which includes TNT Innight and TNT Fashion

The measure of profit and loss and assets and liabilities is compliant with IFRS. The pricing of intercompany sales is done at arm's length.

### *Segmentation – results*

In the table below a reconciliation is presented of the segment information relating to the income statement of the reportable segments:

| Year ended at 31 December 2011 | Europe & MEA | Asia Pacific | Americas | Other Networks | Non-allocated | Total |
|---|---|---|---|---|---|---|
| Net sales | 4,441 | 1,790 | 464 | 459 | 2 | 7,156 |
| Intercompany sales | 6 | 0 | 0 | 2 | (8) | 0 |
| Other operating revenues | 78 | 7 | 3 | 2 | 0 | 90 |
| Total operating revenues | 4,525 | 1,797 | 467 | 463 | (6) | 7,246 |
| Other income | 0 | 2 | 1 | 4 | 0 | 7 |
| Depreciation/impairment property, plant and equipment | (102) | (69) | (14) | (10) | (7) | (202) |
| Amortisation/impairment intangibles | (10) | (5) | (226) | (1) | (50) | (292) |
| Total operating income | 356 | (76) | (360) | 20 | (45) | (105) |
| Net financial income/(expense) | | | | | | (45) |
| Results from investments in associates | | | | | | (22) |
| Income tax | | | | | | (100) |
| Profit/(loss) for the period | | | | | | (272) |
| Attributable to: | | | | | | |
| Non-controlling interests | | | | | | (2) |
| Equity holders of the parent | | | | | | (270) |
| Number of employees (headcount) | 37,330 | 24,825 | 11,255 | 2,534 | 1,534 | 77,478 |

(in € millions)

Taxes and net financial income are dealt with at TNT Express group level and not within the reportable segments. As a result, this information is not presented as part of the reportable segments. The key financial performance indicator of the reportable segments for management is operating income, which is reported on a monthly basis to the chief operating decision-makers.

Included in operating income are significant non-cash items related to depreciation, amortisation and impairment of €494 million, of which €224 million relates to impairments of intangible assets in Americas, €45 million relates to impairment of aircraft (€39 million in Asia Pacific and €6 million in Europe & MEA) and €16 million relates to software impairment in non-allocated.

| Year ended at 31 December 2010 | Europe & MEA | Asia Pacific | Americas | Other Networks | Non-allocated | Total |
|---|---|---|---|---|---|---|
| Net sales | 4,355 | 1,643 | 497 | 443 | 7 | 6,945 |
| Intercompany sales | 9 | 0 | 1 | 3 | (13) | 0 |
| Other operating revenues | 89 | 13 | 4 | 2 | 0 | 108 |
| Total operating revenues | 4,453 | 1,656 | 502 | 448 | (6) | 7,053 |
| Other income | 3 | 5 | 3 | 1 | 0 | 12 |
| Depreciation/impairment property, plant and equipment | (106) | (25) | (12) | (4) | (8) | (155) |
| Amortisation/impairment intangibles | (11) | (5) | (7) | (1) | (30) | (54) |
| Total operating income | 371 | 14 | (67) | 18 | (156) | 180 |
| Net financial income/(expense) | | | | | | (37) |
| Results from investments in associates | | | | | | (17) |
| Income tax | | | | | | (57) |
| Profit/(loss) for the period | | | | | | 69 |
| Attributable to: | | | | | | |
| Non-controlling interests | | | | | | 3 |
| Equity holders of the parent | | | | | | 66 |
| Number of employees (headcount) | 36,184 | 27,195 | 11,081 | 2,435 | 1,612 | 78,507 |

(in € millions)

## Non-allocated operating income

| Year ended at 31 December | 2011 | 2010 |
|---|---|---|
| Demerger costs | (10) | (45) |
| Restructuring related charges | (28) | |
| Projects | (6) | (7) |
| Profit pooling | | (41) |
| Pensions | 14 | (15) |
| Other costs | (15) | (48) |
| Total | (45) | (156) |

(in € millions)

Non-allocated covers mainly the expenses of activities related to the TNT Express' head office. These costs are shown net of the recovery charges allocated to individual geographic and business segments. Non-allocated also comprises specific one-off corporate expenses such as demerger, restructuring and project costs. In accordance with IAS19.34a, TNT Express N.V., as the sponsoring employer for the two Dutch pension funds, recognised in its corporate financial statements the contributions received from the relevant TNT Express group companies as a benefit that offsets the defined benefit employer pension expense. The relevant TNT Express group companies recognised in their financial statements the cost equal to the contributions payable for the period. For segment reporting TNT Express N.V. and TNT Nederland B.V. (head office) are part of non-allocated whereas the relevant Dutch operating companies are part of Europe & MEA. Included in the results of non allocated is a one-off settlement gain of €16 million as a result of the new separate execution agreements with the Dutch pension funds with regard to the allocated TNT Express employees as a consequence of the demerger.

### *Balance sheet information*

A reconciliation of the segment information relating to the balance sheet of the reportable segments is presented below:

| At 31 December 2011 | Europe & MEA | Asia Pacific | Americas | Other Networks | Non-allocated | Total |
|---|---|---|---|---|---|---|
| Intangible assets | 1,251 | 181 | 38 | 59 | 100 | 1,629 |
| Property, plant and equipment | 583 | 146 | 101 | 37 | 32 | 899 |
| Trade accounts receivable | 735 | 240 | 84 | 57 | 1 | 1,117 |
| Other current assets | 371 | 86 | 49 | 20 | 212 | 738 |
| Total assets | 3,077 | 747 | 322 | 175 | 380 | 4,701 |
| Cash out for capital expenditures | 83 | 35 | 15 | 13 | 43 | 189 |
| Trade accounts payable | 321 | 52 | 23 | 21 | 18 | 435 |
| Other current liabilities | 653 | 218 | 65 | 41 | 81 | 1,058 |
| Total liabilities | 1,248 | 297 | 145 | 67 | 132 | 1,889 |

(in € millions)

The balance sheet information at 31 December 2010 is as follows:

| At 31 December 2010 | Europe & MEA | Asia Pacific | Americas | Other Networks | Non-allocated | Total |
|---|---|---|---|---|---|---|
| Intangible assets | 1,258 | 173 | 280 | 59 | 122 | 1,892 |
| Property, plant and equipment | 787 | 142 | 107 | 36 | 17 | 1,089 |
| Trade accounts receivable | 714 | 219 | 93 | 48 | 1 | 1,075 |
| Other current assets | 239 | 95 | 51 | 19 | 771 | 1,175 |
| Total assets | 3,113 | 712 | 577 | 165 | 964 | 5,531 |
| Cash out for capital expenditures | 70 | 45 | 12 | 3 | 41 | 171 |
| Trade accounts payable | 282 | 55 | 29 | 17 | 31 | 414 |
| Other current liabilities[1] | 646 | 205 | 84 | 39 | 673 | 1,647 |
| Total liabilities[1] | 1,207 | 287 | 169 | 62 | 804 | 2,529 |

[1]Non-allocated includes the net payable/receivable to TNT.and jointventure adjustment.

(in € millions)

## *Geographical segment information*

The segment information from a geographical perspective is derived as follows:

- The basis of allocation of net sales by geographical areas is the country or region in which the entity recording the sales is located; and
- segment assets and investments are allocated to the location of the assets, except for goodwill arising from the acquisition of TNT and GD Express Worldwide, which is not allocated to other countries or regions but to Europe & MEA.

### Net sales

| Year ended at 31 December | 2011 | 2010 | 2009 |
|---|---|---|---|
| Europe | | | |
| The Netherlands | 462 | 463 | 445 |
| United Kingdom | 909 | 885 | 834 |
| Italy | 608 | 605 | 580 |
| Germany | 776 | 776 | 720 |
| France | 723 | 699 | 669 |
| Belgium | 190 | 190 | 181 |
| Rest of Europe | 1,086 | 1,048 | 937 |
| Americas | | | |
| USA and Canada | 62 | 51 | 37 |
| Brazil | 320 | 368 | 297 |
| South & Middle America | 82 | 78 | 63 |
| Africa & the Middle East | 148 | 139 | 111 |
| Australia & Pacific | 654 | 580 | 437 |
| Asia | | | |
| China and Taiwan | 697 | 628 | 532 |
| India | 94 | 95 | 71 |
| Rest of Asia | 345 | 340 | 195 |
| Total net sales | 7,156 | 6,945 | 6,109 |

(in € millions)

### Assets

| | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| At 31 December | Intangible assets | Property, plant and equipment | Financial fixed assets | Intangible assets | Property, plant and equipment | Financial fixed assets |
| The Netherlands | 899 | 99 | 1 | 902 | 84 | 43 |
| Rest of the world | 730 | 800 | 283 | 990 | 1,005 | 251 |
| Total | 1,629 | 899 | 284 | 1,892 | 1,089 | 294 |

(in € millions)

**Employees**

| At 31 December | Europe & MEA | Asia Pacific | Americas | Other Networks | Non-allocated | 2011 | 2010 |
|---|---|---|---|---|---|---|---|
| Europe | | | | | | | |
| The Netherlands | 2,531 | | | 747 | 792 | 4,070 | 3,315 |
| United Kingdom | 9,670 | | | 670 | 742 | 11,082 | 10,837 |
| Italy | 3,024 | | | | | 3,024 | 3,025 |
| Germany | 4,317 | | | 959 | | 5,276 | 5,233 |
| France | 4,743 | | | | | 4,743 | 4,737 |
| Belgium | 2,880 | | | 42 | | 2,922 | 2,498 |
| Rest of Europe | 7,847 | | | 116 | | 7,963 | 8,263 |
| Americas | | | | | | | |
| USA and Canada | | | 845 | | | 845 | 875 |
| Brazil | | | 8,245 | | | 8,245 | 8,059 |
| South & Middle America | | | 2,165 | | | 2,165 | 2,147 |
| Africa & the Middle East | 2,318 | | | | | 2,318 | 2,323 |
| Australia & Pacific | | 4,722 | | | | 4,722 | 4,842 |
| Asia | | | | | | | |
| China and Taiwan | | 14,650 | | | | 14,650 | 15,923 |
| India | | 1,189 | | | | 1,189 | 2,059 |
| Rest of Asia | | 4,264 | | | | 4,264 | 4,371 |
| Total | 37,330 | 24,825 | 11,255 | 2,534 | 1,534 | 77,478 | 78,507 |

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

## 35 Subsequent events

(No corresponding financial statement number)

On 17 February 2012, TNT Express N.V. announced that it had received an unsolicited non-binding and conditional proposal from United Parcel Service, Inc. (UPS) for the acquisition of the whole of the issued capital of TNT Express at an indicative price of €9 per ordinary share. The TNT Express N.V. Supervisory and Executive Boards have carefully considered the indicative proposal and explored its rationale, merits and risks for shareholders and all other stakeholders. The TNT Express N.V. boards have rejected the proposal. They have informed UPS accordingly but continue to be in discussions.

## 36 Fiscal unity in the Netherlands

(No corresponding financial statement number)

TNT Express N.V. forms a fiscal unity with several Dutch entities for Corporate Income Tax and VAT purposes. The Dutch entities that are part of these fiscal unities are included in the list containing the information referred to in article 379 and article 414, Book 2 of the Dutch Civil Code, which is filed at the office of the Chamber of Commerce in Amsterdam. The company and its subsidiaries that form part of the respective fiscal unities are jointly and severally liable for taxation payable by these fiscal unities.

# TNT EXPRESS N.V. CORPORATE BALANCE SHEET / CORPORATE INCOME STATEMENT

## TNT Express N.V. Corporate balance sheet

| Before proposed appropriation of profit | Notes | 31 December 2011 | variance % | 01 January 2011 | 31 December 2010 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Non-current assets | | | | | |
| Investments in group companies | | 3,280 | | 3,488 | 0 |
| Total financial fixed assets | (37) | 3,280 | (6.0) | 3,488 | 0 |
| Pension asset | (38) | 28 | | 0 | 0 |
| Total non-current assets | | 3,308 | (5.2) | 3,488 | 0 |
| Current assets | | | | | |
| Accounts receivable from group companies | | 5 | | 2 | 1 |
| Other accounts receivable | | 17 | | 0 | 0 |
| Total current assets | | 22 | | 2 | 1 |
| **Total assets** | | 3,330 | (4.6) | 3,490 | 1 |
| **Liabilities and equity** | | | | | |
| Equity | (9)(39) | | | | |
| Issued share capital | | 43 | | 43 | 0 |
| Additional paid in capital | | 3,021 | | 3,035 | 0 |
| Legal reserves | | 24 | | 0 | 0 |
| Other reserves | | (12) | | 0 | 1 |
| Unappropriated profit | | (270) | | 0 | 0 |
| Total shareholders' equity | | 2,806 | (8.8) | 3,078 | 1 |
| Non-current liabilities | | | | | |
| Deferred tax liabilities | | 7 | | 0 | 0 |
| Total non-current liabilities | (13) | 7 | | 0 | 0 |
| Current liabilities | | | | | |
| Accounts payable to group companies | | 511 | | 412 | 0 |
| Accrued current liabilities | | 6 | | 0 | 0 |
| Total current liabilities | | 517 | | 412 | 0 |
| **Total liabilities and equity** | | 3,330 | (4.6) | 3,490 | 1 |

(in € millions, except percentages)

## TNT Express N.V. Corporate income statement

| Year ended at 31 December | 2011 | 2010 |
|---|---|---|
| Results from investments in group companies/associates after taxes | (247) | 0 |
| Other income and expenses after taxes | (23) | 0 |
| Profit/(loss) attributable to the shareholders | (270) | 0 |

(in € millions)

TNT Express N.V., previously named TNT Express Listco N.V. has been used as the vehicle for the listing of TNT Express, following the demerger. Prior to demerger and listing, TNT Express Listco N.V. had no significant activities in 2010. The shareholders' equity at 31 December 2010 amounted to €1 million, but as a result of the merger with TNT Express Holdco B.V. (retrospectively at 1 January 2011) the equity increased to €3,078 million at 1 January 2011.

The difference of €66 million between the profit attributable to the shareholders according to the corporate income statement and the profit attributable to the shareholders according to the combined income statement as per year ended at 31 December 2010 relates to the profit of the combined entities.

# NOTES TO THE CORPORATE BALANCE SHEET AND INCOME STATEMENT

## ACCOUNTING POLICIES FOR VALUATION AND DETERMINATION OF RESULT TNT EXPRESS N.V.

The corporate financial statements for the year ended 31 December 2011 have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. TNT Express has applied the option in Article 362 (8) to use the same principles of valuation and determination of result for the corporate financial statements as the consolidated financial statements. As a result TNT Express' investments in group companies are stated using the 'net asset value method' ('netto vermogens waarde methode'). For the principles of valuation of assets and liabilities and for the determination of results reference is made to the notes to the consolidated statement of financial position and income statement.

## 37 Total financial fixed assets: 3,280 million (1 January 2011: 3,488; 2010: 0)

### Statement of changes

| | Investments in group companies |
|---|---|
| Balance at 31 December 2009 | 0 |
| Changes in 2010 | |
| Results | |
| Additions to capital | |
| Dividend | |
| Other changes | |
| Total changes | 0 |
| Balance at 31 December 2010 | 0 |
| Merger and related reclassifications | 3,488 |
| Balance at 1 January 2011 | 3,488 |
| Changes in 2011 | |
| Results | (247) |
| Additions to capital | 312 |
| Dividend | (286) |
| Exchange rate differences | 13 |
| Other changes | 0 |
| Total changes | (208) |
| Balance at 31 December 2011 | 3,280 |

(in € millions)

At 31 December 2011, total investments in group companies amounted to €3,280 million (1 January 2011: 3,488; 2010: 0). As a result of the merger with TNT Express Holdco B.V., that included all the express business of TNT N.V., TNT Express N.V.'s investments in group companies increased to €3,488 million. This amount includes a net amount of intra group balances of €410 million.

As a result of internal structuring, TNT Express N.V. invested €312 million in group companies while receiving €286 million in dividends during 2011.

Other changes for the amount of €0 million consists of share based compensation €11 million, gains/(losses) on cash flow hedges -€12 million and others €1 million.

## 38 Pension asset: 28 million (2010: 0)

TNT Express N.V. is the co-sponsoring employer for two Dutch pension plans along with PostNL, which are externally funded in two separate pension funds and cover the majority of TNT's employees in the Netherlands. In accordance with IAS 19.34a the net defined benefit cost is recognised in the corporate financial statements of TNT Express N.V. The relevant group companies recognise the costs equal to the contribution payable for the period in their financial statements. For TNT Express N.V. the contributions received from the other group companies offset the pension expense.

The table below reconciles the opening and closing balances of the present value of the defined benefit obligation and the fair value of plan assets for the TNT Express N.V. sponsored Group pension plans.

## Pension disclosures

| | 2011 |
|---|---|
| **Change in benefit obligation** | |
| Benefit obligation at beginning of year | 0 |
| Service costs | (15) |
| Interest costs | (18) |
| Actuarial (loss)/gain | (15) |
| Benefits paid | 4 |
| Settlements | (347) |
| Benefit obligation at end of year | (391) |
| **Change in plan assets** | |
| Fair value of plan assets at beginning of year | 0 |
| Actual return on plan assets | 8 |
| Employer contributions | 21 |
| Benefits paid | (4) |
| Settlements | 363 |
| Fair value of plan assets at end of year | 388 |
| **Funded status at 31 December** | |
| Funded status | (3) |
| Unrecognised net actuarial loss | 31 |
| Pension assets | 28 |
| **Components of employer pension expense** | |
| Service costs | (15) |
| Interest costs | (18) |
| Expected return on plan assets | 24 |
| Settlements | 16 |
| Total post employment benefit income/(expenses) | 7 |
| **Weighted average assumptions as at 31 December** | |
| Discount rate | 4.9% |
| Expected return on plan assets | 6.5% |
| Rate of compensation increase | 2.0% |
| Rate of benefit increase | 1.5% |

(in € millions, except percentages)

## 39 Equity: 2,806 million (1 January 2011: 3,078; 2010: 1)

### Statement of changes in equity

| | Issued share capital | Additional paid in capital | Legal reserves | Other reserves | Retained earnings | Attributable to equity holders of the parent |
|---|---|---|---|---|---|---|
| Balance at 31 December 2009 | 0 | 0 | 0 | 1 | 0 | 1 |
| Total comprehensive income | | | | | | 0 |
| Interim dividend current year | | | | 0 | | 0 |
| Other | | | | | | 0 |
| Total direct changes in equity | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance at 31 December 2010 | 0 | 0 | 0 | 1 | 0 | 1 |
| Merger and related reclassifications | 43 | 3,035 | | (1) | | 3,077 |
| TNT Express N.V. balance at 1 January 2011 | 43 | 3,035 | 0 | 0 | 0 | 3,078 |
| Legal reserves reclassifications | | | 23 | (23) | | 0 |
| Total comprehensive income | | | 1 | | (270) | (269) |
| Interim dividend 2011 | | (14) | | | | (14) |
| Share-based compensation | | | | 11 | | 11 |
| Other | | | | | | 0 |
| Total direct changes in equity | 0 | (14) | 0 | 11 | 0 | (3) |
| TNT Express N.V. balance at 31 December 2011 | 43 | 3,021 | 24 | (12) | (270) | 2,806 |

(in € millions)

TNT Express N.V., previously named TNT Express Listco N.V., had no significant activities in 2010.

On 30 May 2011 (effective 31 May 2011), TNT N.V. demerged its 70.1% stake in TNT Express Holdco B.V. to TNT Express Listco N.V. At the same time TNT N.V. also demerged 100% of its 45,000 shares (with a nominal value of €1) in TNT Express Listco N.V., a wholly owned subsidiary. These shares were automatically cancelled as a result of the demerger. In addition a receivable of €84 million of TNT N.V. on TNT Mail Finance B.V. was demerged to TNT Express Listco N.V.

The demerger was followed by a merger whereby TNT Express Holdco B.V. merged into TNT Express Listco N.V. and subsequently ceased to exist.

On 31 May 2011 (effective 1 June 2011), TNT Express N.V. was listed on Euronext Amsterdam. Trading in the ordinary shares on an ''as-if-and-when-issued'' basis on Euronext Amsterdam started 26 May 2011 and the shareholders of the former parent TNT N.V. (PostNL) have been allotted one ordinary share for each share they held in TNT N.V. on 30 May 2011 as part of the demerger. After the demerger and merger, TNT N.V. held such number of ordinary shares, representing 29.9% of the issued and outstanding share capital of TNT Express.

As a result of the merger with TNT Express Holdco B.V., which held the express business of TNT N.V. prior to demerger, the shareholders' equity of TNT Express N.V. increased from €1 million at 31 December 2010 to €3,078 million at 1 January 2011 as pursuant to the demerger agreement all of the express business transferred to TNT Express N.V. were, upon consummation of the demerger, deemed to have been for the risk and account of the company as of 1 January 2011. The increase represents contribution in kind, which includes €2,994 million as capital of TNT Express Holdco B.V. and the receivable of €84 million from TNT Mail Finance B.V.

The difference of €2,994 million between equity according to the corporate balance sheet and equity according to the combined balance sheet as per 31 December 2010 relates to the net investments of the combined entities.

For additional details on equity, see note 9.

## 40 Wages and salaries

(No corresponding financial statement number)

TNT Express N.V. does not have any employees other than the Executive Board. Hence no salary and social security costs were incurred besides those disclosed in note 18. In accordance with IAS 19.34 the net defined benefit cost shall be recognised in the corporate financial statements of TNT Express N.V. For further information on defined benefit pension costs, see note 38. For the remuneration of the Executive Board and Supervisory Board, see note 18.

## 41 Commitments not included in the balance sheet

(No corresponding financial statement number)

### *Declaration of joint and several liability*

At 31 December 2011, TNT Express N.V. issued a declaration of joint and several liability for some of its Group companies in compliance with article 403, Book 2 of the Dutch Civil Code. Those Group companies are:
TNT Express Holdings B.V.
TNT Express Nederland B.V.
TNT Express Road Network B.V.
TNT Express Worldwide N.V.
TNT Fashion Group B.V.
TNT Finance B.V.
TNT Nederland B.V.
TNT Holdings B.V.
TNT Innight B.V.
TNT Skypak Finance B.V.
TNT Skypak International (Netherlands) B.V.
TNT Transport International B.V.

### *Fiscal unity in the Netherlands*

TNT Express N.V. forms a fiscal unity with several Dutch entities for Corporate Income Tax and VAT purposes. The Dutch entities that are part of these fiscal unities are included in the list containing the information referred to in article 379 and article 414, Book 2 of the Dutch Civil Code, which is filed at the office of the Chamber of Commerce in Amsterdam. The company and its subsidiaries that form part of the respective fiscal unities are jointly and severally liable for taxation payable by these fiscal unities.

### *Guarantees*

TNT Express N.V. provided parental support in the form of specific guarantees to various subsidiaries, in addition to the declaration of joint and several liability in compliance with article 403, Book 2 of the Dutch Civil Code: €570 million relating to committed revolving credit facilities, a €500 million commercial paper programme, a €250 million credit facility on its cross-currency cash pool as well as various guarantees included in International Swaps and Derivatives Association (ISDA) agreements with banks for the trading of financial derivatives which are materially issued for the TNT Express business. In addition to smaller uncommitted credit and guarantee facilities.

TNT Express N.V. also guarantees the liabilities under the financial and operating lease agreements of aircraft including the Boeing 747 freighters and Boeing 777 freighters. Furthermore, guarantees of €228 million (2010: 139) were issued for credit and foreign exchange facilities for its subsidiaries: TNT (China) Holdings company Ltd., TNT Express Worldwide (China) Ltd and Mach++ Express Worldwide Ltd, in addition to smaller uncommitted credit and guarantee facilities to various subsidiaries. TNT Express N.V. has no guarantees outstanding for the benefit of unconsolidated subsidiaries and third parties.

Parental support in the form of an indemnity has been provided by TNT Express N.V. to its indirect subsidiary TNT Holdings (UK) Ltd and its subsidiaries in connection with the acquisition of TNT PTY Ltd. in 1996 and the financing of this acquisition and as a result of the restructuring of the Group in the course of 1997 as a direct consequence of this acquisition.

The cross guarantee arrangement between TNT Express and PostNL regarding pensions is described in note 28.

## 42 Subsidiaries and associated companies at 31 December 2011

(No corresponding financial statement number)

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

Hoofddorp, 21 February 2012

## EXECUTIVE BOARD

M.C. Lombard (Chairman)
B.L. Bot

## SUPERVISORY BOARD

A. Burgmans (Chairman)
L.W. Gunning
M.E. Harris
R. King
S. Levy
M. Scheltema

TNT Express N.V.
Taurusavenue 111
2132 LS Hoofddorp
P.O. Box 13000
1100 KG Amsterdam
The Netherlands

# *Independent auditor's report*

To: the General Meeting of Shareholders of TNT Express N.V.

## *Report on the financial statements*

We have audited the accompanying financial statements 2011 of TNT Express N.V., Amsterdam as set out on pages 72 to 137 of the Annual Report. The financial statements include the consolidated financial statements and the corporate financial statements. The consolidated financial statements comprise the consolidated statement of the financial position as at 31 December 2011, the consolidated income statement, the consolidated statements of comprehensive income, changes in cash flows and equity for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information. The corporate financial statements comprise the corporate balance sheet as at 31 December 2011, the corporate income statement for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

### *Executive Board's responsibility*

The Executive Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Executive Board as set out on pages 9 to 28, pages 43 to 53 and pages 61 to 70 in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion with respect to the consolidated financial statements*

In our opinion, the consolidated financial statements as set out on pages 72 to 131 give a true and fair view of the financial position of TNT Express N.V. as at 31 December 2011, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

### *Opinion with respect to the company financial statements*

In our opinion, the corporate financial statements as set out on pages 132 to 137 give a true and fair view of the financial position of TNT Express N.V. as at 31 December 2011, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

*Report on other legal and regulatory requirements*

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Executive Board as set out on pages 9 to 28, pages 43 to 53 and pages 61 to 70, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the Report of the Executive Board as set out on pages 9 to 28, pages 43 to 53 and pages 61 to 70, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Amsterdam, 21 February 2012

PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs. R. Dekkers RA

The above independent auditor's report is the original auditor's report that was issued on 21 February 2012 with respect to the consolidated financial statements and the company financial statements for the year ended 31 December 2011 as included in the annual report of TNT Express N.V. for the financial year 2011 (the "TNT Express 2011 Annual Report"). The TNT Express 2011 Annual Report also contains the Report of the Executive Board. For purposes of this Offer Memorandum, the Report of the Executive Board has been omitted.

## EXTRACT FROM THE ARTICLES OF ASSOCIATION ON APPROPRIATION OF PROFIT

### Article 30. Dividends. Reservations.

30.1 Out of the profit the credit balance of the profit and loss account earned in the past financial year shall first be paid, if possible, a dividend on the preference shares of a percentage equal to the average twelve monthly EURTBOR (EURO Interbank Offered Rate) - weighted to reflect the number of days for which the payment is made - plus a premium, to be determined by the Executive Board, subject to the approval of the Supervisory Board, of at least one percentage point and at most three percentage points, depending on the prevailing market conditions. In the event the relevant preference shares are issued in the course of a financial year the dividend shall be calculated as a proportion of the time lapsed. If at any time the twelve monthly EURIBOR is no longer fixed, the dividend percentage shall be equal to the arithmetic mean of the average effective yields of the five longest-dated state loans, as calculated by the Central Bureau of Statistics *(Centraal Bureau voor de Statistiek)* and published in the Official Price List, over the last twenty stock-exchange business days before the date of issue, plus a premium, to be determined by the Executive Board and subject to the approval of the Supervisory Board, of at least one quarter of a percentage point and at most one percentage point, depending on the prevailing market conditions.

If the distribution on the preference shares for any financial year as referred to in the preceding paragraph cannot be made or cannot be made in full because the profit does not permit it, the deficit shall be distributed as a charge to the distributable part of the shareholders' equity. The dividend on preference shares shall be calculated on the paid up part of the nominal value.

30.2 The Executive Board shall then subject to the approval of the Supervisory Board determine what part of the profit remaining after the application of article 30.1 is to be appropriated to reserves.

30.3 The part of the profit remaining after the appropriation to reserves shall be at the disposal of the general meeting, except that no further distributions can be made on the preference shares.

30.4 If a loss is sustained in any year, no dividend shall be distributed for that year. No dividend may be paid in subsequent years until the loss has been compensated by profits. The general meeting may, however, resolve on a proposal of the Executive Board which has received the approval of the Supervisory Board to compensate the loss out of the distributable part of the shareholders' equity or also to distribute a dividend out of the distributable part of the shareholders' equity.

30.5 The Executive Board may resolve to distribute an interim dividend. Such a resolution shall be subject to the approval of the Supervisory Board. 30.6 No dividend shall be paid on the shares held by the company in its own capital. For the computation of the profit distribution, the shares on which according to this article 30.6 no dividend shall be paid, shall not be included. The provisions laid down before in this article 30.6 shall not be applicable in the event that the Executive Board resolves otherwise, which resolution shall be subject to the approval of the Supervisory Board.

30.7 Sections 104 and 105 of Book 2 of the Dutch Civil Code shall also be applicable to distributions to shareholders.

### Article 31. Distributions in shares and distributions charged to the reserves.

31.1 The Executive Board may resolve that all or part of the dividend on ordinary shares shall be paid in shares in the company instead of cash. In case of an interim distribution the Executive Board may also resolve that the payments shall take place to the debit of the distributable part of the shareholders' equity. These resolutions of the Executive Board shall be subject to the approval of the Supervisory Board.

31.2 The general meeting may resolve, on a proposal of the Executive Board which has received the approval of the Supervisory Board, to charge distributions to holders of ordinary shares to the distributable part of the shareholders' equity. All or part of these distributions may also be paid in shares in the company instead of cash.

## DIVIDEND PROPOSAL

The Executive Board of TNT Express has decided, with the approval of the Supervisory Board, to propose to compensate the loss out of the distributable part of the shareholders' equity and to pay a dividend out of the distributable part of the shareholder's equity. The proposed final dividend is €0.004 per share. The €0.04 per share interim dividend together with the proposed final dividend represents a 2011 pay-out of 40% of normalised net income, in line with TNT Express' stated dividend guidelines. The final dividend is payable, at the shareholder's election, either wholly in ordinary shares or wholly in cash. The election period is from 13 April 2012 to 2 May 2012, inclusive.

To the extent that the dividend is paid in shares, it will be paid free of withholding tax and it will be sourced from the additional paid-in capital that is recognised for Dutch dividend withholding tax purposes. The cash dividend will be paid out of the remaining additional paid-in capital. The ratio of the value of the stock dividend to that of the cash dividend will be determined on 2 May 2012, after the close of trading on Euronext Amsterdam, based on the volume-weighted average price ('VWAP') of all TNT

Express shares traded on Euronext Amsterdam over a three trading day period from 27 April 2012 to 2 May 2012, inclusive. The value of the stock dividend, based on this VWAP, will, subject to rounding, be targeted at but not lower than 3% above the cash dividend. There will be no trading in the stock dividend rights.

The ex-dividend date will be 13 April 2012, the record date 17 April 2012 and the dividend will be payable as from 7 May 2012.

## APPROPRIATION OF PROFIT

The Executive Board of TNT Express has decided, with the approval of the Supervisory Board, to appropriate the loss of €270 million to the loss reserves and to propose to compensate the loss out of the distributable part of the shareholders' equity. The profit remaining at the disposal of the General Meeting is zero.

| | 2011 |
|---|---|
| Profit/(loss) attributable to the shareholders | (270) |
| Appropriation in accordance with the articles of association: | |
| Reserves adopted by the Executive Board and approved by the Supervisory Board (article 30, par.2) | 270 |
| Profit at disposal of the General Meeting of shareholders | 0 |

(in € millions)

## GROUP COMPANIES OF TNT EXPRESS N.V.

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

## SUBSEQUENT EVENTS

Information relating to subsequent events is disclosed in note 35.

**ADVISORS**

Advisors to Offeror

| Financial advisors | Legal advisors |
|---|---|
| Morgan Stanley | Freshfields Bruckhaus Deringer LLP |
| UBS Investment Bank | |
| Bank of America Merrill Lynch | |

Advisors to TNT Express

| Financial advisors | Legal advisors | Accountant |
|---|---|---|
| Goldman Sachs International | Allen & Overy LLP | PricewaterhouseCoopers Accountants N.V. |
| Lazard B.V. | | |