Governance, regulations and investor relations

Share data

TNT is included in the AEX index, which normally consists of the top 25 companies in the Netherlands, ranked on the basis of their turnover in the stock market and free float.

Number of shares traded on Euronext Amsterdam

464 m
2008: 642 m

Stock price high

€21.50
2008: €27.92

Stock price low

€10.57
2008: €12.95

Stock price close

€21.50
2008: €13.76

Earnings per outstanding share

€76.7 cents
2008: €152.9 cents

Stock market capitalisation

€7,976 m
2008: €4,954 m

INVESTOR RELATIONS

TNT’s policy is to provide shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence the share price. The contacts between the Board of Management on the one hand and the press and analysts on the other are carefully handled and structured.

Relative performance next to Euronext Amsterdam (AEX) and peers

![Graph showing relative performance]

Source: Thomson Reuters

Shareholders by sector

3% Private investors
97% Institutional / Other

Shareholders by country

18% Netherlands
5% Other
41% North America
16% Other Europe
30% United Kingdom

Source: Thomson Reuters
CORPORATE GOVERNANCE

Under the rules of the large company regime, a company is required to adopt a two-tier system of corporate governance, comprising a board of management entrusted with the executive management under the supervision of an independent supervisory board. Certain resolutions of the board of management require the prior approval of the supervisory board.

Corporate governance overview

General Meeting of Shareholders

Supervisory Board

Audit committee
Remuneration committee
Public affairs committee
Nominations committee

Board of Management

Ethics committee
Disclosure committee
Corporate Responsibility council

Advice, no decision-making authority

Total shareholder return

<table>
<thead>
<tr>
<th>Year</th>
<th>TNT</th>
<th>UPS</th>
<th>FDX</th>
<th>Eurotop 300 transport</th>
<th>DPWN</th>
<th>AEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>62.0%</td>
<td>7.8%</td>
<td>31.1%</td>
<td>34.7%</td>
<td>20.9%</td>
<td>41.9%</td>
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</tbody>
</table>

Dividend TNT per share

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
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<td>48</td>
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<td>63</td>
<td>63</td>
<td>73</td>
<td>71</td>
<td>53</td>
</tr>
</tbody>
</table>

Source: Bloomberg Professional (own currency based).

The highlighted section of the 2008 and 2009 bars relates to (optional) stock dividend.
Chapter II Corporate governance

GENERAL

Under the rules of the large company regime, a company is required to adopt a two-tier system of corporate governance, comprising a board of management entrusted with the executive management under the supervision of an independent supervisory board.

Pursuant to the Enabling Act as it was formulated until 31 March 2009, TNT was subject to the full Dutch large company regime. Since 1 April 2009 the Enabling Act no longer prescribes the applicability of the large company regime to TNT at group level. Consequently and pursuant to article 154(4) of book 2 of the Dutch Civil Code the Board of Management with the approval of the Supervisory Board will submit a proposal to the annual general meeting of shareholders to either continue the large company regime at the level of TNT N.V. or to discontinue the large company regime at that level. A discontinuation would mean implementation of the large company regime at a lower level within the TNT group.

Under the large company regime certain resolutions of the board of management require the prior approval of the supervisory board. Both the supervisory board and the board of management are accountable to the general meeting of shareholders for the performance of their duties. Members of the board of management are appointed and can be suspended or dismissed by the supervisory board. The decision of the supervisory board to dismiss a member of the board of management can only be taken after the general meeting of shareholders has been consulted on the intended dismissal.

On 10 December 2008 the Corporate Governance Monitoring Committee published a revised Dutch corporate governance code (the “Code”). TNT incorporated the principles and best practices of the Code and reports on how it complied with these principles and best practices in this annual report.

The group managing director of each of TNT’s two divisions is primarily responsible for the development and execution of the business strategy and operations of the division within the framework set by TNT’s corporate strategy. The Board of Management is collectively responsible for the management of TNT as a whole and for all decisions taken in this respect.

TNT’s reporting structure in 2009 was in line with the management structure of the two divisions. In 2010 certain amendments will be made in the structure following TNT’s implementation of Vision 2015.

DUTIES OF THE BOARD OF MANAGEMENT

The Board of Management is charged with the management of TNT, which means among other things that it is responsible for establishing and achieving TNT’s objectives and strategy and managing the associated risks, the development of results, as well as addressing the corporate responsibility issues relevant to TNT.

The Board of Management acts in accordance with the interests of TNT and is to that end required to consider all appropriate interests associated with the company. The Board of Management is firmly committed to managing the company in a structured and transparent fashion. TNT aims to provide stakeholders with a clear view on corporate decisions and decision-making processes. Value-based management provides TNT with an additional framework for decision making within the company, based on objective criteria. Day-to-day decisions in the divisions are decentralised within established standards, processes, requirements and guidelines.

TNT’s Board of Management is responsible for complying with all relevant primary and secondary legislation, the risk profile associated with the strategy, the corporate responsibility issues relevant to the company, its financing, and for its external communications. TNT’s Board of Management is required to report developments on the abovementioned subjects to, and discusses the internal risk management and control systems with, TNT’s Supervisory Board and its audit committee.
TNT’s Board of Management has formed the following bodies to assist with compliance with applicable corporate governance requirements: a disclosure committee, an ethics committee and a CR Council.

The disclosure committee advises and assists TNT’s Board of Management to ensure that TNT’s disclosures in all reports are full, fair, accurate, timely and understandable and that they fairly present the condition of the company in all material respects. The disclosure committee provides oversight of the design, development, implementation and ongoing effectiveness of TNT’s disclosure controls and procedures.

The ethics committee is appointed to advise and assist in developing and implementing group policies and procedures aimed at enhancing integrity and ethical behaviour and preventing fraud throughout TNT worldwide, and monitoring compliance with integrity and ethical behaviour standards. The ethics committee oversees and coordinates investigations resulting from complaints via the TNT Group Procedure on Whistleblowing and/or the TNT Group Policy on Fraud Prevention, and it advises and makes recommendations with regard to guidelines for disciplinary actions. The ethics committee also advises and makes recommendations to the Board of Management and line-management on the mitigation of fraud risk and on ethical and anti-corruption matters. The ethics committee reports regularly to the Board of Management and every six months to the Supervisory Board.

The CR council advises and assists the Board of Management to deploy the CR strategy, to provide guidance on the CR direction, issues and opportunities and to integrate CR in the daily operations. The Board of Management is also supported in developing and achieving its CR strategic objectives by group and divisional functions and departments. These functions and departments, CR reporting, Group Integrity, Procurement, Human Resources and Group Communications, are responsible for ensuring that the legal and regulatory compliance objectives are achieved.

The by-laws of the Board of Management and the terms of reference of the disclosure committee can be viewed on TNT’s corporate website, group.tnt.com.

The Board of Management performs its activities under the supervision of the Supervisory Board. The Board of Management provides the Supervisory Board in a timely manner with the information necessary for the proper performance of its duties. In addition, the Board of Management is required to provide the necessary means, allowing the Supervisory Board and its individual members to obtain all information necessary to be able to function as the supervisory body of TNT. In its communication with the Supervisory Board the Board of Management seeks full transparency.

Under the large company regime members of the Board of Management are appointed by the Supervisory Board after having notified the general meeting of shareholders of its intention to do so. The Supervisory Board can dismiss a member of the Board of Management after having consulted the general meeting of shareholders of the intended dismissal. For further details on the appointment and dismissal of members of the Board of Management see article 21 of TNT’s articles of association.

**SUPERVISORY BOARD**

The Supervisory Board is charged with supervising the Board of Management and the general course of affairs of TNT, as well as assisting the Board of Management by providing advice. The Supervisory Board evaluates the main organisational structure and the control mechanisms established by the Board of Management. Members of the Supervisory Board may take positions different from those of the Board of Management.

In performing its duties the Supervisory Board is charged with acting in accordance with the interests of TNT. It shall take into account the relevant interest of the company’s stakeholders, and, to that end, consider all appropriate interests associated with the company. Members of the Supervisory Board perform their duties without mandate and independent of any particular interest in the business of the company. TNT’s Supervisory Board is responsible for the quality of its own performance and for this purpose annually reviews its performance. The responsibility for proper performance of its duties is vested in the Supervisory Board as a whole.

Share ownership is not required to qualify as a member of the Supervisory Board. Under the large company regime members of the Supervisory Board are appointed by the general meeting of shareholders following nomination by the Supervisory Board. The general meeting of shareholders can, furthermore, dismiss the Supervisory Board. The general meeting of shareholders can, furthermore, dismiss the Supervisory Board as a whole by an absolute majority of the votes cast representing at least one-third of the issued capital. For further details on the appointment and dismissal of (members of) the Supervisory Board see articles 28 and 29 of TNT’s articles of association.

The Supervisory Board and the public affairs committee of the Supervisory Board perform an oversight role with respect to corporate responsibility issues (CR). TNT’s internal audit function and the company’s external auditors support the Board of Management and the Supervisory Board in monitoring the CR governance structure and reporting. Please refer to chapter 19 for a comprehensive overview of the roles of internal audit and the assurance services provided by the external auditor.

TNT’s articles of association and the by-laws of the Supervisory Board can be viewed on TNT’s corporate website, group.tnt.com.
CONFLICT OF INTEREST OF BOARD MEMBERS

The Supervisory Board is responsible for deciding how to resolve a conflict of interest between members of the Board of Management, members of the Supervisory Board and/or the external auditor on the one hand and the company on the other hand.

A member of the Board of Management or a member of the Supervisory Board is required to report immediately and provide all relevant information to the chairman of the Supervisory Board and to the other members of the Board of Management (if it concerns a member of that board) on any conflict of interest or potential conflict of interest that may be of (material) significance to the company and/or to the relevant member. If the chairman of the Supervisory Board has a conflict of interest or potential conflict of interest that is of material significance to the company and/or to him, he is required to report this immediately to the vice-chairman of the Supervisory Board and provide all relevant information. In both situations, this includes information concerning a spouse, registered partner or other life companion, foster child or relatives by blood or marriage up to the second degree.

In the event of a conflict between TNT and a member of its Board of Management, the company will be represented by another member of the Board of Management or a member of the Supervisory Board appointed by the Supervisory Board for this purpose.

A decision to enter into a transaction involving a conflict of interest with a member of the Board of Management or a member of the Supervisory Board that is of (material) significance to the company or to the relevant member requires the approval of the Supervisory Board. No such transactions were entered into in 2009, therefore compliance with best practice provisions II.3.2 to II.3.4 and III.6.1 to III.6.3 inclusive of the Code did not come up for discussion. The same applies to provision III.6.4 of the Code.

The by-laws of the Board of Management and the Supervisory Board also include a provision that a member of the Board of Management or of the Supervisory Board shall not take part in any discussion or decision making that involves a subject or transaction in relation to which such member has a conflict of interest with the company.

SHAREHOLDERS AND THEIR RIGHTS

GENERAL MEETINGS OF SHAREHOLDERS

Annual general meeting of shareholders held on 8 April 2009

On 8 April 2009, TNT held its annual general meeting of shareholders at Schiphol-Rijk, the Netherlands. The attendance rate was 42% of the total outstanding share capital, compared to 48% in 2008.

During the annual general meeting of shareholders all proposed resolutions were adopted, including the extension of authority to issue shares. The annual general meeting of shareholders extended the then-current authority of the Board of Management to issue ordinary shares for another period of eighteen months to end on 8 October 2010. Ordinary shares up to a maximum of 10% of the issued share capital may be issued by resolution of the Board of Management. An additional 10% of the issued share capital may be issued that way when a share issue takes place in relation to a merger or acquisition.

The resolutions of the meeting, the agenda and the voting results for each resolution as well as the presentations given during the meeting can be found on TNT’s corporate website. Minutes of the meeting can be found both in the Dutch and in the English language on TNT’s corporate website.

Frequency and venue

TNT is required to hold an annual general meeting of shareholders within six months after the end of the financial year in order to, among other things, adopt the financial statements and to decide on any proposal concerning dividends. Further to Dutch law, the release from liability of the members of the Board of Management and the Supervisory Board for the performance of their respective duties during the financial year are also agenda items for this meeting. However, this release only covers liability for matters reflected in the financial statements or otherwise disclosed to the general meeting of shareholders prior to the adoption of the financial statements.

Other general meetings of shareholders are held as often as the Board of Management or the Supervisory Board deem necessary, and shall in principle be convened if the Board of Management proposes to take a decision that will result in a significant change in the identity or character of TNT or its business.

Furthermore, in the event shareholders jointly representing at least 10% of the outstanding share capital make a written request to convene a general meeting of shareholders to the Supervisory Board and the Board of Management, stating their proposed agenda in detail, a general meeting of shareholders shall in principle be convened.
General meetings of shareholders may only be held in Amsterdam, The Hague, Hoofddorp or in the municipality of Haarlemmermeer (Schiphol).

**Agenda**

One or more shareholders holding shares representing at least 1% of TNT’s issued share capital or representing a value of €50 million according to the Official Price List of Euronext Amsterdam (Official Price List) has/have the right to request the Board of Management or the Supervisory Board to place items on the agenda of the general meeting of shareholders. Such a request has to be honoured by the Board of Management or the Supervisory Board provided that important company interests do not dictate otherwise and that the request is received by the Board of Management or the Supervisory Board in writing, at least sixty days before the date of the general meeting of shareholders.

In the event a request is made from one or more shareholders to either convene a meeting or to place an item on the agenda of a general meeting of shareholders that may result in a change in the company’s strategy the Board of Management shall be given the opportunity to stipulate a reasonable period in which to respond, such period not to exceed 180 days.

**Notice to convene**

General meetings of shareholders are convened by at least 15 days’ prior notice published in a nationally distributed daily newspaper and in the Official Price List.

**Admission to and voting rights at the meeting**

Each shareholder has the right to attend general meetings of shareholders, either in person or by written or electronic proxy, to address the meeting and to exercise voting rights, subject to the provisions of TNT’s articles of association. An eligible shareholder has the aforementioned rights if registered as shareholder on the applicable record date as set by the Board of Management.

Each of the shares in TNT’s share capital carries the right to cast one vote. Unless otherwise required by Dutch law or TNT’s articles of association, resolutions are passed by a simple majority of votes cast by the shareholders present or represented at the meeting.

Under TNT’s articles of association there are no limitations to the rights of Dutch, non-resident or foreign shareholders to hold or exercise voting rights in respect of TNT’s securities, and TNT is not aware of any such restrictions under Dutch corporate law.

**Liquidation rights**

In the event of TNT’s dissolution and liquidation, the assets remaining after payment of all debts and liquidation expenses are to be distributed in the following order of preference: first, to the holders of all outstanding preference shares B (if any) the nominal amount paid up on these shares plus accumulated dividends for preceding years which have not yet been paid; and second, to holders of the ordinary shares in proportion to their shareholdings.

**Changes to the rights of shareholders**

Rights of shareholders may change pursuant to an amendment of the articles of association, a statutory merger or demerger within the meaning of Book 2 of the Dutch Civil Code or dissolution of the company. A resolution of the general meeting of shareholders is required to effect these changes. Under TNT’s articles of association, such resolution may only be adopted upon a proposal of the Board of Management that has been approved by the Supervisory Board.

**Major shareholders**

To TNT’s knowledge TNT is not directly or indirectly owned or controlled by another corporation or by any government. TNT does not know of any arrangements the operation of which might, at a subsequent date, result in a change of control, except as described under “Foundation Protection TNT and preference shares B” below.

The Financial Markets Supervision Act (Wet op het financieel toezicht) imposes a duty to disclose percentage holdings in the capital and/or voting rights in the company when such holding reaches, exceeds or falls below 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Such disclosure must be made to the Netherlands Authority for the Financial Markets (AFM) without delay. The AFM then notifies the company.

**ARTICLES OF ASSOCIATION, SHARE ACQUISITION, REDUCTION AND INCREASE OF ISSUED SHARE CAPITAL**

**Amendments to the articles of association**

Amendments to TNT’s articles of association can take place upon a proposal of the Board of Management approved by the Supervisory Board and adopted by the general meeting of shareholders. A proposal to amend the articles of association must be stated in a notice convening a general meeting of shareholders and announced by publication in a nationally distributed daily newspaper and in the Official Price List, or in such manner as shall be permitted by law at any time. The proposal shall be passed upon an absolute majority of the votes cast in the general meeting of shareholders.

**Ability of the company to acquire its own shares**

In order to execute share buy-back programmes, TNT must be allowed to acquire its own shares. Under its articles of association, TNT may acquire its own shares, provided that they are fully paid-up. If such shares are acquired for consideration, the following conditions apply:

- TNT’s shareholders’ equity less the purchase price may not fall below the sum of the paid-up capital and any reserves required to be maintained by Dutch law or
pursuant to the articles of association, and
– following the share acquisition, TNT may not hold shares
with an aggregate nominal value exceeding one-tenth of its
issued share capital.

The acquisition of shares in its capital may be effected by
a resolution of the Board of Management, subject to the
approval of the Supervisory Board.

In addition to the above, the Board of Management
requires prior authorisation by the general meeting of
shareholders to acquire shares in the company for
consideration. This authorisation may be valid for a period
not exceeding 18 months from the date of the meeting
and must specify:
– the number of shares that may be acquired,
– the manner in which shares may be acquired, and
– the price limits within which shares may be acquired.

Authorisation by the general meeting of shareholders is
not required if TNT’s own shares are acquired for the
purpose of transferring those shares to TNT employees
pursuant to any arrangements applicable to such
employees.

Reduction of issued share capital in general
Cancellation of shares following a repurchase is one of the
ways to reduce the issued share capital. TNT’s issued share
capital may also be reduced by way of a reduction of the
nominal value of its shares by amendment of TNT’s articles
of association. The general meeting of shareholders is the
body competent to resolve to reduce TNT’s issued share
capital. Pursuant to TNT’s articles of association, such
resolution may be taken upon a proposal of the Board of
Management that has been approved by the Supervisory
Board. The latter requirement is more stringent than is
required by Dutch law.

Increase of issued share capital by issuance of shares/
pre-emptive rights
TNT’s Board of Management has been designated as the
body competent to resolve to issue shares in TNT and to
grant rights to subscribe for ordinary shares, including
options and warrants. Pursuant to TNT’s current articles
of association, such resolution is subject to the approval of
the Supervisory Board. The scope and duration of this
authority of the Board of Management is determined by
the general meeting of shareholders. Under TNT’s articles
of association the scope relates at most to all shares in its
authorised share capital that have not been issued. The
duration of the authority shall be for a period of five years
at most.

Extension of the term of designation of the Board of
Management as the body competent to issue shares may
also be effected by amending TNT’s articles of association
to that effect. If no extension is given, the issue of shares or
granting of rights to subscribe for ordinary shares requires
a resolution of the general meeting of shareholders. Such
resolution may only be taken upon a proposal of the Board
of Management, which proposal requires approval of the
Supervisory Board.

In principle, each holder of ordinary shares has a pre-
emptive right to any issue of ordinary shares or the
granting of rights to subscribe for these shares. Registered
holders of American Depositary Shares (ADS) and holders
holding their ADS through a broker or a nominee
evidenced by American Depositary Receipts do not qualify
as holders of ordinary shares in this respect.

Pursuant to TNT’s articles of association shareholders’ pre-
emptive rights may be restricted or excluded by a
resolution of the Board of Management, provided and as
long as the Board of Management has been designated as
the body competent to resolve to issue shares. Such
resolution is subject to the approval of the Supervisory
Board. Pursuant to TNT’s articles of association the
provisions with respect to the scope and duration of the
authority to issue shares and grant rights to subscribe for
ordinary shares are also applicable to the scope and
duration of the authority to exclude or restrict pre-
emptive rights.

FOUNDATION PROTECTION TNT AND
PREFERENCE SHARES B
“Stichting Bescherming TNT” (Foundation Protection
TNT) was formed to care for TNT’s interests, the
enterprises connected with TNT and all interested parties,
such as shareholders and employees, by, among other
things, preventing as much as possible influences which
would threaten TNT’s continuity, independence and
identity contrary to such interests. Foundation Protection
TNT is an independent legal entity and is not owned or
controlled by any other legal person.

TNT’s articles of association provide for protective
preference shares B that can be issued to Foundation
Protection TNT to serve these interests. The preference
shares B have a nominal value of €0.48 and have the same
voting rights as TNT’s ordinary shares. There are currently
no preference shares B issued, although Foundation
Protection TNT has a call option to acquire a number of
preference shares B not exceeding the total issued amount
of shares minus one and minus any shares already issued to
Foundation Protection TNT.

The exercise price with respect to the call option is the
nominal value of €0.48 per preference share B, although
upon exercise only €0.12 per preference share B is
required to be paid. The additional €0.36 per preference
share B is due at such time as TNT makes a call for
payment by resolution of its Board of Management, which
resolution is subject to the approval of the Supervisory
Board. Foundation Protection TNT has credit facilities in
place to enable it to pay the exercise price.
TNT and Foundation Protection TNT have entered into the call option agreement to prevent, delay or complicate unsolicited influence of shareholders, including an unsolicited take-over or concentration of power. The issue of preference shares B enables TNT to consider its position in the then-existing circumstances. The preference shares B will be outstanding no longer than strictly necessary. Once the reason for the placing of the preference shares B no longer exists, TNT shall propose to the general meeting of shareholders to cancel the preference shares B entirely as a class.

After six months have expired since the issuance of preference shares B, Foundation Protection TNT may require TNT to convene a general meeting of shareholders to discuss cancellation of the preference shares B. However, should Foundation Protection TNT within this period of six months receive a demand for repayment under the credit facilities referred to above, it may also require TNT to convene said meeting. In accordance with TNT’s current articles of association a general meeting of shareholders shall be convened by TNT ultimately twelve months after the first date of issuance of any preference shares B to Foundation Protection TNT for the first time. The agenda for that meeting shall include a resolution relating to the repurchase and/or cancellation of the preference shares B.

TNT has granted to Foundation Protection TNT the right to file an application for an inquiry into the policy and conduct of business of TNT with the Enterprise Chamber of the Amsterdam Court of Appeal (Ondernemingskamer). TNT believes that this may be a useful option in the period before the issuance of preference shares B, without causing a dilution of the rights of other shareholders at that stage.

The members of the board of Foundation Protection TNT are R. Pletser (chairman), J.H.M. Lindenbergh, W. van Voono and M.P. Nieuwe Weme. All members of the board of Foundation Protection TNT are independent from TNT. This means that Foundation Protection TNT is an independent legal entity in the sense referred to in section 5:71 paragraph 1 sub c of the Netherlands Financial Markets Supervision Act.

DIVIDEND
The Board of Management may determine, subject to the approval of the Supervisory Board, that any dividend on ordinary shares be paid wholly or partly in TNT’s ordinary shares rather than in cash, or that any dividend in ordinary shares be paid by giving the shareholders the option to choose between dividend paid in TNT’s ordinary shares or in cash (optional dividends).

If and when dividends are declared, TNT pays dividends out of profits or by exception out of the distributable part of its shareholders’ equity as shown in TNT’s financial statements. TNT is not allowed to pay dividends if the payment would reduce shareholders’ equity below the sum of the paid-up capital and any reserves required by Dutch law or its articles of association.

The Board of Management may, subject to the approval of the Supervisory Board and subject to provisions of Dutch law, distribute one or more interim dividends.

No dividend shall be paid on shares held by TNT in its own capital. Such shares shall not be included for the computation of the profit distribution, unless the Board of Management resolves otherwise, which resolution is subject to the approval of the Supervisory Board.

Under TNT’s articles of association, if preference shares B have been issued, TNT has to pay dividends on the paid-up portion of the nominal value of the preference shares B. Payment is made at a rate of the average 12-monthly EURIBOR (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 Board of Management, subject to the approval of the Supervisory Board, of at least one percentage point and at most three percentage points.

The Board of Management then determines, subject to the approval of the Supervisory Board, which part of the remaining profits shall be appropriated to reserves. The profit that remains after appropriation is at the disposal of the general meeting of shareholders.

The TNT Reserves and Dividend Guidelines 2009 can be viewed on TNT’s corporate website. Any changes to these guidelines shall be explained as a separate agenda item at the annual general meeting of shareholders.

AUDITOR
TNT’s external auditor, PricewaterhouseCoopers Accountants N.V., is appointed by TNT’s general meeting of shareholders. TNT’s audit committee has the sole authority, subject to confirmation by the Supervisory Board, to recommend to the general meeting of shareholders the appointment or replacement of the external auditor. The audit committee is directly responsible for the oversight of the work of the external auditor on behalf of the Supervisory Board (including resolution of disagreements between management and the external auditor regarding financial reporting).

At times TNT uses its external auditor to provide services in cases where these services do not conflict with the external auditor’s independence. The TNT Group Policy on Auditor Independence & Pre-Approval governs how and when TNT may engage its external auditor. The audit committee is required to pre-approve (supported by the Group Director Internal Audit) all services to be provided by the external auditor in order to assure that these do not impair the auditor’s independence.
from TNT. A general annual pre approval for certain routine services is granted by the audit committee. Significant non-audit services require a tender process, and certain services are prohibited outright. In its approval-granting process, the audit committee considers the applicable regulations and stock exchange rules on auditor independence. The audit committee also considers the ratio between the total amount of fees for audit and audit related services and the total amount of fees for non-audit services. See note 20 to the consolidated financial statements of TNT N.V. for the fees paid to PricewaterhouseCoopers Accountants N.V. and the distribution of the fees between audit related services and non-audit services. The audit committee requires a formal written statement from the external auditor confirming its independence.

Except for some services in the aggregate amount of less than 1% of the total amounts paid to the external auditor; all services performed by the external auditor in 2009 followed the pre-approval process. While this is a small deviation, TNT is committed to ensure that the pre-approval process is followed in all cases.

(Potential) conflicts of interest between the external auditor and TNT are resolved in accordance with the terms of reference of the audit committee and in particular the annex thereto: the “TNT Group Policy on Auditor Independence & Pre-Approval”, which can be viewed on TNT’s corporate website.

The audit committee and the Board of Management are required once every three years to conduct a thorough assessment of the functioning of the external auditor within the various entities and in the different capacities in which the external auditor acts. The last assessment was held in 2007. The main conclusions of this assessment were communicated to the 2007 annual general meeting of shareholders. On the agenda of the 2010 annual general meeting of shareholders the main conclusions of this assessment will be communicated. The lead (signing) partner and the concurring (review) partner of the external auditor are rotated after a maximum period of seven years. In 2010 Mr M. de Ridder, who has been lead partner for seven years, will therefore be succeeded.

TNT’s internal audit function operates under the responsibility of the Board of Management and is subject to monitoring by the Supervisory Board, assisted by the audit committee. The Board of Management is required to ensure that the external auditor and the audit committee are aligned in defining the tasks and plans of the internal audit function.

**DUTCH CORPORATE GOVERNANCE CODE**

TNT applies the principles and best practices of the Dutch corporate governance code published on 10 December 2008 and designated on 3 December 2009 as code of conduct as referred to in article 391 paragraph 5 of book 2 of the Dutch Civil Code, except for the following best practice provisions below that are not fully applied:

- provision II.2.5 Dutch corporate governance code states that states that shares granted without financial consideration to members of the Board of Management shall be retained for a period of at least five years or until at least the end of the employment, if this period is shorter.
- Since the start of TNT’s equity programme, the process for the members of the Board of Management has been such that if and when vesting of the right on shares takes place (leading to the delivery of shares) which happens in any event not earlier than three years from grant of the right, enough of the shares are sold for the purpose of using the proceeds to pay for the tax relating to the grant of these shares. This process will not be discontinued as no loans will be granted to the members of the Board of Management. Reference is made to chapter 6 note 18 under bonus/matching share plan and vesting of the long term incentive.
- provision II.2.8 Dutch corporate governance code states that the remuneration in the event of dismissal of members of the Board of Management may not exceed one year’s salary (the “fixed” remuneration component).
- severance payments other than related to a change of control for members of the Board of Management are one year base salary or a maximum of two years’ base salary in the first four-year term if one year is considered to be unreasonable. The employment contract of TNT’s CFO effective 1 April 2006 states that the severance payment other than related to a change of control will amount to twenty-four months base salary during the first four year term as a member of the Board of Management. During further terms as a member of the Board of Management, his severance payment amounts to twelve months base salary.
- As stated in chapter 9, contracts entered into prior to 2004 remain unaltered.
- for members of the Board of Management who are not residents of the Netherlands, TNT follows local market practice for that part of the base salary earned in the country of residence. This is done to ensure that TNT can offer a competitive package to foreign members of the Board of Management commensurate with local practice.
- severance payments in case of a change of control equal the sum of the last annual base salary and pension contribution plus the average bonus received over the last three years, multiplied by two. No distinction is made between resident or non-resident members of the Board of Management. TNT is of the opinion that such payment is realistic taking into account the special position of members of the Board of Management in a change of control situation. Also, the Supervisory Board may decide that the performance shares vest in whole or in part.
- provision II.2.13(f) Dutch corporate governance code states that the remuneration overview in the remuneration report of the Supervisory Board shall in any event contain a description of the performance criteria on
which the performance-related component of the variable remuneration is dependent in so far disclosure would not be undesirable because the information is competition sensitive.

- TNT discloses quantified financial and non-financial targets which are published in general terms. The actual targets are specific and thus contain competition-sensitive information, and are therefore not disclosed. See chapter 9 under Current remuneration policy.

In the chapter sections referred to above, TNT explains why it deviates from these best practice provisions. Material future (corporate) developments might justify further deviations from the Dutch corporate governance code at the moment of occurrence.

Each substantial change in the corporate governance structure of the company and in the compliance of the company with the Dutch corporate governance code shall be submitted to the general meeting of shareholders for discussion.

The full text of the Code can be viewed on TNT’s corporate website. The corporate governance statement pursuant to the Decree implementing further accounting standards for the content of annual reports dated 23 December 2004 (as amended on 20 March 2009) can be found on TNT’s corporate website under Corporate Governance. As of the financial year 2010 the information on (i) the composition and functioning of the Board of Management, (ii) the composition and functioning of the Supervisory Board and its committees, (iii) the functioning of the general meeting of shareholders and its key capacities and (iv) the rights of shareholders and how these rights can be exercised will be included in the corporate governance statement only.

For the Board of Management’s statement pursuant to chapter 5.1a of the Dutch Financial Markets Supervision Act please refer to chapter 7 - Directors’ Responsibility Statement.

MEMBERS OF THE BOARD OF MANAGEMENT

M.P. (Peter) Bakker (1961, Dutch)
Chief Executive Officer
Peter Bakker has been CEO and chairman of the Board of Management since November 2001. He joined Royal TNT Post (then called PTT Post) in 1991 and was appointed financial director of its parcels business unit in 1993. He was appointed financial control director of TNT Post in 1996 and became a member of the board of management of TNT Post in 1997. Since the demerger of TNT N.V. (then called TNT Post Groep N.V.) from Royal PTT Nederland N.V. until his appointment as CEO, Mr Bakker was chief financial officer and a member of TNT’s Board of Management. Before joining TNT Post, Mr Bakker worked for TS Seeds Holdings.

Mr Bakker’s portfolio includes corporate strategy, corporate relations, general counsel, corporate responsibility, human resources and internal audit.

Mr Bakker is a member of the advisory board of World Press Photo and a member of the board of Foundation Moving the World.

C.H. (Henk) van Dalen (1952, Dutch)
Chief Financial Officer
Henk van Dalen has been CFO and a member of the Board of Management since April 2006. He started his career at DSM N.V. in 1976, where he held various human resources and general management positions. From 2000 until March 2006 Mr Van Dalen was a member of the board of management and CFO of DSM N.V.

Mr Van Dalen’s portfolio includes financial reporting and accounting, risk management and internal control, corporate responsibility reporting, mergers and acquisitions, business control, treasury, tax, investor relations, and legal and integrity.

Mr Van Dalen is a member of the supervisory board of Macintosh Retail Group N.V. and NIBC Bank N.V. Furthermore, he is a board member of the “Nationale Fonds 4 en 5 mei” and a member of the board of advisors of AIESEC Nederland and NEVIR (Nederlandse Vereniging voor Investor Relations). He is also treasurer of the Netherlands Olympic Committee (NOC*NSF).

H.M. (Harry) Koorstra (1951, Dutch)
Group Managing Director Mail
Harry Koorstra has been group managing director Mail and a member of the Board of Management since July 2000. Mr Koorstra joined Royal TNT Post (then called PTT Post) in 1991 as managing director of its then Media Service business unit and became a member of its board of management in 1997. Before joining the company, Mr Koorstra worked at VNU N.V. for 15 years, lastly as general director of its Admedia/VNU Magazine Group. Mr Koorstra is chairman of the supervisory board Postkantoren B.V. Mr Koorstra was reappointed as a member of the Board of Management by the Supervisory Board for another four year term in April 2009.

Mr Koorstra is chairman of the supervisory board of Hermans Investments B.V. and a member of the supervisory board of Royal Swets and Zeitlinger Holding N.V. He is also member of the executive committee and general board of the Confederation of Netherlands Industry and Employers (VNO-NCW) and a member of the advisory board of Boer & Croon.
M.C. (Marie-Christine) Lombard (1958, French)
Group Managing Director Express
Marie-Christine Lombard has been group managing director Express and a member of the Board of Management since January 2004. She joined Jet Services in France in 1993. Upon TNT’s acquisition of Jet Services in 1999, Ms Lombard joined TNT (then called TNT Post Groep N.V.) as the managing director of the domestic Express business and from March 2001 until January 2004 she was managing director of TNT’s international Express business in France.

Ms Lombard is a member of the supervisory board of METRO AG. Ms Lombard is also president of the “Lyon Ville de l’Entrepreneuriat” Business Network Group and advisor of Bridgepoint France. She served as a member of the supervisory board of Royal Wessanen N.V. until 22 April 2009.

The members of the Board of Management have no important outside board positions as defined in the Code other than those listed above.

SECURITIES OWNED BY BOARD MEMBERS
The members of the Supervisory Board and the Board of Management and TNT’s other senior management are subject to the TNT Group Policy on prevention of insider trading, which contains rules of conduct to prevent trading in TNT’s financial instruments when in possession of inside information.

TNT’s Supervisory Board has adopted a policy concerning the ownership of and transactions in securities other than TNT’s financial instruments by members of the Board of Management and the Supervisory Board. This policy is incorporated in the by-laws of the Board of Management and the by-laws of the Supervisory Board and requires that each member of the Board of Management and Supervisory Board gives periodic notice, at least quarterly, to TNT’s corporate secretary, acting as central officer, of any changes in his or her holding of securities in Dutch listed companies. A member of the Board of Management or the Supervisory Board who invests exclusively in listed investment funds or who has transferred the discretionary management of his or her securities portfolio to an independent third party by means of a written mandate is exempted from compliance with these internal notification requirements.

The total number of shares held by each member of the Board of Management and the Supervisory Board, other than shares allocated under TNT’s performance share plan, bonus/matching plan and/or share option plan, is tabled below.

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
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<tbody>
<tr>
<td>Peter Bakker</td>
<td>85,409</td>
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<tr>
<td>Henk van Dalen</td>
<td>18,350</td>
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<tr>
<td>Harry Kooistra</td>
<td>32,351</td>
</tr>
<tr>
<td>Marie-Christine Lombard</td>
<td>44,575</td>
</tr>
<tr>
<td>Piet Klaver</td>
<td>3,500</td>
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</tbody>
</table>

1 – This table does not include any granted rights on shares and any share options allocated to the members of the Board of Management under TNT’s performance share plan, bonus/matching plan and/or share option plan. See chapter 9, under Remuneration in 2009 for further information on these securities. The information in this table is publicly available at www.afm.nl.