

## EXPLANATORY NOTES TO DEMERGER PROPOSAL

These explanatory notes (the **Explanatory Notes**) are made in respect of the proposal (the **Demerger Proposal**) for the demerger under Section 2:334a subsections 1 and 3 of the Dutch Civil Code (the **Demerger**) between TNT N.V. (to be renamed as: PostNL N.V. in connection with the Demerger), a public company under Dutch law (*naamloze vennootschap*), having its official seat in Amsterdam, the Netherlands, its office address at Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands, and registered with the trade register under number 27168968 (**TNT N.V.**), and TNT Express N.V., a public company under Dutch law, having its official seat in Amsterdam, the Netherlands, its office address at Taurusavenue 111, 2132 LS Hoofddorp, the Netherlands, and registered with the trade register under number 33267240 (**TNT Express**, and collectively with TNT N.V.: the **Demerging Parties**), as a result of which (i) TNT N.V. will continue to exist, (ii) TNT Express will acquire part of the assets and liabilities of TNT N.V. under universal succession of title, and (iii) the shareholders of TNT N.V. will become shareholders of TNT Express.

The Explanatory Notes have been prepared by the Board of Management of TNT N.V. and the Executive Board of TNT Express.

The Board of Management of TNT N.V. and the Executive Board of TNT Express propose the Demerger by TNT N.V. to TNT Express of: (i) 70.1% of the shares in TNT Express Holdco B.V. (**Express Holdco**), (ii) the entire issued share capital in TNT Express, and (iii) a receivable due from TNT Mail Finance B.V. in the amount of EUR 84,000,000 excluding accumulated interest. As part of the Demerger, TNT Express will allot ordinary shares in its capital on a "one share for one share" basis to the existing shareholders of TNT N.V. and cancel the shares in its own capital that will be transferred to it as part of the Demerger.

### Reasons for the Demerger

The main reasons for the Demerger are the increasingly divergent strategic profiles of the two businesses of TNT N.V. and the limited synergies existing between them. The mail business provides mail, mail-related and parcel services to customers, including the universal postal service in the Netherlands (the **Mail Business**). The express business provides on-demand door-to-door express delivery services for customers sending documents, parcels and freight worldwide (the **Express Business**).

The Mail Business is faced with a continually declining mail market in the Netherlands and has to focus on sustaining cash flows and operational efficiency. The priorities of the Express Business are to grow its existing European networks, to continue to grow its intercontinental business from and to Europe into adjacent markets and to secure contributions from its existing positions in China, South America and India. In addition, separation would enable greater internal focus on each business, with single-business investment discipline and capital allocation and leaner, more flexible organisations. Externally, separation would provide more transparency and two distinct shareholding opportunities with a choice of investment in two different kinds of companies.

### Expected consequences for the operations

The operations of TNT N.V. will be continued by TNT N.V. to the extent they relate to the Mail Business and by TNT Express to the extent they relate to the Express Business. All assets and liabilities related to the Express Business have been allocated to Express Holdco as part of an internal reorganisation.

## Explanation from a legal, economic and social point of view

### *Legal*

Under Dutch law, a demerger (*juridische afsplitsing*) is the act by which one company (in this case TNT N.V.) transfers without its dissolution a portion of its assets and liabilities to another company (in this case TNT Express), in consideration of which the latter company allots and allocates shares to the shareholders of the demerging company. On the date on which the Demerger becomes effective, TNT N.V. will transfer without its dissolution 70.1% of the Express Business to TNT Express. The Demerger becomes effective the day after the execution by the relevant parties of a notarial deed.

The Demerger has two main consequences: 70.1% of the assets and liabilities related to the Express Business are transferred to TNT Express by way of universal succession of title (*overgang onder algemene titel*) and the shareholders of TNT N.V. will receive by operation of law, pro rata and in return for no consideration, ordinary shares in the capital of TNT Express.

Dutch law allows TNT Express to cancel the shares in its own capital that it receives as a result of the Demerger, by providing for this in the notarial deed for the Demerger.

### *Economic*

The Mail Business will be able to focus on sustaining cash flows and operational efficiency. The Express Business will be able to grow its existing European networks, to continue to grow its intercontinental business from and to Europe into adjacent markets and to secure contributions from its existing positions in China, South America and India. In addition, the Demerger enables greater internal focus on each business, with single-business investment discipline and capital allocation.

### *Social*

In preparation for the Demerger, all employees of TNT Head Office B.V. (to be renamed as TNT Nederland B.V.), currently held by Express Holdco, were assigned to either the Mail Business or the Express Business. If they were assigned to the Express Business, the employees maintained their employment relationship with TNT Head Office B.V. If they were assigned to the Mail Business, the employees were transferred to TNT Mail Holding B.V. (to be renamed at a later stage). All other employees within the TNT group remain employed by their existing employing entity.

All members of the Board of Management of TNT N.V. are employed by TNT N.V.; the two members that will form the Executive Board of TNT Express will conclude new employment contracts with TNT Express.

The Demerger is not envisaged to affect jobs and working conditions.

Subject to approval of the Demerger by the general meeting of TNT N.V., the unvested rights granted in performance shares in TNT N.V. and matching shares in TNT N.V. as well as any unexercised options will be unwound. All schemes will be terminated before the Demerger becomes effective and no 'legacy plans' will exist thereafter.

In respect of the pensions, TNT N.V. has concluded execution agreements with two Dutch TNT N.V.-related company pension funds (*ondernemingspensioenfondsen*): the TNT pension fund (*Stichting Pensioenfonds TNT*) and the smaller PAO pension fund (*Stichting Ondernemingspensioenfonds TNT*). After the Demerger, the existing pension funds will remain the administrator of the pension agreements of the employees assigned to the Express Business. The pension benefits accrued under the existing pension plans (up to the date of the Demerger) and the accrual of pension benefits as of the date of the Demerger will remain insured with the pension funds.

On 29 November 2010 a positive advice has been obtained from the Central Works Council in relation to the Demerger.

### **Exchange ratio**

TNT N.V. has an issued and outstanding share capital of EUR 182,383,324.80, divided into 379,965,260 ordinary shares with a nominal value of EUR 0.48 each. Preference shares B in the share capital of TNT N.V. have not been issued.

The exchange ratio has been set at 1:1. For each ordinary share in the capital of TNT N.V. with a nominal value of EUR 0.48 held by a shareholder, TNT Express will allot one ordinary share with a nominal value of EUR 0.08. Payments will not be made in connection with the exchange ratio.

By using the exchange ratio 1:1, taking into account that all existing shares in TNT Express held by TNT N.V. are demerged to TNT Express and cancelled, the valuation of the method used has no effect on the exchange ratio.

As a result of the Demerger, TNT Express and TNT N.V. will be the only shareholders of Express Holdco. TNT N.V. will hold a stake of 29.9% in Express Holdco. Following the Demerger, Express Holdco (as the company ceasing to exist) will enter into a legal merger with TNT Express (the **Merger**). As a result of the Merger, such number of shares will be allotted to TNT N.V. as are equal to 29.9% of the share capital of TNT Express following the Merger.

As a result of the Merger (in conjunction with the Demerger), the issued and outstanding share capital of TNT Express will amount to EUR 43,362,654.48, divided into 542,033,181 ordinary shares with a nominal value of EUR 0.08 each. TNT N.V. will have a stake of 29.9%.

The Board of Management of TNT N.V. and the Executive Board of TNT Express consider this method of determining the exchange ratio and this exchange ratio to be suitable. In determining the exchange ratio, no specific difficulties have arisen.

### **Auditors reports**

Mr. R. Dekkers of PricewaterhouseCoopers Accountants N.V. in Amsterdam, the Netherlands, has issued an auditors report pursuant to Section 2:334aa, subsection 3 of the Dutch Civil Code, regarding the information laid down in these Explanatory Notes. This report is attached to these Explanatory Notes as Annex A.1.

Mr. J.J.W. Galas of Mazars Paardekooper Hoffman N.V. in Rotterdam, the Netherlands, has issued an auditors report pursuant to Section 2:334aa, subsection 3 of the Dutch Civil Code, regarding the information laid down in these Explanatory Notes. This report is attached to these Explanatory Notes as Annex A.2.

Signed in Hoofddorp, the Netherlands, on 7 April 2011.

*(signatures on the following pages)*

**Signature page TNT N.V.**

**Board of Management**

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M.P. Bakker

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H.M. Koorstra

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M.-Ch.M. Lombard

**Signature page TNT Express N.V.**

**Executive Board**

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M.-Ch.M. Lombard

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B.L. Bot

**ANNEXES:**

Annex A.1: report of the auditor of TNT N.V. as referred to in Section 2:334aa, subsection 3 of the Dutch Civil Code

Annex A.2: report of the auditor of TNT Express as referred to in Section 2:334aa, subsection 3 of the Dutch Civil Code

Annex A.1: report of the auditor of TNT N.V. as referred to in Section 2:334aa, subsection 3 of the Dutch Civil Code



## ***Assurance report***

Report pursuant to Section 2:334aa, subsection 3 of the Dutch Civil Code

To the Board of Management of TNT N.V.

### ***Engagement and responsibilities***

We have examined whether the notes with respect to the share exchange ratio as referred to in Section 2:334z of the Dutch Civil Code, as included in the demerger proposal dated 7 April 2011 of the following companies:

1. TNT N.V. having its registered office at Amsterdam ("demerging company") and
2. TNT Express N.V. having its registered office at Amsterdam ("acquiring company")

meet the requirements of Section 2:334z of the Dutch Civil Code.

The companies' management is responsible for the preparation of the demerger proposal and the explanatory notes thereto with respect to the share exchange ratio. Our responsibility is to issue an assurance report with respect to those notes as referred to in Section 2:334aa, subsection 3 of the Dutch Civil Code.

### **Scope**

We have conducted our examination in accordance with Dutch law, including the Dutch Assurance Standard 3000 'Assurance engagements other than audits or reviews of historical financial information'. This requires that we plan and perform this engagement to obtain reasonable assurance about whether the notes as included in the demerger proposal meet the requirements of Section 2:334z of the Dutch Civil Code.

We believe that the information we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the notes included in the explanatory notes to the demerger proposal meet the requirements of Section 2:334z of the Dutch Civil Code.

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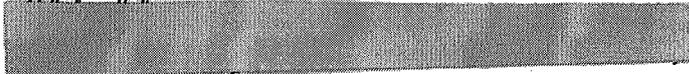
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### Restriction of use

This assurance report is solely intended for management of TNT N.V. and solely for the persons as referred to in Section 2:334h, subsection 2 of the Dutch Civil Code. The report is solely issued in connection with the demerger proposal and the explanatory notes thereto and therefore cannot be used for any other purposes.

Amsterdam, 7 April 2011  
PricewaterhouseCoopers Accountants N.V.



drs. R. Dekkers RA

Annex A.2: report of the auditor of TNT Express as referred to in Section 2:334aa, subsection 3 of the Dutch Civil Code

## **ASSURANCE REPORT**

Report pursuant to Section 2:334aa, subsection 3 of the Dutch Civil Code

To the Executive Board of TNT Express N.V.

### **ENGAGEMENT AND RESPONSIBILITIES**

We have examined whether the notes with respect to the share exchange ratio as referred to in Section 2:334z of the Dutch Civil Code, as included in the explanatory notes to the demerger proposal dated 7 April 2011 of the following companies:

1. TNT N.V. having its registered office at Amsterdam ("demerging company") and
  2. TNT Express N.V. having its registered office at Amsterdam ("acquiring company")
- meet the requirements of Section 2:334z of the Dutch Civil Code.

The companies' management is responsible for the preparation of the demerger proposal and the explanatory notes thereto with respect to the share exchange ratio. Our responsibility is to issue an assurance report with respect to those notes as referred to in Section 2:334aa, subsection 3 of the Dutch Civil Code.

### **SCOPE**

We have conducted our examination in accordance with Dutch law, including the Dutch Assurance Standard 3000 'Assurance engagements other than audits or reviews of historical financial information'. This requires that we plan and perform this engagement to obtain reasonable assurance about whether the notes as included in the demerger proposal meet the requirements of Section 2:334z of the Dutch Civil Code.

We believe that the information we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **OPINION**

In our opinion, the notes included in the explanatory notes to the demerger proposal meet the requirements of Section 2:334z of the Dutch Civil Code.

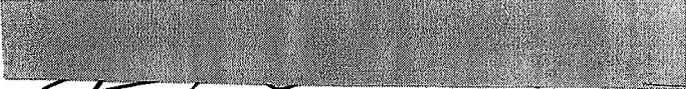
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**RESTRICTION OF USE**

This assurance report is solely intended for management of TNT Express N.V. and solely for the persons as referred to in Section 2:334h, subsection 2 of the Dutch Civil Code. The report is solely issued in connection with the demerger proposal and the explanatory notes thereto and therefore cannot be used for any other purposes.

Amsterdam, 7 April 2011

**MAZARS PAARDEKOOPER HOFFMAN N.V.**

  
d/s. J.J.W. Galas RA