Format and scope of results presentation to change

Following the completion of the announced internal legal restructuring on 1 January 2011, the full legal scope of the Express entities to be demerged as well as the legal scope of the remaining TNT NV-Mail group after demerger have been defined. Accounting standards require TNT NV to publish its full year 2010 results (publication date 21 February 2011) and subsequent reports anticipating the demerger of Express.

The objective of this overview is to explain how the 'new' reporting reconciles to the former segment reporting by TNT (Express, Mail, Other networks and Non-allocated).

The most notable differences are the following:

- **Express reported under discontinued operations**. TNT NV's results will show the results of the Express entities to be demerged in a single line in the income statement ('Profit from discontinued Express operations') and in the balance sheet ('Express assets classified for demerger and liabilities related to assets classified for demerger').
- **Difference in scope Express and Mail.** 'Other networks' in addition to certain centrally managed entities included in Non-allocated will be included in the scope of the demerged Express entity. The remaining centrally managed entities including TNT NV will be included in the scope of the remaining Mail entity. The actual revenues and costs incurred by this changed scope differ from that reported under the previous segment reporting, which was aligned with divisional management responsibilities.
- **Temporary adjustment profit pooling arrangement.** Until the end of November 2010, a profit pooling agreement was in place, whereby Express legal entities absorbed fiscal losses of Mail. Given that the new reporting is on a legal entity basis, these losses are reflected as part of the Express numbers in 2010. This profit pooling agreement has been terminated, so will no longer apply to 2011.
- **Temporary differences Defined Benefit pension expense and actual payable pension contributions.** As disclosed previously in our annual reports, for segment reporting purposes the total Defined Benefit pension cost for the Dutch pensions plans is allocated to the units on the basis of the total pensionable salary of the employees involved. For statutory purposes, however, the relevant entities recognise the cost equal to the contributions payable for the period in their financial statement (IAS 19.34a). TNT NV, which is the sponsor for such plans, recognises in its company-only accounts the contributions received from the relevant group companies as a benefit that offsets the Defined Benefit pension expense. As a consequence, TNT NV will show a net benefit given that the contributions received are higher than the Defined Benefit pension expense. The results of the Express entities to be demerged will show the higher pension cost based on the contributions paid. However, following demerger the new Express entity will no longer qualify as a TNT group entity and will again only report Defined Benefit pension expenses in its income statement.

In the condensed consolidated income statement set out below, the left column represents the year-to-date third quarter result for **TNT NV** as reported on 1 November 2010.

The right column represents the same period with the demerged Express operations represented by the single line 'Profit from discontinued Express operations'.

In this new format, revenues, expenses, operating income and all income statement items -- except for the result from discontinued operations – reflect the scope of the TNT NV-Mail business to be continued.

Please note the total profit for the period attributable to the equity holders of the parent is the same in both formats.

TNT CONDENSED CONSOLIDATED INCOME STATEMENT – YTD Q3 2010

in €millions	as reported	new
Total revenues	8,284	3,072
Other income	19	10
Total operating expenses	(7,854)	(2,789)
Operating income	449	293
Net financial (expense)/income	(106)	(78)
Results from investments in associates	0	0
Profit before income taxes	343	215
Income taxes	(119)	(55)
Profit for the period from continuing operations	224	160
Profit/(loss) from discontinued Express operations		62
Profit for the period	224	222
Attributable to:		
Minority interests	3	1
Equity holders of the parent	221	221

The condensed consolidated **Express** income statement is as follows:

CONDENSED CONSOLIDATED EXPRESS INCOME STATEMENT – YTD Q3 2010

in €millions	TNT Express
Total revenues	5,222
Other income	9
Total operating expenses	(5,075)
Operating income	156
Net financial (expense)/income	(28)
Results from investments in associates	0
Profit before income taxes	128
Income taxes	(64)
Profit for the period	64
Attributable to:	
Minority interests	2
Equity holders of the parent	62

As a result of the differences explained above, the operating income under the previous segment reporting differs from the operating income for the new Mail and Express entities. A reconciliation of the previous divisional operating income into the operating income of the two newly created groups is shown in the following table.

Reconciliation YTD Q3 2010

in €millions	As reported	Scope	Profit Pooling	Pensions	New
Express	241	(34)	(27)	(24)	156
Mail	229	13	27	24	293
Other networks	10	(10)			0
Non-allocated	(31)	31			0
Operating income (EBIT)	449	0	0	0	449

The previous divisional operating income as reported in the third quarter 2010 results announcement was impacted by various non-recurring events. To analyse the results of the operations excluding such items, management assesses the underlying operating income for a deeper understanding of the business performance. The following table reconciles the reported divisional operating income with the underlying operating income.

Reconciliation YTD Q3 2010

in €millions	As reported	Restructuring related cost	Other	Demerger costs	Underlying
Express	241	6	(2)		245
Mail	229	173	(9)		393
Other networks	10	0			10
Non-allocated	(31)	0	(10)	27	(14)
Operating income (EBIT)	449	179	(21)	27	634

To clarify the underlying performance of the two newly created groups, similar adjustments can be made for various one-off charges related to ongoing activities within these units as well as the one off-charges related solely to the demerger. The table below includes a reconciliation between the operating income of the new Express and Mail entities and the underlying performance.

Reconciliation YTD Q3 2010

in €millions	New	Restructuring related cost	Other	Demerger costs	Profit Pooling	Pensions	New Underlying 2010
Express	156	6	(2)	27	27	24	238
Mail	293	173	(19)		(27)	(24)	396
Operating income (EBIT)	449	179	(21)	27	0	0	634

- **Restructuring-related costs and Other benefits –** Please refer to explanations included in our quarterly results announcements for the Restructuring-related charges of €179 million and Other benefits of €21 million.
- **Demerger costs –** TNT Headoffice BV is included in the scope of the new Express group and is the contractual entity for the majority of the services and support related to the demerger. Year to date third quarter the total demerger cost incurred amounted to €27 million.
- **Profit pooling agreement –**The reversal of the impact of the profit pooling agreement is a reflection of the fiscal losses accounted for by the Express entities but incurred by Mail operations.
- **Pension accounting –** After the demerger the current group plan definition in accordance with IAS 19.34a will no longer apply to Express as a result of which both new groups will account for their Defined Benefit pension costs separately.

The total underlying operating income for the new groups as included in the reconciliation does not take into account additional future measures to optimise head office functions. In addition, the impact from foreign exchange differences and working days is not included.