



Workshop Pensions

PostNL Investor Relations

8 February 2012

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Agenda



Introduction

Cees Visser – Director Treasury & Investor Relations PostNL

Pensions 2011 explained

Bert Jolink – PostNL

Questions & Answers

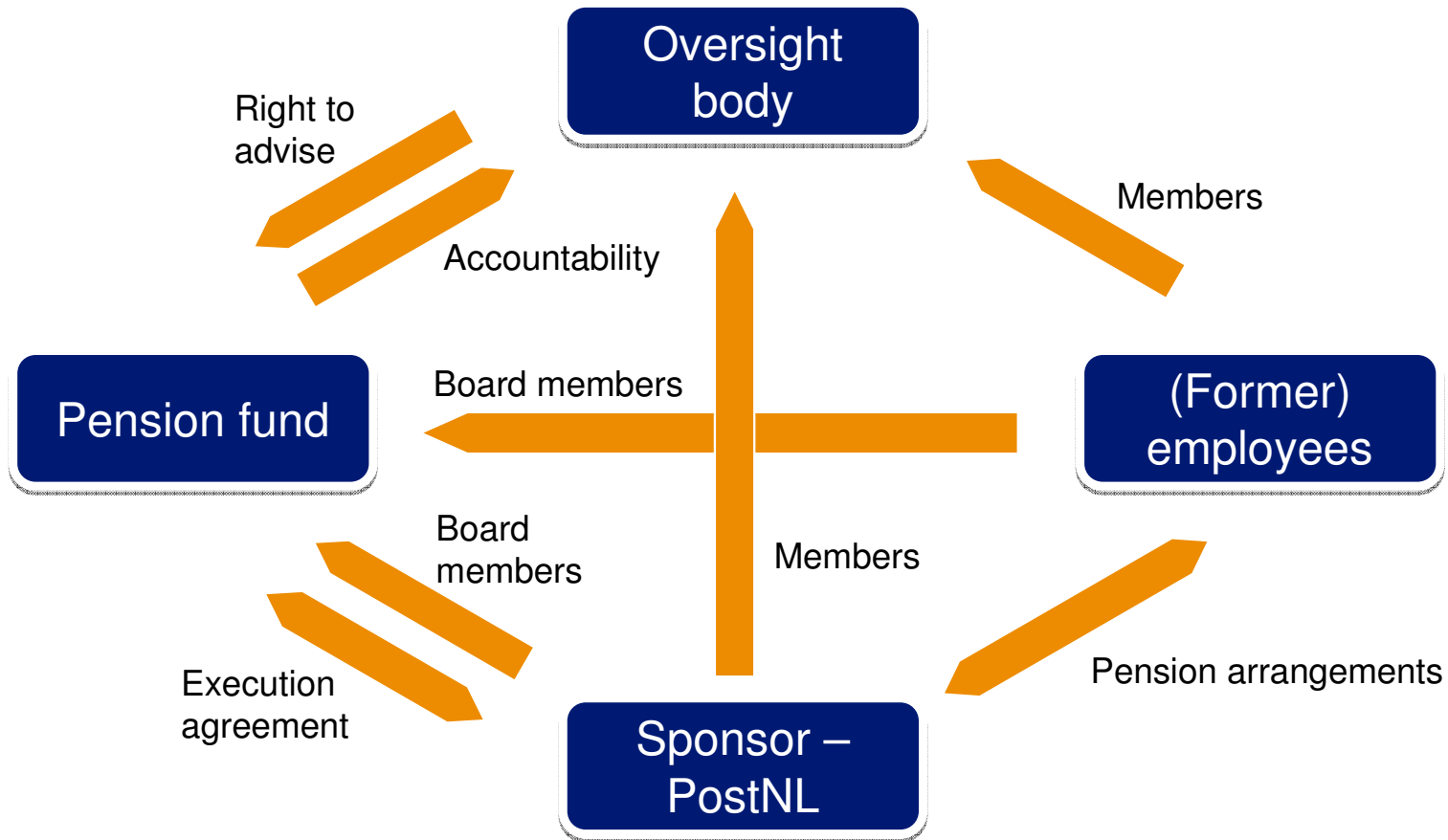
Dutch pensions environment



General

- Dutch pension plans and transitional arrangements ('soft pensions/early retirements') negotiated between employer and employees (via unions)
- External execution legally required for Dutch pension plans
- Pension fund under regulation of DNB (Dutch Central Bank) and AFM (Dutch Authority for Financial Markets)

Organisation



Parties have defined responsibilities



Pension fund

'Good execution of the pension arrangements for participants – taking into account the interests of all stakeholders'

Mission:

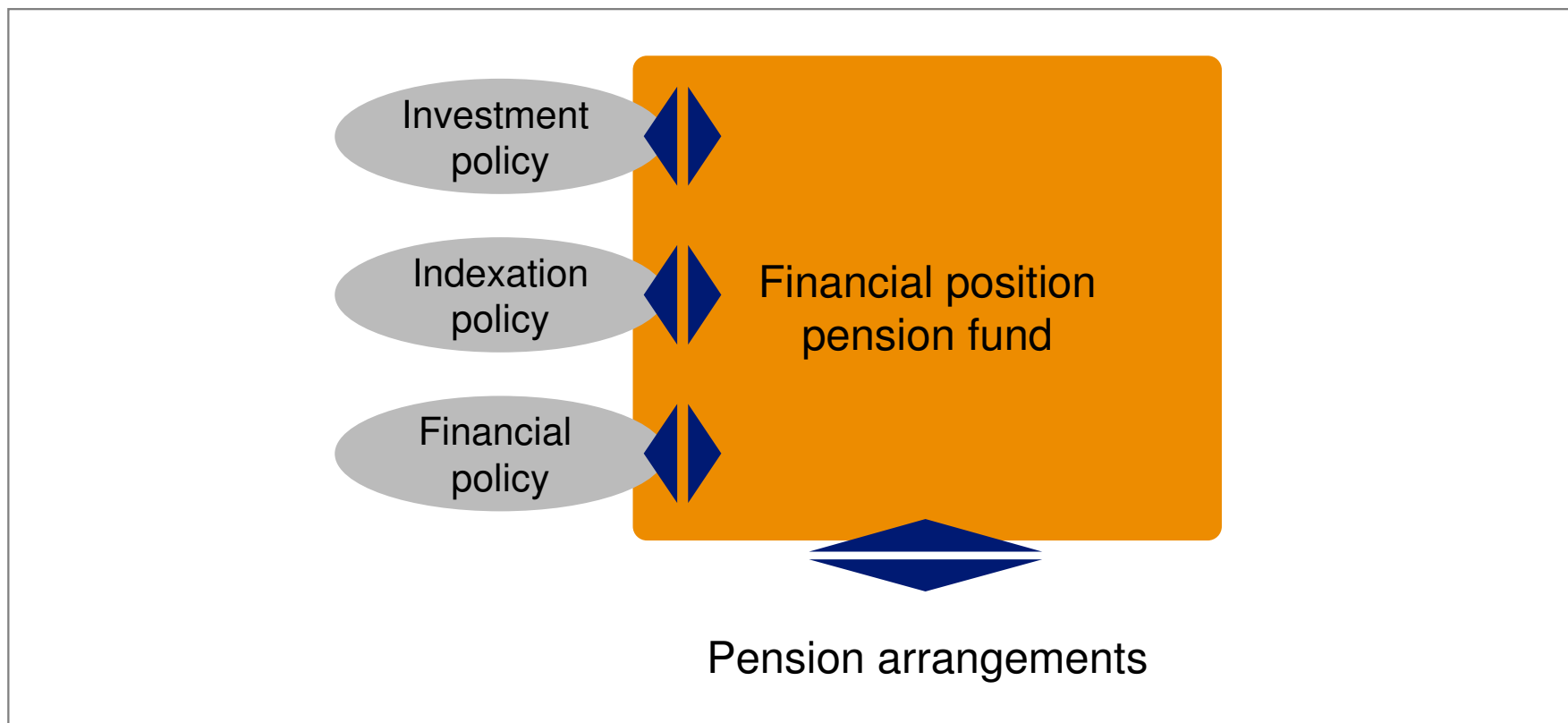
- Strive for indexation of pensions
- Indexation is conditional – no right
- Communication to stakeholders

Oversight body

'Balanced considerations – taking into account the interests of all stakeholders'

- Policy choices made by the board of the pension fund
- Implementation of the policy
- Accomplishment of the principles for good pension fund governance

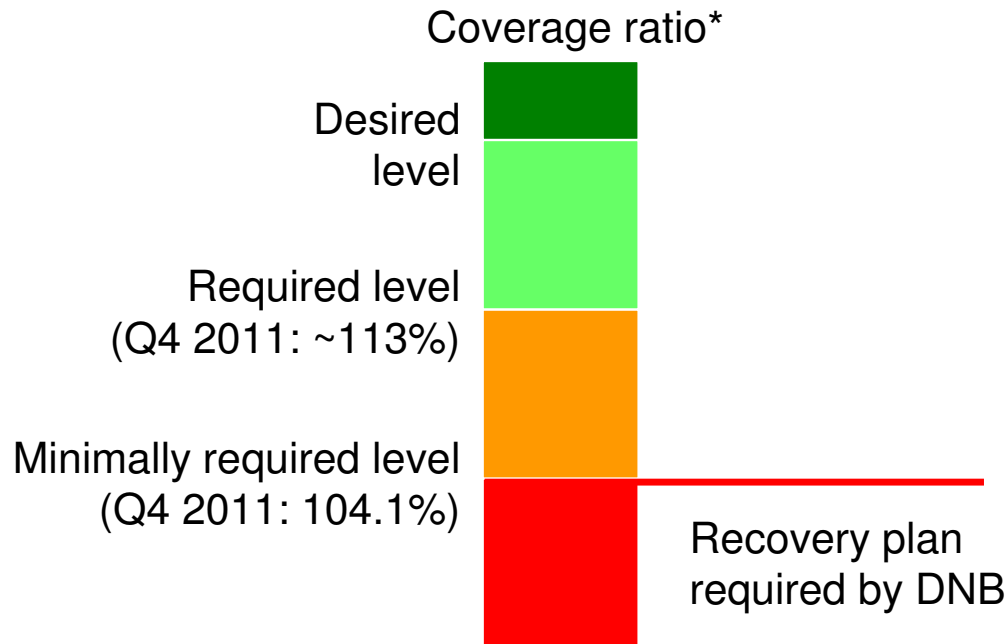
Policies of pension fund



Coverage ratio



Main pension fund PostNL, levels depending on asset mix



7 * Based on regulatory requirements by DNB

Situation main pension fund Q3 2011



Coverage ratio development	
Coverage ratio main pension fund Q2 2011	112%
Effect of discount rate liabilities <i>Q2 2011: 3.9% → Q3 2011: 2.7%</i>	-18%
Return on assets including derivatives and other	+2%
Coverage ratio main pension fund Q3 2011	96%

Actual performance	Q3 2011	€ million ¹	weight
Equities (incl. options)	-6.7%	2,107	40
Fixed income	3.7%	1,806	34
Real estate	-6.0%	632	12
Alternative investments	-9.7%	340	6
Total (excl. swaps and swaptions)	-3.7%	4,886	92
Contribution swaps and swaptions	6.3%	449	8
Total	2.8%	5,335	100

1. Includes TNT Express part

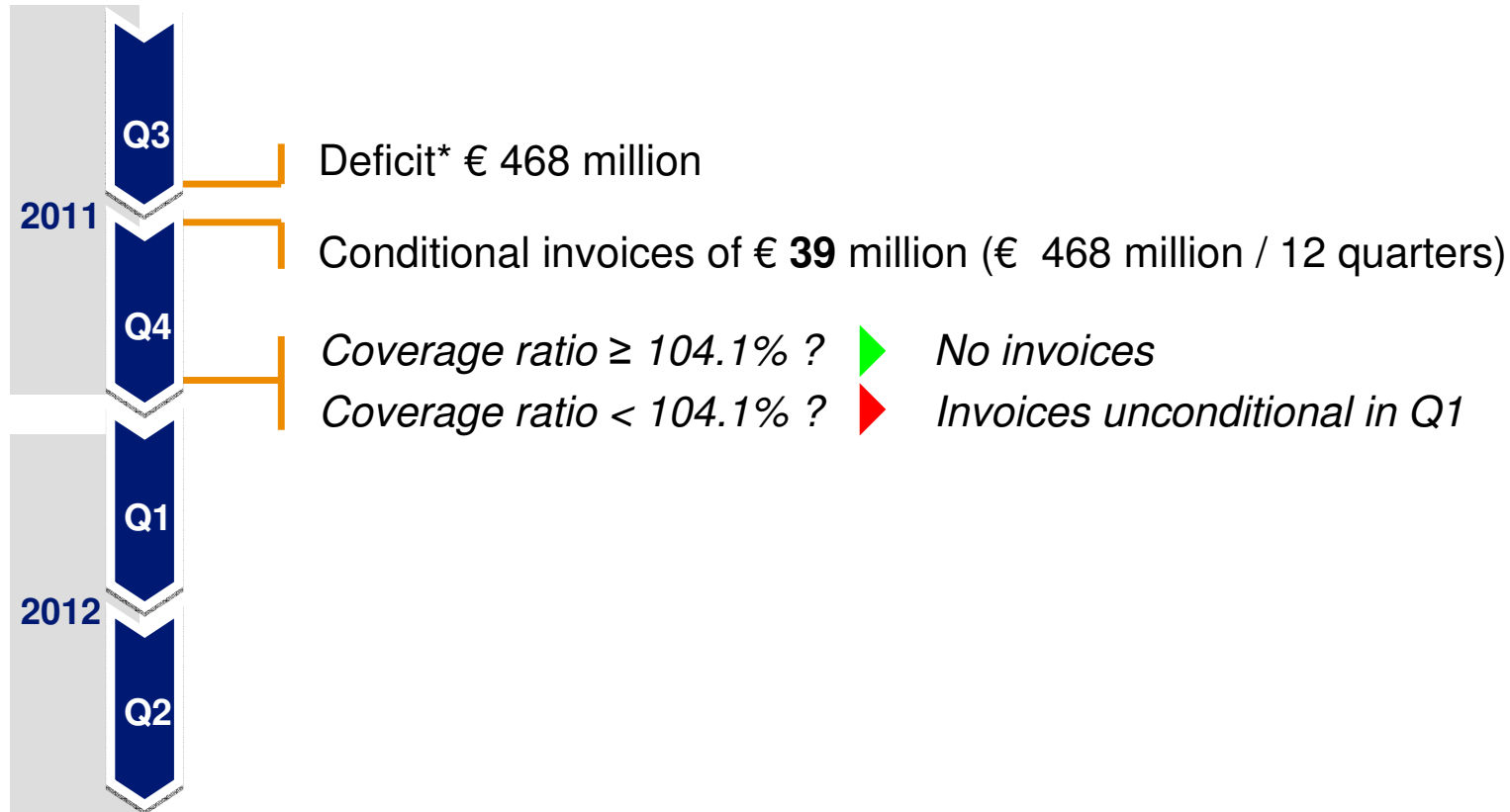
8 Source: Third quarter 2011 publication Stichting Pensioenfonds PostNL

Shortfall coverage ratio



- Recovery plan of pension fund to be sent to and approved by DNB
- Q3 2011: revival old plan (approved in 2008 and revised in 2010)
- Highlights of recovery plan
 - Short term: reach minimal required coverage ratio of 104.1%* by 1 January 2014
 - Long term: reach required coverage ratio of ~113%* within 15 years (before 1 January 2024)
 - Requirement of top up payments to be paid by sponsor is part of recovery plan
 - No indexation as long as coverage ratio is below 104.1%*

Calculation of top up payments by pension funds



Situation main pension fund Q4 2011



Coverage ratio development	
Coverage ratio main pension fund Q3 2011	96%
Effect of discount rate liabilities <i>Q3 2011: 2.7% → Q4 2011: 2.7%</i>	-
Return on assets including derivatives and other ¹	+4%
Coverage ratio main pension fund Q4 2011	100%

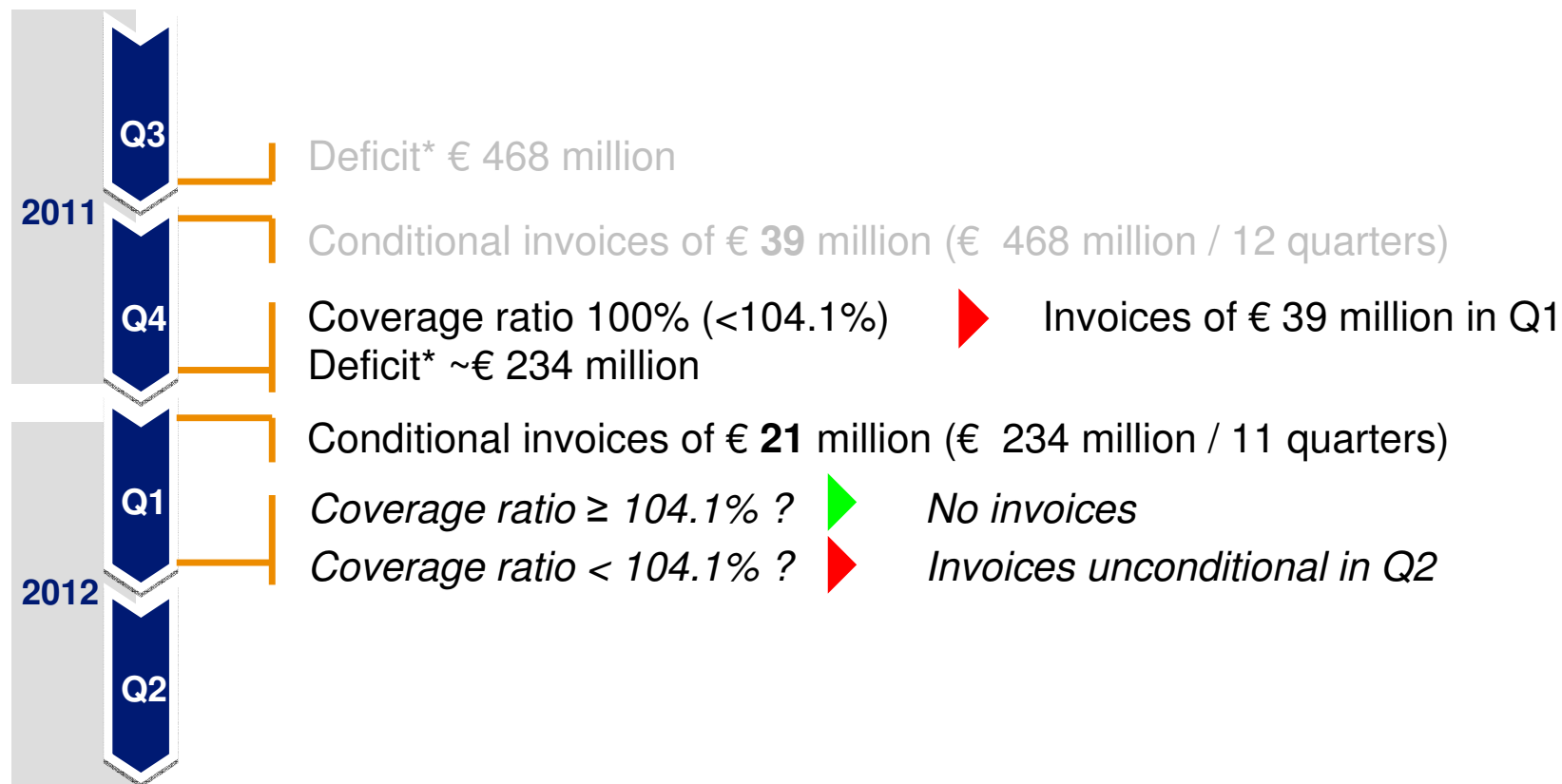
Actual performance	Q4 2011	FY 2011	€ million ²	weight
Equities (incl. options)	5.4%	-2.8%	1,970	36
Fixed income	2.2%	8.3%	2,085	38
Real estate	-0.4%	-0.5%	629	11
Alternative investments	5.4%	-2.6%	358	6
Total (excl. swaps and swaptions)	3.4%	0.8%	5,042	91
Contribution swaps and swaptions	0.7%	5.7%	508	9
Total	3.9%	6.6%	5,550	100

1. Includes first top up receivable from PostNL

2. Includes TNT Express part

Source: Fourth quarter 2011 publication Stichting Pensioenfonds PostNL

Calculation of top up payments by pension funds



Strategic investment policy main pension fund



Strategic investment policy main pension fund

- Limitation of possibility that coverage ratio drops below 92%
- Upward potential
- Growth coverage ratio targeted to cover for inflation

Interest rate risk

- Strategic coverage of 100% - fixed income assets, swaps and swaptions
- Effective coverage is NOT equal to strategic coverage
 - Dependent on (future) level of interest rates
 - Decreasing interest rates → increasing coverage

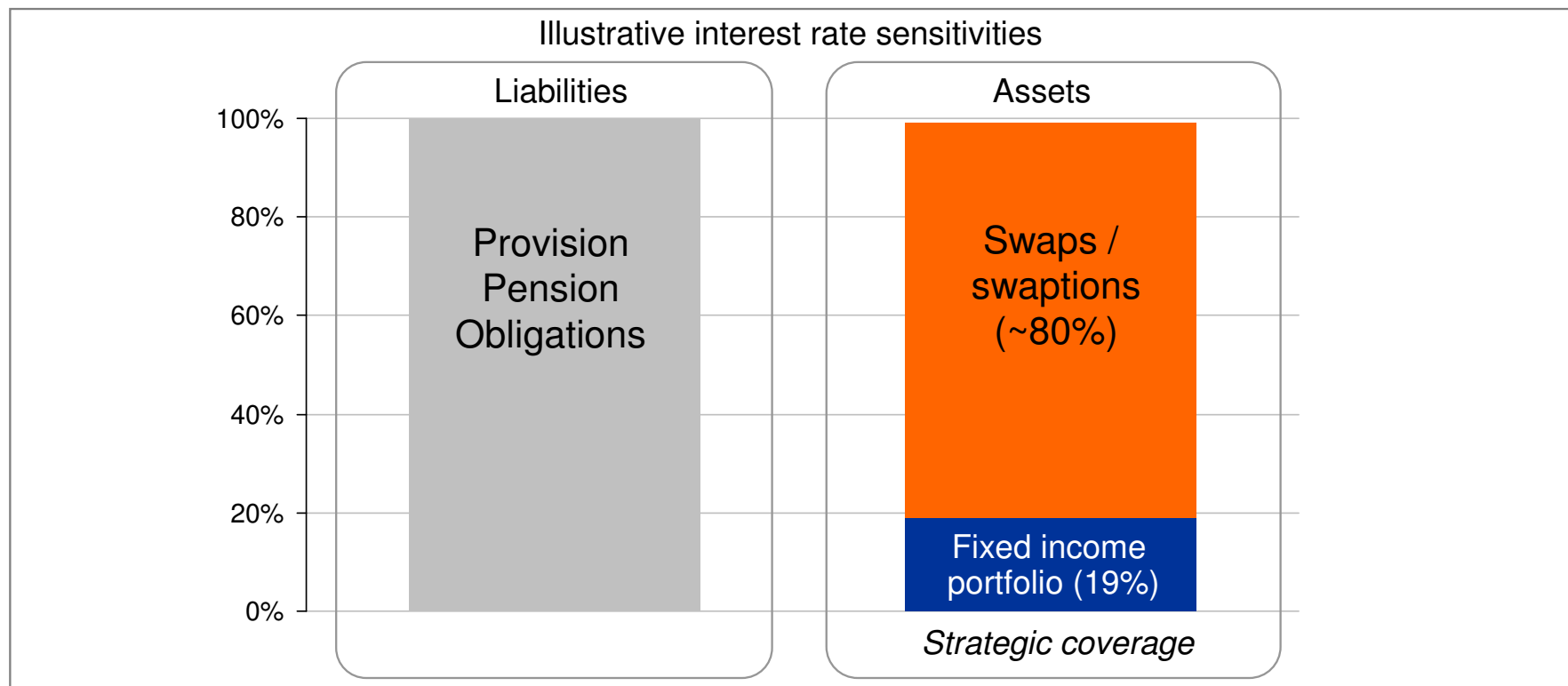
Equity risk

- Hedged by call spreads in combination with risk free bonds

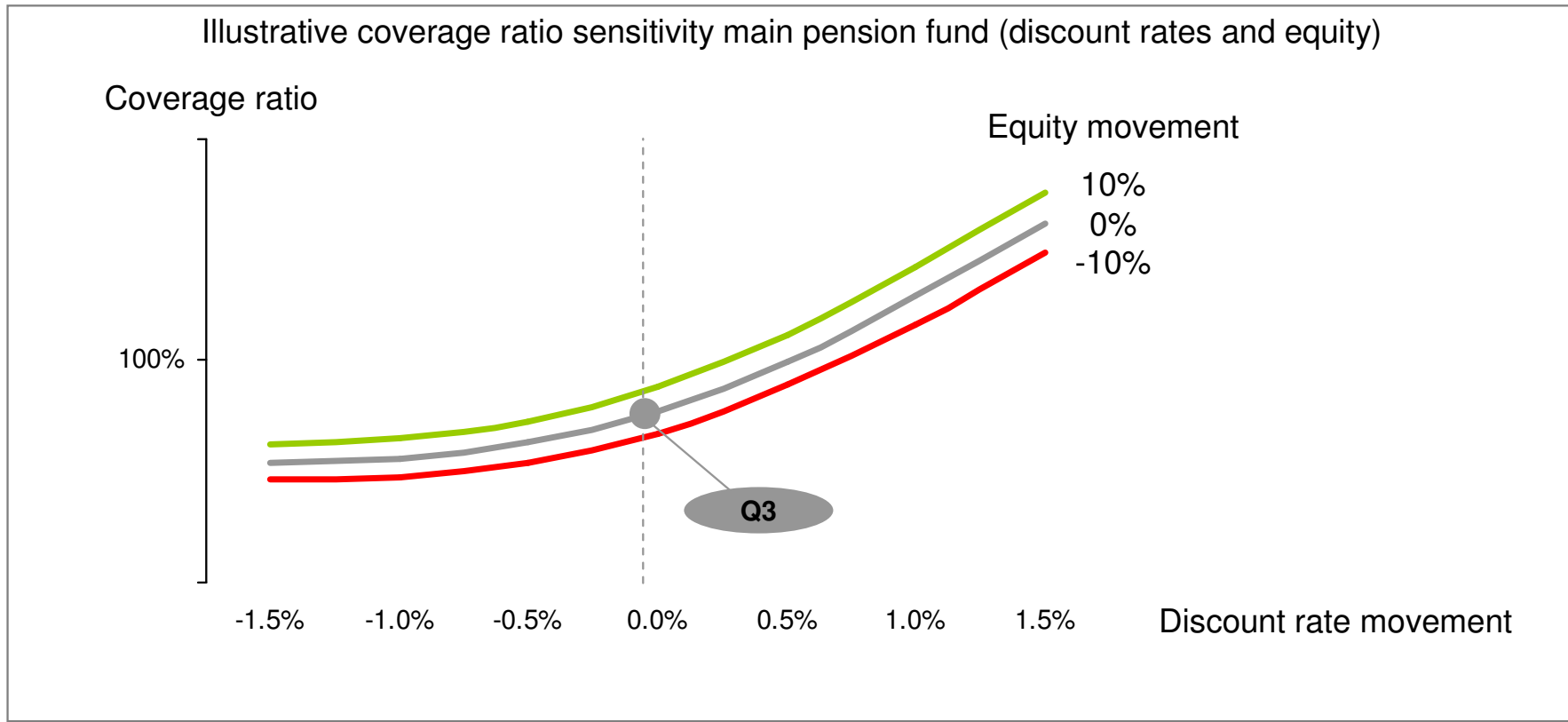
Strategic coverage interest rate risk main pension fund



- Declining interest rates increase the effect of swaps/swaptions (non-linear)



Limited downside risk on coverage ratio main pension fund



Counterparties main pension fund derivatives



- Credit risk managed by credit requirements to counterparties and exposure limits on counterparties at a total level
- OTC transactions: ISDA/CSA* agreements with counterparties → positions of the fund adequately covered by collateral
- Daily credit risk on counterparties limited to the change in value of a contract on a specific day; on a daily basis the change in value is covered by high quality collateral (minimum Moody's Aa1 and S&P AA+)

Limited credit exposure

* A CSA defines the terms or rules under which collateral is posted or transferred between swap counterparties to mitigate the credit risk arising from "in the money" derivative positions

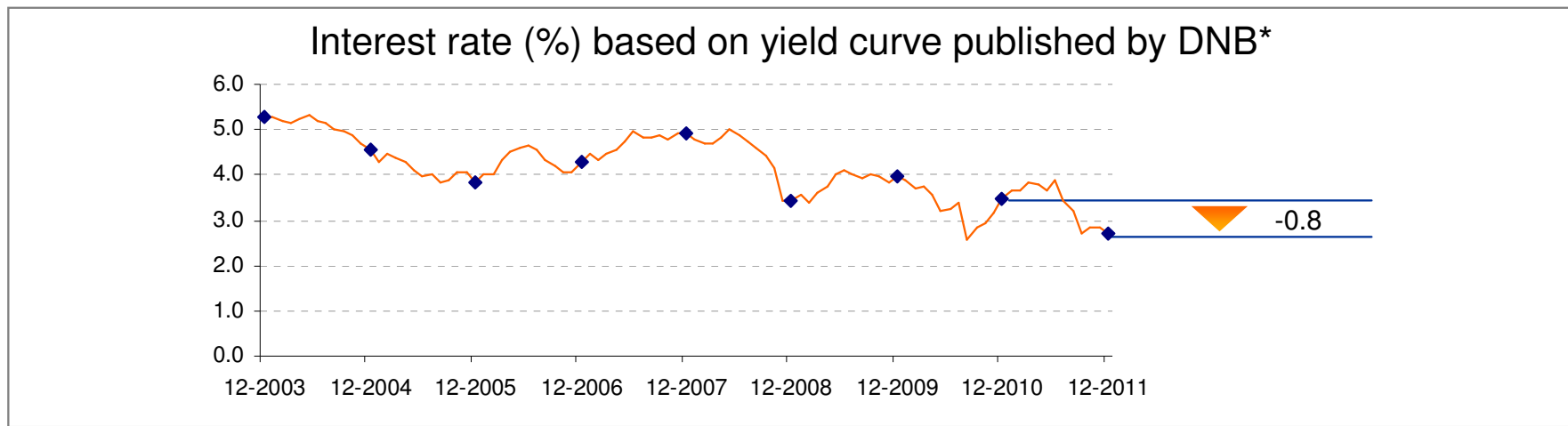
Source: Jaarverslag Stichting Pensioenfonds PostNL

Expected regular pension contributions 2012



- Discount rate, based on yield curve published by DNB: pension contributions based on discount rate per ultimo previous year

High-level guideline: discount rate 10 bps decrease → pension contributions increase € 3 – 4 million



Focus on two pension issues PostNL



Top up payments

Coverage ratio main pension fund as 96% at Q3 2011, below the minimum required level

Impact: total deficit PostNL €468 million in Q3 2011, first conditional top up payment in Q1 2012 €39 million

- Top up payments not necessary according to PostNL and not sustainable in current and future financial position of PostNL – start dialogue with pension fund

Pension arrangements

Current pension arrangements PostNL above market average

- Pension contributions 35% of pension basis (20-25% is common)
- **Unlimited** top up payments exceptional
- No contributions by employees

Impact: increasing pension contributions and risk of unlimited top up payments

- Start dialogue with unions about new pension arrangements
- Start dialogue with pension funds about new execution agreement (UO)



Q&A