

## CORPORATE GOVERNANCE

### **Kuehne + Nagel is committed to good corporate governance**

Good corporate governance is an important and integral part of the management culture of the Kuehne + Nagel Group (the Group). The principles of corporate governance, as defined in the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange, are laid down in the Articles of Association, the Organisational Rules and the Committee Regulations of the holding company of the Group, Kuehne + Nagel International AG, Schindellegi, Switzerland. The Group pursues best practice recommendations and standards established in the Swiss Code of Best Practice for Corporate Governance.

### **Group structure and shareholders**

Under Swiss company law the Group is organised as a limited company that has issued shares of common stock to investors. Kuehne + Nagel International AG is the ultimate holding company of the Group.

### **Operational group structure**

The operational structure of the Group is divided into the following segments:

Reportable segment consisting of the business units:

- Seafreight
- Airfreight
- Road & Rail Logistics
- Contract Logistics
- Real Estate
- Insurance Brokers

Geographical information relating to the regions:

- Europe
- Americas
- Asia-Pacific
- Middle East, Central Asia and Africa

Business performance is reported according to this operational structure. For further information on the business units, please refer to the sections "Reports of the Business Units" and the "Consolidated Financial Statements" respectively.

### Listed companies of the Group

Kuehne + Nagel International AG (KNI), the ultimate holding company, is the only listed company within the scope of the Group's consolidation. KNI has its registered office in Schindellegi, Switzerland, and its shares are listed on the SIX Swiss Exchange, Zurich. The Company's market capitalisation on the closing date (December 31, 2009) amounted to CHF 12,060 million (120 million registered shares at CHF 100.50 per share).

Of the total KNI share capital, on the closing date

- the free float consisted of 53,574,249 shares = 44.6 per cent and
- KNI-held treasury shares consisted of 1,525,751 shares = 1.3 per cent

KNI shares are traded under the symbol "KNIN", the security number is 2,523,886 and ISIN is CH0025238863.

### Non-listed companies in the Group's consolidation

The main subsidiaries and associated companies of the Group are disclosed in the appendix "Significant subsidiaries and joint ventures" to the Consolidated Financial Statements (pages 134 to 139), including particulars as to the country, name of the company, location, share capital and the Group's stake in per cent.

### Main shareholders

The main shareholder of the Group is Kuehne Holding AG, Schindellegi, Switzerland, which holds 54.1 per cent of the KNI share capital and is 100 per cent owned by Klaus-Michael Kuehne.

The Kuehne Foundation held 4.3 per cent of the KNI share capital as at the closing date.

### Cross-shareholdings

On the closing date there were no cross-shareholdings in place.

### Capital structure

#### Ordinary share capital on the closing date

The ordinary share capital of KNI amounts to CHF 120 million and is divided into 120 million registered shares of CHF 1 nominal value each.

#### Authorised and conditional share capital

The Annual General Meeting held on April 30, 2008 extended its authorisation of approved share capital up to a maximum of CHF 20 million by another two years until April 30, 2010.

At the Annual General Meeting held on May 2, 2006 the shareholders approved a 1:5 split of the registered shares and a commensurate increase in the number of Kuehne + Nagel shares. At the same time the nominal value per share relating to approved share capital and conditional share capital was also reduced from CHF 5 to CHF 1.

**Change in capital over the past three years**

During the years 2007 through 2009 no changes in capital occurred other than related to conditional and approved share capital as outlined above.

**Shares and participating certificates**

On the closing date 120 million registered shares of CHF 1 nominal value each were outstanding. At the same date no participating certificates were outstanding.

**Profit-sharing certificates**

There were no participating certificates outstanding as at the closing date.

**Limitations on transferability and nominee registrations**

Each share has one vote. All shares have equal voting rights and no preferential rights or similar entitlements exist. The Articles of Association do not provide for any limitations on the transfer of shares. Nominees are entered in the share register only upon their written agreement to declare the names, addresses and share-holdings of the respective persons on whose account they are holding shares.

**Convertible bonds and warrants/options**

No convertible bonds, warrants or options were outstanding as at the closing date other than related to the Group's Employee Share Purchase and Option Plan.

**Board of Directors**

At the Annual General Meeting of May 13, 2009, Hans-Joerg Hager, a German citizen, was elected and Klaus-Michael Kuehne, Dr. Joachim Hausser, Dr. Georg Obermeier and Dr. Thomas Staehelin were re-elected to the Board of Directors for a one-year term. Dr. Willy R. Kissling, whose mandate expired at the Annual General Meeting, retired from the Board.

On the closing date the Board of Directors comprised ten members. Their biographical particulars are as follows:

**Klaus-Michael Kuehne**, Chairman, German, age 72

Trained as a banker, export trader and freight forwarder.

Positions within the Kuehne + Nagel Group:

|            |   |
|------------|---|
| 1958–1966  | Entrance into the family business followed by various management positions  |
| 1966–1975  | Chief Executive Officer of the Group  |
| 1975–1992  | Delegate and member of the Board of Directors   |
| 1992–2009  | Executive Chairman of the Board of Directors elected until the Annual General Meeting 2009<br>Chairman of the Nomination and Compensation Committee |
| 2009–today | Chairman of the Board of Directors elected until the Annual General Meeting 2010<br>Chairman of the Nomination and Compensation Committee           |

**Bernd Wrede**, Vice Chairman, German, age 66

Graduated in business administration at the University of Wuerzburg. From 1982 to 2001 member of the Board of Hapag-Lloyd AG, Hamburg, and its Chairman as of 1993. Currently working as an independent management consultant.

Other significant activities: member of the Supervisory Board of HSH Nordbank AG, Hamburg, member of the German Advisory Board of Citigroup, Frankfurt, and member of the Board of Trustees of the ZEIT Foundation, Hamburg.

Positions within the Kuehne + Nagel Group:

|            |   |
|------------|---|
| 1999–2002  | Member of the Board of Directors  |
| 2002–today | Vice Chairman of the Board of Directors elected until the Annual General Meeting 2011 |
| 2003–2006/ | Member of the Audit Committee   |
| 2008–2009  |   |
| 2003–2009  | Member of the Nomination and Compensation Committee                                   |
| 2008–2009  | Member of the Investment Committee<br>Chairman of the Economic Council                |

**Karl Gernandt**, Executive Vice Chairman, German, age 49

After completing his studies in business administration at the University of St. Gallen, Switzerland, Karl Gernandt worked for Deutsche Bank AG from 1988 to 1995. There he held positions including that of assistant to the Spokesman of the Board of Management and to the Chairman of the Supervisory Board as well as functions in international banking in Germany, Asia and the USA. From 1996 to 1999 he set his mark on the Financial Institution Group of A.T. Kearney GmbH. In 1999 Gernandt moved to Holcim (Deutschland) AG as Chairman of the Board of Management and was, at the same time, a member of the European Management Team of Holcim Ltd., Switzerland. In March 2007 he became CEO of Holcim Western Europe, based in Brussels. On October 1, 2008 Karl Gernandt was nominated as Executive Vice Chairman of the Board of Directors of Kuehne Holding AG, Schindellegi, and board member of the Kuehne Foundation. He is also Managing Director of the Klaus-Michael Kuehne Foundation in Hamburg.

Positions within the Kuehne + Nagel Group:

|            |  |
|------------|--|
| 2008–today | Member of the Board of Directors elected until the Annual General Meeting 2011 |
| 2008–2009  | Member of the Economic Council   |
| 2009–today | Executive Vice Chairman of the Board of Directors                              |

**Juergen Fitschen**, German, age 61

Trained as a wholesale and export trader, then graduated in business administration at Hamburg University. Joined Deutsche Bank AG in 1987 and was promoted to the Group Executive Committee in 2002. He is Global Head of Regional Management and, since 2005, also serves as Chairman of the Management Committee Germany. In these functions Fitschen was appointed to the Deutsche Bank Management Board in 2009.

Other significant activities: Member of the Supervisory Board of Metro AG and Schott AG.

Positions within the Kuehne + Nagel Group:

2008–today                      Member of the Board of Directors elected until the Annual General Meeting 2011

2008–2009                      Member of the Economic Council

**Hans-Joerg Hager**, German, age 61

Hager holds a degree in transport business of the Wurttemberg Administration and Business Academy in Stuttgart and in 1998 he successfully completed the TOP International Management Programme at INSEAD, Fontainebleau. Since January 2009 Hager is President of the UCS (entrepreneurs' forwarding colloquium). Hager held various management positions at Schenker AG from 1996 to 2008. In 2000 he was appointed Chairman of Schenker Deutschland AG, a position which he held until 2008. From 2001 to 2004 and from 2006 to 2008 Hager was a member of the Management Board of the Schenker AG responsible for the Europe region and the overland transportation business.

Other significant activities: In 2008/2009 he held a teaching assignment at the Westphalian Wilhelms University of Munster with the topic of "Strategic management in the logistics industry"; since winter 2009 he holds a teaching assignment at the BW Cooperative State University Villingen-Schwenningen.

Positions within the Kuehne + Nagel Group:

2009–today                      Member of the Board of Directors elected until the Annual General Meeting 2010

**Dr. Joachim Hausser**, German, age 65

Holds a PhD in economics of the Université de Genève. Former bank executive, he is currently working as an independent finance consultant.

Other significant activities: Chairman of the Supervisory Board of Ludwig Beck am Rathauseck Textilhaus Feldmeier AG, Munich, and member of the Advisory Board of GETRAG Getriebe- und Zahnradfabrik Hermann Hagenmeyer GmbH & Cie, Ludwigsburg.

Positions within the Kuehne + Nagel Group:

1992–today                      Member of the Board of Directors elected until the Annual General Meeting 2010

2006–2009                      Chairman of the Investment Committee

**Hans Lerch**, Swiss, age 60

Trained in tourism with a long time career at Kuoni Travel Holding Ltd.: from 1972 to 1985 assignments in the Far East, then various responsibilities at the company's headquarters in Zurich and President and CEO from 1999 to 2005. Chairman and CEO of SR Technics in Zurich from 2005 to 2008.

Other significant activities: Chairman of the Board of Directors of the International School of Tourism Management, Zurich; Vice Chairman of the Board of Directors of Hotelplan Holding Ltd., Zurich; Vice Chairman of the Board of Directors of New Venturetech Ltd., Zurich, and Chairman of the Board of Trustees of the Movemed Foundation, Zurich.

Positions within the Kuehne + Nagel Group:

2005–today                      Member of the Board of Directors elected until the Annual General Meeting 2011

2006–2009                      Member of the Nomination and Compensation Committee

**Dr. Georg Obermeier**, German, age 68

Holds a PhD in business administration of the University of Munich. From 1989 to 1998 member of the Board of Directors of VIAG AG, Berlin/Munich, and as of 1995 its Chairman. From 1999 to 2001 Executive Chairman of RHI AG, Vienna. Currently working as Managing Partner of Obermeier Consult GmbH, a consultancy for strategic issues.

Other significant activities: Memberships on the Supervising Committees of the following companies: Energie-Control GmbH, Vienna, Regulierungsbehörde für Strom und Gas; Chairman of the Board of Directors of Arques Industries AG, Starnberg, Bilfinger Berger Industrial Services AG, Munich, and GIG Holding GmbH, Munich.

Positions within the Kuehne + Nagel Group:

|            |  |
|------------|--|
| 1992–today | Member of the Board of Directors elected until the Annual General Meeting 2010 |
| 2006–2009  | Member of the Audit Committee  |
| 2003–2009  | Member of the Nomination and Compensation Committee                            |

**Dr. Wolfgang Peiner**, German, age 66

Studied business administration at the Universities of Hamburg and Lawrence, Kansas, USA, and holds a Master in Accounting and Finance. He was member and Chairman of the Management Board of Gothaer Insurance Group from 1984 to 2001 and Head of the Ministry of Finance of the Free and Hanseatic City of Hamburg from 2001 to 2006.

Other significant activities: Chairman of the Board of Directors of Germanischer Lloyd AG; since 2009 Chairman of the Board of Directors of Norddeutscher Rundfunk NDR; Member of the Board of Directors of Maxingvest AG, of the Board of Trustees of the Kuehne Foundation and of the Board of Directors of Kuehne Holding AG.

Positions within the Kuehne + Nagel Group:

|            |  |
|------------|--|
| 2000–2001  | Member of the Board of Directors   |
| 2007–today | Member of the Board of Directors elected until the Annual General Meeting 2010 |

**Dr. Thomas Staehelin**, Swiss, age 62

Holds a PhD in law of the University of Basel; Lawyer.

Other significant activities: Chairman of the Board of Directors of Kuehne Holding AG; Vice Chairman of the Board of Directors and Chairman of the Audit Committee of Siegfried Holding AG, Zofingen; member of the Board and Chairman of the Audit Committee of Inficon Holding AG, Bad Ragaz; Chairman of the Board of Directors of Swissport International SA, Opfikon, and of Scobag Privatbank AG, Basel; member of the Board of Directors of Lantal Textiles, Langenthal; member of the Board and Committee President of Economiesuisse; President of the Basel Chamber of Commerce; Chairman of Vereinigung der Privaten Aktiengesellschaften; and member of the Swiss Foundation for Accounting and Reporting Recommendations (SWISS GAAP FER).

Positions within the Kuehne + Nagel Group:

|            |  |
|------------|--|
| 1978–today | Member of the Board of Directors elected until the Annual General Meeting 2010 |
| 2003–2009  | Chairman of the Audit Committee  |

With the exception of the Executive Vice Chairman of the Board of Directors, Karl Gernandt, all members of the Board of Directors are non-executive directors and none of them serves as a member of the Management Board.

**Election and duration of tenure**

The election for Board membership is carried out whenever the tenure expires. Instead of summary election of the whole Board of Directors, individual re-elections are held for each member. This allows shareholders to judge the contribution of each member of the Board of Directors separately.

Board members are elected for a period of one year. There are no limits regarding the number of terms of service or the age of the incumbents.

**Internal organisation, Board committees and meetings in 2009**

According to the Articles of Association and Swiss corporate law the main tasks of the Board of Directors comprise:

- strategic direction and management of the Company,
- accounting matters,
- financial control and planning,
- appointing and dismissing Management Board members and other senior executives,
- supervisory control of business operations and
- submission of proposals to the Annual General Meeting, in particular the KNI and Group Financial Statements.

Klaus-Michael Kuehne is the Chairman of the Board of Directors. As of January 1, 2009 the Board of Directors has assigned specified responsibilities to Karl Gernandt, the new Executive Vice Chairman. In particular, this applies to the areas of investment, finance and accounting as well as personnel. The entire Board of Directors, however, is responsible for decisions on such above-mentioned aspects that are of significant importance to the Group. The scope of responsibilities of the Board of Directors, the Chairman, the Vice Chairman and the Executive Vice Chairman are stipulated in the Organisational Rules.

The Board of Directors convenes at least four full-day meetings annually with the Management Board being at least represented by the CEO and the CFO. The Board of Directors has the discretion to invite other members of the Management Board to attend these meetings.

The Board of Directors takes decisions during the meetings or by written circular resolutions.

**Audit Committee**

The Audit Committee consists of three to five non-executive, predominantly independent members of the Board of Directors elected for a period of three years. Re-election as member of the Audit Committee is allowed. Members of the Management Board cannot be members of the Audit Committee.

The Audit Committee reviews and clears the quarterly financial statement prior to publication. As part of the regular contacts between the Audit Committee and both the internal and external auditors, the quality and functioning of the internal control mechanisms and the risk assessments are reviewed and evaluated continually on the basis of written reports issued by the internal audit department as well as of management letters from the external auditors based on their interim audits in order to set priorities for the year-end audit. Furthermore, regular contact with the external auditors throughout the year enables the Audit Committee to obtain knowledge of problem areas at an early stage. This allows to propose the timely introduction of any corrective measures to the Management Board.

Dr. Thomas Staehelin was the Chairman of the Audit Committee as at the closing date, assisted by its members Bernd Wrede and Dr. Georg Obermeier.

The Audit Committee holds at least four meetings annually. The Chairman, the Vice Chairman and the Executive Vice Chairman of the Board of Directors can take part in the meetings as advisors. Unless otherwise determined by the Audit Committee, the CEO, the CFO and the audit partner in charge take part in all meetings whilst the head of internal audit is invited as advisor whenever needed. In 2009 the audit partner in charge attended three meetings of the Audit Committee. The Committee's Chairman reports in detail to the other members of the Board of Directors about the topics discussed and the decisions taken and/or to be submitted to the entire Board of Directors for approval.

**Nomination and Compensation Committee**

The Nomination and Compensation Committee consists of three to five members of the Board of Directors elected for a period of three years. Re-election is allowed. The Chairman of the Board of Directors is permitted to be part of the Nomination and Compensation Committee as long as the majority consists of non-executive and independent members.

The Committee is responsible for nominating and securing the competent staffing of the Management Board. For this purpose the Committee, on the one hand, develops guidelines and criteria for the selection of candidates and, on the other hand, provides the initial gathering of information as well as review of potential new candidates according to the guidelines mentioned above. The Committee prepares the adoption of a final resolution, which is reserved to the Board of Directors.

In the field of compensation the Committee defines the principles of compensation for the members of both the Board of Directors and the Management Board. The Committee recommends the amounts of compensation for each member of the Board of Directors. Moreover, it evaluates the individual performance of each member of the Management Board and approves their compensation in amount and composition.

On the closing date Klaus-Michael Kuehne was the Chairman of the Nomination and Compensation Committee and Bernd Wrede, Hans Lerch and Dr. Georg Obermeier were members.

On invitation of the Chairman, the Nomination and Compensation Committee convenes as often as business requires, but at least three times a year. Members of the Management Board can take part in the Nomination and Compensation Committee meetings by invitation.

The Board of Directors is informed by the Chairman of the Nomination and Compensation Committee about all issues discussed, in particular, about all decisions taken within the competence of the Board of Directors.

#### **Investment Committee**

The Investment Committee consists of three to five members of the Board of Directors, elected for a period of three years. Re-election is allowed. The Chairman of the Board of Directors may be part of the Investment Committee as long as the majority consists of non-executive and independent members.

The Investment Committee advises the Board of Directors on investment planning of the Group and respective financing issues. Significant investments of the Group are reviewed by the Investment Committee as preparation to any decision made by the Board of Directors. In its advisory role the Investment Committee thereby considers the strategy of the Management Board and impact on the budget.

On the closing date Dr. Joachim Hausser was the Chairman of the Investment Committee assisted by its member Bernd Wrede.

On invitation of the Chairman, the Investment Committee convenes as often as required by business, but at least four times a year. The Chairman, the Vice Chairman and the Executive Vice Chairman of the Board of Directors can take part in the meetings as advisors. On invitation, members of the Management Board, usually the CEO, the CFO and respective managers of the business unit the investment is in connection with, may take part in Investment Committee meetings.

The Committee's Chairman regularly and in detail reports to the other members of the Board of Directors about the topics discussed and the decisions taken and/or to be submitted to the entire Board of Directors for approval.

### **Economic Council**

The Economic Council is an ad hoc committee that has been formed to counteract the impact of the global economic crisis to the Group. The Economic Council has been established as a temporary committee for one year but can be extended by the Board of Directors. It consists of members of the Board of Directors and the Executive Vice Chairman of the Board of Directors.

The Economic Council advises the Board of Directors on business development and financial performance of the Group. In its advisory role the Economic Council thereby considers the strategy of the Management Board, the macro-economic environment and the impact on the Group's financial performance.

On the closing date Bernd Wrede was the Chairman of the Economic Council assisted by its members Karl Gernandt and Juergen Fitschen.

On invitation of the Chairman, the Economic Council convenes as often as required by business. On invitation, members of the Management Board, usually the CEO, the CFO and respective members of the Management Board responsible for the business unit, may take part in meetings of the Economic Council.

The Council's Chairman regularly and in detail reports to the other members of the Board of Directors about the topics discussed and the decisions taken and/or to be submitted to the Board of Directors for approval.

### **Rules of competence between the Board of Directors and the Management Board**

The Board of Directors executes the non-transferable and inalienable duties of the ultimate management of the Group. As far as the non-transferable and inalienable duties of the Board of Directors are not concerned, the management responsibility of the Kuehne + Nagel Group is an obligation of the Executive Vice Chairman of the Board of Directors. He is entitled to transfer responsibilities and competences relating to the operational management to the Management Board. The Management Board is responsible for the development, execution and supervision of the day-to-day operations of the Group and the Group companies to the extent they are not allocated to the Annual General Meeting, the Audit Committee, the Board of Directors or the Executive Vice Chairman of the Board of Directors by law, by the Articles of Association or by the Organisational Rules. The Organisational Rules define which businesses are able to be approved by the Management Board and which businesses require the approval of the Executive Vice Chairman of the Board of Directors or the Board of Directors pursuant to approval requirements based on the extent and kind of the respective business.

### Information and control system applicable to the Management Board

The Management Board informs the Board of Directors on a regular and timely basis about the course of business by means of a comprehensive financial Management Information System (MIS) report which provides monthly worldwide consolidated results by segment and country including comparative actual, budgeted and prior-year figures two weeks after a month's end at the latest.

The Executive Vice Chairman of the Board of Directors takes part in the Management Board meetings regularly, while the CEO and the CFO are generally invited to meetings of the Board of Directors as well as to the meetings of the Audit Committee, Investment Committee and Economic Council. Members of the Management Board can take part in Nomination and Compensation Committee meetings by invitation. Depending on the agenda, the Board of Directors has the discretion to invite other members of the Management Board to attend its meetings.

### Board and committees: Membership, attendance, number and duration of meetings

|                                      | Board of Directors | Audit Committee | Nomination and Compensation Committee | Economic Council | Investment Committee |
|--------------------------------------|--------------------|-----------------|---------------------------------------|------------------|----------------------|
| Number of meetings in 2009           | 4                  | 5               | 3                                     | 10               | 3                    |
| Approximate duration of each meeting | 9 hours            | 4 hours         | 1 hour                                | 4 hours          | 3 hours              |
| Klaus-Michael Kuehne                 | 4                  |                 | 3                                     |                  |                      |
| Bernd Wrede                          | 4                  | 5               | 3                                     | 10               | 3                    |
| Karl Gernandt                        | 4                  |                 |                                       | 10               |                      |
| Juergen Fitschen                     | 4                  |                 |                                       | 9                |                      |
| Hans-Joerg Hager <sup>1</sup>        | 1                  |                 |                                       |                  |                      |
| Dr. Joachim Hausser                  | 4                  |                 |                                       |                  | 3                    |
| Dr. Willy Kissling <sup>2</sup>      | 3                  |                 |                                       |                  |                      |
| Hans Lerch                           | 4                  |                 | 3                                     |                  |                      |
| Dr. Georg Obermeier                  | 4                  | 5               | 3                                     |                  |                      |
| Dr. Wolfgang Peiner                  | 3                  |                 |                                       |                  |                      |
| Dr. Thomas Staehelin                 | 4                  | 5               |                                       |                  |                      |

<sup>1</sup> Elected to the Board of Directors on May 13, 2009.

<sup>2</sup> Retired from the Board of Directors as of May 13, 2009.

### Management Board

Reinhard Lange, who was appointed as the successor to CEO Klaus Herms by the Board of Directors of KNI in September 2007, has taken up his new function on January 1, 2009. Peter Ulber has been appointed to the KNI Management Board with effect from January 1, 2009. He is responsible for the Sea & Air Logistics and succeeds Reinhard Lange in this function.

Klaus Herms, whom special tasks have been assigned to as of January 1, 2009, left the Group on June 30, 2009.

Klaus-Dieter Pietsch, member of the Management Board and responsible for Global Human Resources, has retired from his position in the Management Board as of March 30, 2009; he was assigned special tasks from April 1, 2009 onwards and left the Group on June 30, 2009. Effective of April 1, 2009, Lothar Harings was appointed to the Management Board of KNI to take over the responsibility for Global Human Resources.

Xavier Urbain, member of the Management Board and responsible for the business unit Road & Rail Logistics, left the Group on December 31, 2009 and will be available in an advisory role in 2010.

At closing date, the biographical particulars of the members of the Management Board are as follows:

**Reinhard Lange**, German, age 60

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Trained freight forwarder.

Positions within the Kuehne + Nagel Group:

|            |   |
|------------|---|
| 1971-1985  | Head of Seafreight Import, Bremen, Germany  |
| 1985-1990  | Regional Director Seafreight Asia-Pacific, Hong Kong                                    |
| 1990-1995  | Member of the German Management Board responsible for seafreight and industrial packing |
| 1995-1999  | President and Chief Executive Officer of Kuehne + Nagel Ltd., Toronto, Canada           |
| 1999-2008  | Chief Operating Officer (COO) Sea & Air Logistics of the Group                          |
| 2007-2008  | Deputy CEO  |
| 2009-today | Chief Executive Officer of the Group,<br>Chairman of the Management Board of KNI        |

**Gerard van Kesteren**, Dutch, age 60

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Chartered accountant. Spent 17 years at Sara Lee Corporation in various management positions in finance, lastly as Director of Financial Planning and Analysis.

Positions within the Kuehne + Nagel Group:

|            |  |
|------------|--|
| 1989-1999  | Financial Controller Kuehne + Nagel Western Europe |
| 1999-today | Chief Financial Officer (CFO) of the Group         |

**Lothar Harings**, German, age 49

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Jurist (assessor iur.). Various national and international management positions with Siemens. Member of the Management Board of T-Mobile International. Responsible for Global Human Resources with T-Mobile and Deutsche Telekom.

Positions within the Kuehne + Nagel Group:

|                |                                      |
|----------------|--------------------------------------|
| 1.4.2009-today | Chief Human Resources Officer (CHRO) |
| As of 1.1.2010 | Company Secretary                    |

**Martin Kolbe**, German, age 48

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Graduated computer scientist. Positions in IT management including IT Field Manager with Deutsche Post World Net, responsible for DHL Europe and DHL Germany as well as member of the Supervisory Board in several DPWN-associated companies.

Position within the Kuehne + Nagel Group:

|            |  |
|------------|--|
| 2005-today | Chief Information Officer (CIO) of the Group |
|------------|--|

**Dirk Reich, German, age 46**

Graduated at the Koblenz School of Corporate Management in Germany followed by positions with Lufthansa AG and VIAG AG.

Positions within the Kuehne + Nagel Group:

|                |  |
|----------------|--|
| 1995–2001      | Senior Vice President Corporate Development                              |
| 2001–2009      | Executive Vice President Contract Logistics of the Group                 |
| 2008–2009      | Company Secretary  |
| As of 1.1.2010 | Executive Vice President Road & Rail and Contract Logistics of the Group |

**Peter Ulber, German, age 49**

Graduated in business administration and joined Kuehne + Nagel in 1983.

Positions within the Kuehne + Nagel Group:

|            |  |
|------------|--|
| 1983–1998  | Various management positions within the North America organisation   |
| 1998–2001  | Regional Director of the South America region  |
| 2001–2006  | National Manager of the UK organisation  |
| 2006–2008  | Regional Manager of the North West Europe region including the country organisations of UK, Denmark, Finland, Ireland, Norway and Sweden |
| 2009–today | Executive Vice President Sea & Air Logistics of the Group  |

**Xavier Urbain, French, age 52**

Holds a PhD in economics and a degree in higher accounting studies (DECS). From 1997 to 2003 CEO of Hays Logistics and member of the Management Board of the Hays Group. After the 2003 acquisition of Hays Logistics through Platinum Equity he continued as CEO (Hays Logistics rebranded as ACR). Following the takeover of ACR through Kuehne + Nagel he was appointed Regional Manager South West Europe. He left the Group at the end of 2009.

Positions within the Kuehne + Nagel Group:

|           |   |
|-----------|---|
| 2006–2007 | Regional Manager, South West Europe                         |
| 2007      | Member of the Board of Directors                            |
| 2008–2009 | Executive Vice President Road & Rail Logistics of the Group |

**Compensation, shareholdings and loans**

The compensation allowed to members of the Board of Directors and Management Board is regulated and reviewed by the Nomination and Compensation Committee periodically.

The Board of Directors regulates the compensation, allocation of shares and granting of loans to the Board of Directors, while the Board of Directors' Nomination and Compensation Committee regulates such matters for the Management Board.

For the year 2009 the members of the Board of Directors received a guaranteed compensation as well as a compensation for participation in the respective committees as follows:

| Member of Board of Directors       | Guaranteed Compensation | Additional Compensation Audit Committee | Additional Compensation Nomination and Compensation Committee | Additional Compensation Investment Committee |
|------------------------------------|-------------------------|---|---|--|
| in CHF                             |                         |   |   |  |
| Chairman of the Board of Directors | 900,000                 | -                                       | 10,000  | -  |
| Vice Chairman and members          | 1,387,500               | 45,000                                  | 30,000  | 23,750                                       |
| <b>Total</b>                       | <b>2,287,500</b>        | <b>45,000</b>                           | <b>40,000</b>   | <b>23,750</b>                                |

The members of the Management Board receive an income with a fixed and a profit-linked component and have the possibility to participate in the Employee Share Purchase and Option Plan.

#### **Remuneration accrued for and paid to members of the Board of Directors and the Management Board**

The total remuneration accrued for and paid to the members of the Board of Directors and the Management Board in the financial year 2009 amounted to CHF 17 million, of which CHF 15 million were paid to the sole executive member of the Board of Directors and the members of the Management Board, and CHF 2 million to the non-executive members of the Board of Directors.

Further details on the remuneration accrued for and paid to the members of the Board of Directors and the Management Board can be found in note 13 (remuneration report) to the 2009 Financial Statements of KNI.

#### **Shareholders' participation**

##### **Restrictions and delegation of voting rights**

Each share equals one voting right. Restrictions on voting rights do not exist.

For resolutions concerning the discharge of members of the Board of Directors, persons who currently take part in the company's management in any manner do not have a voting right. This restriction does not apply to members of the external auditing company.

Registered shares can only be represented at the Annual General Meeting either by shareholders or beneficiary owners whose personal particulars and size of shareholdings are listed in the KNI share register. As per Swiss law (OR 689d), such shareholders and/or beneficiary owners who are not in a position to attend the Annual General Meeting are entitled to nominate a representative by written proxy.

##### **Statutory quorums**

The legal rules on quorums and terms apply.

**Calling of an Annual General Meeting**

The calling of an Annual General Meeting is governed by the law. The agenda contains all necessary information needed to deliberate each item on the agenda. In particular, this includes information for the appointment of new members to the Board of Directors and, in the event of changes to an article of association, the announcement of the new wording.

**Agenda of the Annual General Meeting**

Shareholders owning shares with a total nominal value of at least CHF 1 million can request that items be added to the agenda up to 45 days prior to the date fixed for the Annual General Meeting by submitting details of their proposals in writing.

**Registration of shareholders into the share register**

Registered shares can only be represented at the Annual General Meetings by either shareholders or beneficiary owners whose personal particulars and size of shareholdings have been entered in the KNI share register. Such shareholders and/or beneficiary owners who are not in a position to attend the Annual General Meeting are entitled to nominate a representative by written proxy.

The share register remains closed for any movements during eight calendar days preceding and including the date of the Annual General Meeting.

**Changes of control and defence measures****Duty to make an offer**

There are no opting-out or opting-in rules provided for in the Articles of Association.

**Clauses on changes of control**

No member of either the Board of Directors or the Management Board or other senior management staff has clauses on change of control in their employment contracts.

**Statutory auditors****Duration of the mandate and term of office of the lead auditor**

KPMG, Zurich, initially adopted the mandate for the business year 2002 as per declaration of acceptance dated May 8, 2002. The re-election for the business year 2009 was confirmed with the declaration of acceptance dated February 27, 2008.

The audit partner in charge and responsible for the mandate, Roger Neininger, who started his assignment on July 1, 2002, retired from the position as of December 31, 2008. Marc Ziegler has succeeded him in this function as of January 1, 2009.

**Audit fees**

According to the Group's financial records, the fees charged for auditing services for the year 2009 amounted to CHF 4.2 million.

**Additional fees**

In addition to the fees mentioned above, the statutory auditors are asked on a very restrictive basis to provide certain consulting services beyond the mandate of the annual audit. In 2009 an amount of CHF 0.4 million was incurred related to consulting services.

**Supervisory and controlling instruments towards the statutory auditors**

The work performed by the external statutory auditors is supervised, controlled and duly monitored by the Board of Directors' Audit Committee. The statutory auditors report to the Audit Committee regularly and in 2009 they attended three Audit Committee meetings in the person of the audit partner in charge. In 2009 the audit partner in charge also attended one meeting of the Board of Directors. The main criteria for the selection of the external audit company are its worldwide network, its reputation and its competitive pricing.

**Information policy**

The Kuehne + Nagel Group strives for ensuring a comprehensive and consistent information policy. The ambition is to provide analysts, investors and other stakeholders with high levels of transparency that meet best practice standards accepted worldwide.

To this end Kuehne + Nagel uses print media and, in particular, its corporate website [www.kuehne-nagel.com](http://www.kuehne-nagel.com), where up-to-date information is available.

This information contains an overall presentation of the Group, detailed financial data as well as information on environmental and security matters, which are of increasing importance. Furthermore, Kuehne + Nagel provides up-to-date information on significant, business-related occurrences and organisational changes, and updates all general information on the Company continuously.

The Annual Report covering the past financial year is available for download in extracts or in its entirety in English and German. In addition, detailed contact information per field of activity is available to any persons interested.

Kuehne + Nagel publishes its quarterly financial data on its corporate website. Prior to the first quarterly results being released the financial calendar is published announcing the dates of the upcoming quarterly reports as well as of the Annual General Meeting.