

Corporate Governance

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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 SWX 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. Furthermore, Kuehne + Nagel follows the continuously evolving worldwide best practice recommendations.

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1. Group structure

1.1.1. Group operational structure

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

Primary segment, consisting of the business units:

- Sea & Air Logistics
- Rail & Road Logistics
- Contract Logistics
- Insurance Broker /other

Secondary segment, consisting of the geographical regions:

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

For further information on the business fields, please refer to the sections Reports of the Business Units and the Consolidated Financial Statements, respectively.

1.1.2. Listed companies of the Group

The only listed company within the scope of the Group's consolidation is the ultimate holding company, Kuehne + Nagel International AG (KNI). KNI has its registered office in Schindellegi, Switzerland, and its shares are listed on the SWX Swiss Exchange. The company's market capitalisation as of December 31, 2005, amounted to CHF 8,892,000,000 (24,000,000 registered shares at CHF 370.50 per share).

Of the total KNI share capital, as of December 31, 2005,
- the free float consisted of 10,046,773 shares = 41.86 %,
- KNI-held treasury stock consisted of 573,227 shares = 2.39 %

KNI shares are traded under the symbol 'KNIN', the security number (Valorennummer) is 1254181 and ISIN is CH0012541816.

1.1.3. Non-listed companies in the Group's consolidation

The main subsidiaries and associated companies of the Group are disclosed in the appendix "Main consolidated companies, associates and joint ventures" to the Consolidated Financial Statements on pages 150-153, including particulars as to the country, name of company, location, share capital, Kuehne + Nagel's stake in per cent, and voting rights.

1.2. Main shareholders

The main shareholder of the Group is Kuehne Holding AG, Schindellegi, Switzerland, which holds 55.75 per cent of the KNI share capital and is 100 per cent owned by Klaus-Michael Kuehne.

1.3. Cross participations

As of December 31, 2005, there were no cross participations in existence.

2. CAPITAL STRUCTURE

2.1. Ordinary share capital as of December 31, 2005

The ordinary share capital of KNI amounts to CHF 120,000,000, divided into 24,000,000 registered shares of CHF 5 nominal value each.

2.2. Approved and conditional share capital

The Annual General Meeting held on May 12, 2004, agreed to the Board of Director's proposal to create an approved share capital of at most 4 million registered ordinary shares up to a maximum of CHF 20 million, restricted until May 11, 2006.

During the Annual General Meeting held on May 2, 2005, the decision was made to create an approved share capital of 2.4 million registered ordinary shares up to a maximum of CHF 12 million.

2.3. Change in capital over the past three years

During the years 2002 through 2005, there was no change in the capital structure of KNI.

2.4. Shares and participating certificates

As of December 31, 2005, 24,000,000 registered shares of CHF 5 nominal value each were outstanding. At the same date, no participating certificates were outstanding.

2.5. Participating certificates (Genussscheine)

As of December 31, 2005, there were no participating certificates outstanding.

2.6. Restrictions on transfer of shares and registration of nominees

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 the shares. Nominees are entered in the share register only upon their written agreement to declare the names, addresses and shareholdings of the respective persons on whose account they are holding shares.

2.7. Convertible bonds and options

No convertible bonds were outstanding as of December 31, 2005, other than related to the Employee Share Purchase and Option Plan; see 5.6 below.

3. BOARD OF DIRECTORS

3.1. Members of the Board of Directors

3.2. Further activities and interests

3.3. Cross engagements

In the year under review, Hans Lerch of Uetikon was elected to the Board of Directors.

As of December 31, 2005, the Board of Directors consisted of ten members.

The personal particulars of the members of the Board of Directors are as follows:

KLAUS-MICHAEL KUEHNE, EXECUTIVE CHAIRMAN German, age 68

Trained as banker and freight forwarder.

Member of the Advisory Board of Hapag Lloyd AG, Hamburg; of Deutsche Bank AG, Hamburg; and of Credit Suisse, Zurich.

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 of KNI
1992-today	Executive Chairman of the Board of Directors of KNI, elected until the Annual General Meeting 2006, Chairman of the KNI Nomination and Compensation Committee

BERND WREDE, VICE CHAIRMAN German, age 62

Studied at the Universities of Würzburg and Hamburg. From 1982 to 2001, member of the Board of Hapag-Lloyd AG, Hamburg, and its Chairman as of 1993. Currently a management consultant.

He further is a member of the Supervisory Board of Bankgesellschaft Berlin AG, Berlin; Landesbank Berlin AG, Berlin; and Weberbank Privatbankiers KGaA, Berlin, as well as a 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 of KNI
2002-today	Vice Chairman of the Board of Directors of KNI, elected until the Annual General Meeting 2008, Vice Chairman of the KNI Audit Committee, Member of the KNI Nomination and Compensation Committee

PROF. DR. OTTO GELLERT

German, age 76

Holds a PhD and was promoted professor of business administration at the University of Hamburg. Since 1960, independent accountant, tax consultant and Managing Director of Prof. Dr. Otto Gellert Treuhand GmbH, Hamburg.

His other significant positions include memberships on ten different Supervisory Boards, Advisory Boards and Boards of Associates in Germany.

Positions within the Kuehne + Nagel Group:

1992–today Member of the Board of Directors of KNI,
elected until the Annual General Meeting 2006,
Chairman of KNI's Audit Committee

DR. JOACHIM HAUSSER

German, age 61

Holds a PhD in economics from the Université de Genève. Retired bank executive, currently an independent financial consultant.

His other significant positions are: 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 of KNI,
elected until the Annual General Meeting 2006

DR. WILLY KISSLING

Swiss, age 61

Holds a PhD in business administration from the University of Berne, and a PMD from Harvard Business School, Cambridge, USA. Formerly President and CEO of Landis & Gyr Corporation (1987-1996). From 1998 to 2005, Chairman and, until May 2002, CEO of Unaxis Corporation, Pfäffikon.

Other significant positions: Member of the Board of Directors of Holcim AG, Jona; and of Schneider Electric S.A., Paris.

Positions within the Kuehne + Nagel Group:

2003–today Member of the Board of Directors of KNI,
elected until the Annual General Meeting 2006

HANS LERCH

Swiss, age 56

Trained in tourism and longtime career at Kuoni Reisen Holding AG: from 1972–1985, assignments in the Far East as well as various responsibilities at the company's headquarter, and from 1999–2005, President and CEO of Kuoni Reisen.

His other significant positions are: President and CRO of SR Technics Holding AG, President of the Administrative Board of Octagon Worldwide AG, Zurich; and President of the Foundation Board of Movemed Stiftung, Zurich.

Positions within the Kuehne + Nagel Group:

2005–today Member of the Board of Directors of KNI,
elected until the Annual General Meeting 2008.

DR. GEORG OBERMEIER

German, age 64

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

His other significant positions include memberships on the Supervising Committees of the following companies: Energie-Control GmbH, Vienna, Regulierungsbehörde für Strom und Gas; Illbruck Elements GmbH, Munich; Rheinhold & Mahla AG München; and SKW Stahl-Metallurgie Holding GmbH, Unterneukirchen.

Positions within the Kuehne + Nagel Group:

1992-today Member of the Board of Directors of KNI,
elected until the Annual General Meeting 2006,
Member of the KNI Nomination and Compensation Committee

DR. ALFRED PFEIFFER

German, age 73

Holds a PhD in business administration from the University of Munich.

Formerly Chairman of the Board of VIAG AG, Munich, and Chairman of the Supervisory Board of several major industrial companies.

His other significant positions include: Member of the Board of Administration of Gerling AG, Cologne; and Honorary President of the Advisory Council of Union e.V., Munich.

Positions within the Kuehne + Nagel Group:

1992-today Member of the Board of Directors of KNI,
elected until the Annual General Meeting 2006

BRUNO SALZMANN

Swiss, age 71

Education and employment as auditor. Held positions as Chief Accountant, senior Auditor, Financial Controller and General Manager with various Swiss and foreign companies.

Positions within the Kuehne + Nagel Group:

1976-1979 Divisional Controller
1979-1982 Group Controller and Head of Treasury
1982-1999 General Director Finance and Controlling of the Group until retirement
1999-today Member of the Board of KNI,
elected until the Annual General Meeting 2008,
Member of KNI's Audit Committee

DR. THOMAS STAEHELIN

Swiss, age 58

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

His other significant positions include: Vice Chairman of the Board of Directors of Siegfried Holding AG, Zofingen; member of the Board and President of the Audit Committee of Inficon Holding AG, Bad Ragaz; Chairman of the Board of Directors of Swissport International SA, Opfikon, and of Scobag AG, Basel; Vice Chairman of the Board of Directors of Lenzerheide Bergbahnen AG; member of the Administrative Board of Lantal Textiles, Langenthal; President of the Basel Chamber of Commerce; delegate to the Board of Directors of Vereinigung der Privaten Aktiengesellschaften, and member of the Swiss Foundation for Accounting and Reporting Recommendations (FER-SWISS GAAP).

Positions within the Kuehne + Nagel Group:

1978–today Member of the Board of Directors KNI,
elected until the Annual General Meeting 2006,
Member of the KNI Audit Committee

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

3.4. Election and duration of tenure

The election for board membership is carried out whenever a 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 three years. There are no limits regarding the number of terms of service or as to the age of the incumbents. The year of first election as well as the remaining period of the term in office, is quoted for each Board member under 3.1. above.

3.5. Internal organisation of the Board of Directors

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

- the 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, including the financial statements of KNI as well as the Group.

Executive Chairman of the Board of Directors of KNI is Klaus-Michael Kuehne. He has been assigned specified powers by the Board. This particularly applies to the areas of investments, 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 company. The scope of responsibilities of the Board of Directors and the Executive Chairman are stipulated in the Organisational Rules.

The Board of Directors convenes at least four times annually, with the Management Board being at least represented by the CEO and CFO of the Group. The Board of Directors has the discretion to invite other members of the Management Board to attend these meetings. In 2005, four full-day meetings took place.

In emergency cases, the Board of Directors can also take decisions by written circular resolutions.

Audit Committee

The Board of Directors elects four members for the Audit Committee from amongst itself.

The Audit Committee reviews and clears the quarterly financials prior to their issuance to the public. During the regular contacts between the Audit Committee and both the internal and the external auditors, the quality and functioning of the internal control mechanisms are continually reviewed and evaluated on the basis of written reports from the internal audit department, as well as verbal and/or written reports in form of management letters from the external auditors, in particular based on their interim audits prior to the year-end work, in order to set priorities for the year-end audit. 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 the timely introduction of corrective measures.

As of December 31, 2005, Prof. Dr. Otto Gellert has been chairing the Audit Committee, assisted by its Vice Chairman Bernd Wrede as well as Committee members Bruno Salzmann and Dr. Thomas Staehelin.

The Audit Committee annually holds at least six full-day meetings, of which at least three sessions are held in the presence of both the internal and the external auditors. In 2005, the Committee held seven meetings.

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.

The Nomination and Compensation Committee

The Nomination and Compensation Committee consists of three members of the Board of Directors.

In the area of nomination, the Committee is responsible for securing the competent staffing of the Management Board. For this purpose, the Nomination Committee develops guidelines and criteria for the choice of candidates on the one hand, and on the other hand provides the initiatory gathering of information as well as the personnel review of potential candidates according to the guidelines developed earlier. 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. It moreover evaluates the individual performance of each member of the Management Board and approves their compensations in amount and composition.

As of December 31, 2005, Klaus-Michael Kuehne is the Nomination and Compensation Committee's chairman, with Bernd Wrede and Dr. Georg Obermeier as its additional members.

The Nomination and Compensation Committee usually convenes prior to the regular Board meetings for up to two hours. In 2005, the Committee convened four times for two hours each session.

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

3.6. Rules of competence between the Board of Directors and the Management Board

The Board of Directors has delegated the responsibility for the development, execution and supervision of the day-to-day operations of the Group and its associated companies to the Management Board, except those reserved by law, by the Articles of Association or by the Organisational Rules to the Annual General Meeting, the Audit Committee, the Board of Directors or the Chairman of the Board of Directors.

The Organisational Rules, dated May 10, 1999, lay down in detail the working mode of the Board of Directors, the Delegate and Chairman of the Board as well as the

Management Board. A catalogue of competencies between the Board of Directors and the Management Board outlines in detail the financial framework within which the Management Board can pursue its daily business.

3.7. Information and control system versus 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 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.

4. MANAGEMENT BOARD

4.1. Members

4.2. Further activities

In 2005, Dr. Axel Hansen, General Counsel and Secretary of the Board of Directors, left the company. His function is no longer represented in the Management Board. Furthermore, Thomas Engel was succeeded by Martin Kolbe as Chief Information Officer.

Effective as of October 2005, Ewald Kaiser was appointed as Chief Operating Officer Rail & Road Logistics – a function formerly under the responsibility of Chief Executive Officer Klaus Herms.

The personal particulars of the members of the Management Board are as follows:

KLAUS HERMS

German, age 64

Graduated in business administration from DAV, Bremen.

Other significant position: Member of the Advisory Board of Fraport, Frankfurt.

Positions within the Kuehne + Nagel Group:

1968–1969 Trainee in Bremen, Germany

1969–1974 Sales representative for project business Far East in Hong Kong

1974–1988 Regional Manager Far East in Hong Kong, established Kuehne + Nagel organisations in Indonesia, Japan, Korea, Malaysia, the Philippines, Sri Lanka and Thailand, additionally assuming responsibility for Kuehne + Nagel Australia and New Zealand in 1980

1988–1999 Line Chief Executive Asia-Pacific region and member of the Group Management of KNI, additionally assuming responsibility for Kuehne + Nagel's operations on the Indian subcontinent in 1988

1999–today Chief Executive Officer (CEO),
Chairman of the Management Board of KNI

GERARD VAN KESTEREN

Dutch, age 56

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)

EWALD KAISER

German, age 44

Certified business economist and trained freight forwarder. 1991–1994 Chief Department Manager Rail & Road Logistics LEP International, Stuttgart.

1995–1998 Managing Director Birkart Int. UK, Netherlands, Poland.

Positions within the Kuehne + Nagel Group:

- 1979–1998 Trained as freight forwarder followed by several positions within the field of European overland transport, in Stuttgart, Germany.
- 1998–2001 Chief Executive Officer, Kuehne + Nagel UK
- 2001–2005 Chief Executive Officer, Kuehne + Nagel Germany
- 2005–today Chief Operating Officer (COO) Rail & Road Logistics

MARTIN KOLBE

German, age 44

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)

REINHARD LANGE

German, age 56

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–today Chief Operating Officer (COO) Sea & Air Logistics

KLAUS-DIETER PIETSCH

German, age 64

Graduated in business administration. Held various positions in industry in human resources and information technology.

Positions within the Kuehne + Nagel Group:

- 1987–today Executive Vice President Human Resources/
Quality Management

DIRK REICH

German, age 42

Graduated from the Koblenz School of Corporate Management in Germany, and held various positions with Lufthansa AG and VIAG AG.

Positions within the Kuehne + Nagel Group:

1995–2001 Senior Vice President Corporate Development

2001–today Executive Vice President Contract Logistics

5. COMPENSATION

5.1. Remuneration programme and Employee Share Purchase and Option Plan

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.

The incumbent members of the Board of Directors receive a total remuneration amounting to 1 per cent of the KNI net earnings for the year. Each member is guaranteed an annual compensation of CHF 30,000.

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.

5.2. Remuneration paid to current members of the Board of Directors and the Management Board of KNI

The total remuneration paid to members of the Board of Directors and the Management Board in the financial year 2005 amounted to CHF 12,720,654, of which CHF 11,995,539 were paid to the executive member of the Board of Directors and the members of the Management Board, and CHF 725,115 to the non-executive members of the Board of Directors.

No termination allowances were paid to any of the previous members of the Board of Directors.

5.3. Remuneration paid to former members of the Board of Directors and the Management Board of KNI

In 2005, an amount of CHF 1,615,234 was paid to former members of the Management Board, whereas no remuneration was paid to previous members of the Board of Directors.

5.4. Allocation of shares during 2005

In 2005, no shares were allocated to any members of either the Board of Directors or the Management Board and/or to parties closely associated with them other than disclosed under the Employee Share Purchase and Option Plan (see 5.6 below).

5.5. Shareholdings by members of the Board of Directors and the Management Board

As of December 31, 2005, the following numbers of KNI shares were held by members of the Board of Directors and the Management Board of KNI, distinguished between executive and non-executive members. No shareholdings were reported from parties closely associated with the mentioned Board members.

Executive members:	Number of KNI shares
Klaus-Michael Kuehne	13,406,000
Klaus Herms	17,000
Ewald Kaiser	2,500
Gerard van Kesteren	17,375
Reinhard Lange	4,250
Klaus-Dieter Pietsch	5,250
Dirk Reich	5,750
Total	13,458,125

Non-executive members:	Number of KNI shares
Prof. Dr. Otto Gellert	400
Dr. Joachim Hausser	1
Dr. Willy Kissling	300
Hans Lerch	1,000
Dr. Georg Obermeier	100
Bruno Salzmann	40
Dr. Thomas Staehelin	2,000
Total	3,841
Total	13,461,966

5.6. Options

In 2001, KNI introduced an Employee Share Purchase and Option Plan for members of the KNI Management Board, by which they have the option to purchase a maximum of 49,950 registered shares. As of December 31, 2005, all members of the Management Board had participated and the total amount of shares was purchased at the agreed price of 90 per cent (plan 1 to 3), 95 per cent (plan 4) and 96.5 percent (plan 5) of the average share closing price quoted on the SWX Swiss Exchange between April and June of the respective year of purchase. The sale of the shares acquired under this plan is blocked for a period of three years after the date of purchase. Each share purchased is linked with two options carrying the right to purchase one KNI share for each option at the average price as outlined above. The option is blocked for three years from the date of subscription and thereafter can be exercised within the period of another three years. The option lapses after expiry of that period.

The prices to exercise the above options are quoted in Note 34 to the Consolidated Financial Statements on pages 137–139.

As of December 31, 2005, the members of the Management Board and parties closely linked to them held the following options.

Name	Date of allocation	Number of options	Locked period expires
Klaus Herms	2002	3,000	2005
	2003	3,000	2006
	2004	3,000	2007
	2005	4,000	2008
Ewald Kaiser	2003	1,500	2006
	2004	1,500	2007
	2005	1,500	2008
Gerard van Kesteren	2002	2,250	2005
	2003	2,250	2006
	2004	2,250	2007
	2005	3,000	2008
Reinhard Lange	2003	5,000	2006
	2004	2,000	2007
	2005	1,500	2008
Dirk Reich	2003	7,250	2006
	2004	2,250	2007
	2005	2,000	2008
Klaus-Dieter Pietsch	2003	2,250	2006
	2004	2,250	2007
	2005	3,000	2008
Total options allocated		54,750	

5.7. Additional fees and remuneration

Additionally, in the year 2005, the following remunerations requiring disclosure were paid to members of the Board of Directors for other services rendered.

Prof. Dr. Otto Gellert	CHF 204,553
Bruno Salzmänn	CHF 111,500
Dr. Thomas Staehelin	CHF 123,226
Bernd Wrede	CHF 175,000
Total	CHF 614,279

5.8. Loans

In 2005, no loans were granted to members of the Board of Directors nor the Management Board of KNI nor associated parties, and no such loans were outstanding as per December 31, 2005.

5.9. Highest remuneration in 2005

The highest remuneration drawn by a member of the Board of Directors in 2005 amounted to CHF 4,361,144. No allocations of either shares or options were effected.

6. SHAREHOLDERS' RIGHT OF PARTICIPATION

6.1. 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 the members of the Board of Directors, persons that 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 by either shareholders or beneficiary owners whose personal particulars and size of shareholdings are listed 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 a written proxy.

6.2. Statutory quorums

The legal rules on quorums and terms apply.

6.3. Calling of an Annual General Meeting

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

6.4. Items to be added to the 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.

6.5. Registration of shareholders in the KNI 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 (including the day of the Meeting) preceding the date of the Annual General Meeting.

7. CHANGE OF CONTROL AND DEFENCE MEASURES

7.1. Offering obligation

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

7.2. Clauses for change 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.

8. STATUTORY AUDITORS

8.1. Duration of mandate

KPMG Fides Peat, 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 2005 was confirmed with the declaration of acceptance dated March 11, 2005.

The audit partner-in-charge and responsible for the mandate, Mr. Roger Neininger, started his assignment on July 1, 2002.

8.2. Audit fees

According to the Group's financial records, the fees charged for auditing services for the year 2005 amounted to CHF 2.9 million.

8.3. Additional fees

In addition to the fees mentioned under 8.2., the statutory auditors are asked on a very restrictive basis to provide certain consulting services beyond the mandate of the annual audit. In 2005, an amount of CHF 0.1 million was incurred in this connection.

8.4. Supervisory and controlling instruments towards the statutory auditors

The performance of 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 regularly to the Audit Committee and attend the majority of Audit Committee meetings in the person of the audit partner-in-charge. For further details, refer to the comments under 3.5. to 3.7. above.

9. INFORMATION POLICY

The Kuehne + Nagel Group aspires to ensure a comprehensive and consistent information policy. The ambition is to attain high levels of transparency that meet worldwide accepted best practice standards.

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

This information contains an overall presentation of the company. In addition to detailed financial data, among other things this includes 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 is continually updating all general information on the company.

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 interested persons.

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.