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## Risk factors



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## Cautionary statement regarding forward looking statements

Except for historical statements and discussions, statements contained in this annual report constitute “forward looking statements” within the meaning of Section 27A of the US Securities Act of 1933 and Section 21E of the US Securities Exchange Act of 1934. Other documents of TPG N.V. filed with or furnished to the Securities and Exchange Commission, including those incorporated by reference in this annual report, may also include forward looking statements, and other written or oral forward looking statements have been made and may in the future be made from time to time by us or on our behalf.

Forward-looking statements include, without limitation, statements concerning our financial position and business strategy, our future results of operations, the impact of regulatory initiatives on our operations, our share of new and

existing markets, general industry and macro-economic growth rates and our performance relative to these growth rates.

Forward looking statements generally can be identified by the use of terms such as “aim”, “hope”, “ambition”, “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue” or similar terms.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industries in which TPG operates, management’s beliefs and assumptions made by management about future events. These forward looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside of our control, that may cause actual results to differ materially from any future results expressed in or implied by the forward looking statements.

Important factors that may cause such differences include, but are not limited to:

- substitution of alternative methods for delivering information for our mail and express services,
- regulatory developments and changes, including with respect to the levels of tariffs, the scope of mandatory and reserved services, quality standard, liberalisation in the Dutch and European postal markets and the outcome of pending regulatory proceedings,
- competition in the mail, express and logistics businesses,
- decisions of competition authorities regarding proposed joint ventures or acquisitions,
- costs of complying with governmental regulations,
- general economic conditions, government and regulatory policies and business conditions in the markets served by us, including adverse effects of terrorist attacks, use of our delivery capabilities by criminals, anthrax incidents, war or the outbreak of hostilities or epidemic diseases,
- higher costs of or the impossibility to get insurance coverage for future claims caused by acts of war, terrorism, sabotage, hijacking or other similar perils,
- the effect of an economic downturn and other risks and trends in the world economy and the timing, speed and magnitude of any economic recovery,
- our ability to achieve cost savings and realise productivity improvements and the success of investments, joint ventures and alliances,
- fluctuations in fuel costs,
- our ability to increase our fuel surcharge in response to rising fuel prices due to competitive pressures,
- changes in currency and interest rates,
- changes in our credit rating and their impact on our financing costs and requirements,
- changes in our relationship with the State of the Netherlands,
- disruptions at key sites,
- incidents resulting from the transport of hazardous materials,
- mismatches between our investment in infrastructure (aircraft, depots and trucks) and our actual capacity needs,
- strikes, work stoppages and work slowdowns and increases in employee costs,
- costs of completing acquisitions or divestitures and integrating newly- acquired businesses,
- changes to the international conventions regarding the limitation of liability for the carriage of goods,
- significant changes in the volumes of shipments transported through our network, the mix of services purchased by our customers or the prices we obtain for our services,
- market acceptance of our new service and growth initiatives,
- changes in customer demand patterns,
- the impact of technology developments on our operations and on demand for our services,
- disruptions to our technology infrastructure, including our computer systems and website,
- our ability to maintain aviation rights in important international markets,
- adverse weather conditions,
- if our subcontractors’ employees were to be considered our employees,
- changes in tax laws or their interpretation by authorities, and disagreements with authorities about our interpretations of tax laws,
- changes in accounting rules causing different valuation of assets and liabilities, and
- higher costs related to implementation of regulations such as the US Sarbanes-Oxley Act.

For further discussion of these and other factors, see the “Risk factors” below, chapter 2 - “Information on the company”, chapter 3 - “The mail division”, chapter 4 - “The express division”, chapter 5 - “The logistics division” and chapter 11 - “Other financial information on the company”.

As a result of these and other factors, no assurance can be given as to our future results and achievements. You are cautioned not to put undue reliance on these forward looking statements, which are neither predictions nor guarantees of future events or circumstances. We disclaim any intention or obligation to update or revise any forward looking statements, whether as a result of

new information, future events or circumstances or otherwise. All subsequent written and oral forward looking statements attributable to us or persons acting on our behalf are similarly qualified.

## Important risk factors

You should consider the risks and uncertainties described below and other information in this annual report.

**The increasing substitution of alternatives for our mail delivery services could reduce the revenues and profitability of our mail business and adversely affect our revenues and profitability.**

Our mail business is an integral part of our total business and during 2004 represented 30.9% of our total operating revenue and 71.0% of our total operating income. Our postal mail business delivers information such as letters and bank statements as well as printed matter (such as direct mail and periodicals). Technologies such as facsimiles, e-mails and the Internet (e.g. electronic banking) can be used to send or make available such information faster and, in many cases, at a lower price than traditional mail services. Due to increased substitution, among other factors, traditional mail volumes in the Netherlands have decreased in recent years, and we expect this downward trend in mail volume to continue in the next years. An increase in the use of these substitute technologies would likely result in a further decrease in the use of our traditional mail services. If substitution continues on a large scale, it could adversely affect the volumes, revenues and profitability of our mail business and our company as a whole. Substitution could also adversely affect volumes, revenues and profitability of our express business.

**The further liberalisation of the Dutch and EU postal markets could adversely affect our revenues and profitability.**

In the Netherlands, the process of liberalisation of the postal market, which began in the late 1980s, is continuing. This presents a number of risks to our mail business. Pursuant to the European Postal Directive, as of 1 January 2006 the restrictions that reserve the provision of certain postal services exclusively to us (the reserved postal services) will be reduced to 50 grammes. In 2004, the Dutch Minister of Economic Affairs published his vision on the postal market in the Netherlands. As discussed in greater detail in chapter 13 - "Regulatory environment", this vision addresses a number of issues that are directly relevant to our business, including full market liberalisation, price controls and the scope of the mandatory postal services.

This vision will be the basis for a new Postal Act, which legislation may adversely affect our business, revenues and profitability. For example, a possible expanded role for OPTA in price determination for competitors might have an adverse effect on our competitive position.

**Intensifying competition may put downward pressure on prices and could have an adverse effect on our revenues and profitability.**

We compete with many companies and services on a local, regional, European and international level. Our competitors

include the incumbent postal operators of other nations in Europe and the United States, motor carriers, express companies, logistics service providers, freight forwarders, air couriers and others. We expect competition to intensify in the future in all of our three business areas. Targeted, aggressive actions by competitors may negatively impact our prices. In the Netherlands, our present market share in the mail business results from being the former government operated monopoly. We expect our market share to erode due to the relatively recent entrance of serious competitors and, on the longer term, the continuing liberalisation of the Dutch mail regulatory regime. In Europe, we face heightened competition in our express business. Our mail division strategy focuses on the quality of services rather than on price discounts. Nevertheless, increased competition may force prices for our services down and thus cause our revenues and profits to decrease. Increased competition in the logistics business may lead to pressure on the price we charge our customers and the ability of our logistics business to capture value over the life of its customer contracts.

The trends towards liberalisation of European postal markets may also result in further consolidation within the mail and express businesses as competitors seek to expand into newly opened geographic markets and former state postal monopolies enter into acquisitions or alliances in order to expand the range and geographic coverage of their services. In logistics, we expect the present trend towards consolidation to continue. Consolidation within the mail, express and logistics businesses may result in increased competition and, as a consequence, adversely affect our business, revenues and profitability.

**A sustained economic downturn could adversely affect our business, results of operations and financial condition.**

Developments and trends in the world economy may have a material adverse effect on our financial condition and results of operations. For example, a sustained decline in the international economy, which slowed as of 2001 and continued throughout 2004, typically results in a decline in the demand for express delivery services. Because our express delivery business has high fixed costs and greatly depends on high volume to recover such costs, a global economic downturn could have a material adverse effect on the results of our express delivery business, and this would adversely affect the results of our business as a whole. In addition, a continued economic downturn could lead to our customers asking for price reductions that could adversely affect our margins. A slow economy may also result in a continued decline in demand for direct mail in the Netherlands.

**Unfavourable decisions of competition authorities concerning joint ventures or acquisitions could restrict our growth and ability to compete in the market for mail, express and logistics services.**

As a part of our strategy to expand our businesses, from time to time we seek alliances with other postal operators, express integrators and providers of logistics services, acquire shares in companies providing these services or acquire these businesses. Any approval of a joint venture or an acquisition of shares or a business by competition authorities may contain certain restrictions or conditions with respect to the intended transaction. For example, in 2001, the Merger Task Force of the European Community required that we divest our Dutch cross

border mail business operated under the TNT International Mail brand in order to obtain the approval for the establishment of our 51% owned subsidiary Spring, with Royal Mail Group and Singapore Post.

We may not be able to implement a transaction as contemplated in compliance with any restrictions or conditions imposed by the Merger Task Force of the European Community or national competition boards, and these restrictions or conditions may negatively affect the revenues and profitability of joint ventures or acquired businesses. If we are unable to implement a foreseen transaction under the restrictions or conditions applicable, or if the intended transaction is prohibited, we may be unable to develop alternative approaches to expand our business geographically. This would have an adverse effect on our ability to pursue our growth strategy and to achieve a recognised world leadership position in the mail, express and logistics service businesses.

**Compliance with regulations may result in a significant cost increase and limit our flexibility in operating our business and negatively affect our revenues and profitability.**

We are subject to a wide variety of complex and stringent aviation, transportation, environment, employment and other laws and regulations in the Netherlands, the European Union and the other jurisdictions where we operate. Existing regulations are subject to constant revision, and new regulations are constantly being adopted. The interpretation and enforcement of such laws and regulations vary and could limit our ability to provide our services in certain markets. It is uncertain whether existing laws and regulations or future regulatory, judicial and legislative changes will have a material adverse effect on us, whether national or international regulators, competition authorities or third parties will raise material issues with regard to our compliance or non-compliance with applicable laws and regulations, or whether other regulatory activities will have a material adverse effect on our business, revenues and profitability.

For example, in our express businesses, we operate various types of aircraft throughout Europe and are required to comply with a wide variety of international and national laws and regulations. In some of the markets in which we operate, regulations have been adopted (or proposed) which impose night time take-off and landing restrictions, aircraft capacity limitations and similar measures in order to address the concerns of local constituencies. Night-time operations at our Liège, Belgium air express hub have been challenged. A curtailment of night-time take-offs and landings at any of our key facilities, such as Liège, would likely harm our business. Some governments have imposed stringent new security measures on air carriers that could result in additional operating costs. Our failure to comply with or the costs of complying with existing or future government regulation, could negatively affect our revenues and profitability. In addition, existing or future regulation on transport of goods may negatively affect our ability to perform our services to our customers or may increase the costs of providing our services. In our mail business in the Netherlands, from time to time discussions come up whether or not we should provide access to our mailboxes as a collecting point for our competitors. Our competitors

currently focus on large volume clients and do not compete in the consumers market. Change in this view of competitors and support of this view by the regulator, could negatively affect costs and profitability.

**We are exposed to various global and local risks that may have a material adverse effect on our financial condition and results of operations.**

We operate around the globe and provide a worldwide service with facilities in many countries, which means that we are confronted with complex legal and regulatory requirements in many jurisdictions. These include tariffs, trade barriers and requirements relating to withholding taxes on remittances and other payments. Our international operations are also exposed to local business risks and challenges. We face potential difficulties in staffing and managing local operations, succession coverage of key individuals and talent management. We are exposed to the credit risks of local customers and distributors. These difficulties will increase as we pursue our strategy to expand our operations to new markets. Our overall success as a global business depends, in part, on our ability to succeed in different economic, social and political conditions. We may not succeed in developing and implementing policies and strategies that are effective in the locations where our business is conducted. Failure to do so may have a material adverse effect on our financial condition and results of operations.

**We are exposed to currency fluctuations that could have an adverse effect on our financial condition and results of operations and the comparability of our financial statements.**

We report the financial condition and results of operations of our businesses in the relevant local currency and then translate them into euro at applicable exchange rates so that these results can be included in our financial statements. The exchange rates between these currencies and the euro may fluctuate substantially. We generate a significant part of our total revenues and our operating expenses in currencies other than euro. As we expand our international operations, we expect that an even greater portion of our revenues and costs will be denominated in non-euro currencies. In addition, the value of the euro has fluctuated significantly since its introduction on 1 January 1999. As a result, currency fluctuations could have a material adverse effect on our financial condition and results of operations in any given reporting period, and may significantly affect the comparability of our financial statements from period to period. Although we generally enter into hedging arrangements and other contracts in order to attempt to reduce our exposure to currency fluctuations, these measures may be inadequate or may subject us to increased operating costs.

**A decline in the value of the euro could reduce the value of your investment and any dividends you receive.**

Since its introduction on 1 January 1999, the value of the euro relative to the dollar has fluctuated widely. Fluctuations in the exchange rate between the US dollar and the euro will affect the US dollar equivalent of the euro price per American Depositary Receipt (ADR) and the US dollar value of any cash dividends. If the value of the euro relative to the US dollar declines, the market price of our ADRs is likely to be adversely affected. Any

decline in the value of the euro would also adversely affect the US dollar amounts received by shareholders on the conversion of any cash dividends paid in euro on our ADRs.

**A downgrade in our credit rating may increase our financing costs and harm our ability to finance our operations and acquisitions, which could negatively affect our revenues and profitability.**

A downgrade in our credit rating may negatively affect our ability to obtain funds from financial institutions and banks and increase our financing costs by increasing the interest rates of our outstanding debt or the interest rates at which we are able to refinance existing debt or incur new debt. On 11 June 2004, Standard & Poor's Ratings Services re-affirmed our "A" long-term and "A-1" short-term corporate credit ratings, but revised its outlook for our long-term rating from 'negative' to 'stable'. For Moody's Investor Services Ltd. our current long-term rating is "A1" and our short-term rating is "P-1".

**The State of the Netherlands is our largest shareholder, which may adversely affect the value of your investment**

The State of the Netherlands is presently our largest shareholder, holding approximately 19% of our outstanding ordinary shares. The State announced in March 2001 its intention to limit its involvement with us and, as part of this, plans to reduce its shareholdings to approximately 10% of our outstanding shares. Future substantial sales by the State of our ordinary shares, or the availability of large amounts of our ordinary shares for sale, may adversely affect the market price of the shares and the value of your investment. It may also negatively affect our ability to raise additional capital by offering new ordinary shares.

**The State of the Netherlands has the right to approve important decisions concerning our business.**

Besides being our largest shareholder, the State currently has a number of rights under our articles of association and other arrangements with us that provide it with significant influence over us. For example, the State has a veto right (see note 26 to the consolidated financial statements) over many important decisions concerning our business, including decisions about fundamental changes in our business and our corporate structure. The State has committed itself to exercise its influence to safeguard its general interest in having an efficiently operating Dutch postal system and also to protect its financial interest as a shareholder. The interests of the State may, however, differ from the interests of our other investors. Among other things, the State may exercise its rights to delay, deter or prevent a potential change of our control or the exercise of influence by another large shareholder. The State's substantial ownership and the existence of these special rights may discourage bids for our ordinary shares by third parties. This could adversely affect the price of our shares and the value of your investment.

**We depend on a number of infrastructure facilities for which we have limited or no back-up facilities, so if operations were disrupted at one or more of these facilities, our business and operating results would suffer.**

A portion of our infrastructure is concentrated in single locations for which we have limited or no back-up facilities or very expensive fall back scenarios in the event of a disruption of operations. An example of this is our European express air hub in Liège, Belgium. The operation of our facilities involves many risks, including power failures, the breakdown, failure or substandard performance of equipment, the possibility of work stoppages or civil unrest, natural disasters, catastrophic incidents such as airplane crashes, fires and explosions and normal hazards associated with operating a complex infrastructure. If there were a significant interruption of operations at one or more of our key facilities and operations could not be transferred or only at very high costs to other locations we might not meet the needs of our customers, and our business and operating results would be adversely affected.

**Incidents resulting from our transport of hazardous materials or a major incident involving our sorting centers, warehousing facilities, air or road fleet may adversely affect our revenues, profitability and reputation.**

We transport hazardous materials for a number of our customers in the automotive, biomedical and chemical industries. The hazardous consignments include airbags, batteries, paint, blood samples, medical substances, dry ice and chemicals. As part of our express and mail services, we may also transport hazardous or dangerous goods without having been notified about the nature of the goods we transport. We face a number of risks by transporting these materials, such as personal injury or loss of life, severe damage to and destruction of property and equipment and environmental damage. Incidents involving these materials could result from a variety of causes including sabotage, terrorism, accidents or the improper packaging or handling of the materials. If a significant incident occurred our operations could be disrupted and we could be subject to a wide range of potentially large civil and criminal liabilities. For example, an incident occurred at the end of 2004 in our Liège hub, involving undeclared goods, which closed down the operations in the hub for a few hours, although nobody was hurt. This could negatively affect our revenues and profitability. A significant incident, particularly a well-publicised incident involving potential or actual harm to members of the public, could also hurt our reputation.

As an owner and operator of a large fleet of aircraft and trucks we are involved in activities which expose us to liability in the case of a major air or road incident, not only for our employees, facilities and third party property, but also for the general public. An incident involving one of our aircraft or vehicles could cause significant loss of life and property and could adversely affect our reputation and affect the price of our shares adversely.

A major incident caused by hazardous materials could lead to additional measures or restrictions imposed on us by local or governmental authorities. Such additional measures or restrictions could disrupt our processes and may lead to additional operating costs.

**We may not accurately forecast our future infrastructure requirements, which could result in excess capacity or insufficient capacity and negatively affect our revenues and profitability.**

In order to maintain our market position and grow our business we must make large on-going investments in infrastructure such as aircraft, trucks and depots. In our logistics business we are at times required to make large investments in order to meet our obligations under agreements with major customers. For example, we are currently considering investments in our road and air network for a significant amount. These investments often require substantial lead times and involve significant fixed costs. We base our infrastructure investments on forecasts of our future capacity requirements. It may be difficult to forecast accurately our future requirements, since they are based on a large number of factors, including factors beyond our control such as general economic conditions and changes in governmental regulation. As a consequence, there may be a mismatch between our investment and our actual requirements. If we underestimate our future capacity requirements we will not be able to meet the needs of our customers and could lose business, market share, revenues and profits. If we overestimate our future needs, or if major contracts are cancelled by customers, we will experience costly excess capacity and this could adversely affect our profitability.

**Strikes, work stoppages and work slowdowns by our employees and the terms of new collective labour agreements could negatively affect our revenues and profitability.**

The success of our business also depends upon avoiding strikes, work stoppages and slowdowns by our employees. Industrial action by large unions or even relatively small but key groups of our employees, such as airline pilots, could seriously disrupt our operations. Industrial action may occur for reasons unrelated to our collective labour agreements with a particular union or group of employees. For example, our employees may refuse crossing picket lines established by other unions from other companies. Our collective labour agreement with approximately 60,000 employees in the Netherlands is subject to a renewal in May 2005. If we are not able to renew this agreement or other key agreements with our employees, and a strike, work stoppage or work slowdown occurs, our revenues and profitability could be adversely affected.

Our business may also be negatively affected by the terms of collective labour agreements that we conclude with our employees. These terms could include increases in compensation and employee benefits, work rules less flexible than those of our competitors, and limitations on future workforce reductions. Our profitability could suffer if we are not able to conclude collective labour agreements on satisfactory terms with our employees.

**The integration of our newly acquired businesses involves significant challenges and costs and may not be successful, which could adversely affect our operating results.**

We have entered into a number of significant acquisitions in recent years, most recently our acquisition of Wilson Logistics in 2004, and growth through acquisitions remains a key element of our strategy. The integration of newly acquired businesses involves inherent costs and uncertainties that include the effect on the acquired businesses of integration into our organisation and culture and the availability of and demands on management resources to oversee the integration and manage the newly acquired businesses. The integration of the international companies we have acquired, particularly in the logistics division, has resulted in significant challenges and costs in the areas of accounting, finance, operations, IT, strategy and human resources. If an existing or future integration effort is delayed or is not successful we may incur additional costs, the value of our investment in the acquired company may decrease significantly and our growth strategy may not be successfully achieved. Any material delays, unexpected costs or other problems encountered in connection with integrating newly acquired businesses could have an adverse effect on our revenues and profitability.

**The legal concept of limited liability for loss or damage of goods we carry is increasingly being challenged and this may result in increased exposure to claims.**

We transport goods under the conditions of the international conventions in respect of the carriage of goods by air (Warsaw Convention) and by road (CMR Conventions). These conventions contain provisions that limit our liability in the event that we lose or damage shipments belonging to our customers. In the past this principle was generally accepted as normal business practice but in recent years the courts and regulators in an increasing number of jurisdictions are more sympathetic to allegations of "gross negligence" or "lack of due care", thereby setting aside the principles of limited liability. This trend exposes us to more and increased loss and damage claims. Furthermore, a number of major customers are no longer prepared to accept these established limits of liability and these factors, together with the increased value of the goods we carry, have resulted in a significant increase in our financial exposure to claims. If this trend continues, it could adversely affect our profitability.

**Determination that our subcontractors' were to be considered our employees would affect our current business model, causing our operating expenses to rise and our net income to suffer.**

In various jurisdictions, we use subcontractors to perform aspects of our business, such as picking up and delivering parcels, as is common practice in our industry. In certain jurisdictions, the authorities have brought criminal and/or civil actions alleging that our subcontractors or their employees are to be regarded as our own unregistered employees. In particular, several actions are currently pending in France. See chapter 12, note 15 – "Legal proceedings". If these allegations were upheld by a court, we would incur, in addition to criminal fines, costs such as social security contributions, wage taxes and overtime payments in respect of such employees. Subcontractors could also bring civil actions seeking the re-characterisation of subcontractor relationships in employment contracts. If these actions were

successful, our operating expenses would rise and our net income would suffer.

**Changes in tax laws or their interpretation by authorities, and disagreements with authorities about our interpretations of tax laws, could adversely affect our financial position and results of operations.**

We operate globally and our earnings are subject to taxation in many jurisdictions at different rates. Relevant tax authorities may disagree with our interpretation and application in practice of tax laws. We periodically estimate our probable tax obligations in the countries in which we conduct our business. If the tax laws change, or if there is a successful challenge of our tax position, our interpretation and application of tax laws in practice, we will need to recognise additional tax liabilities, which may include interest and penalties. This would adversely affect our financial position and results of operations. See notes 14 and 21 to our consolidated financial statements in chapter 12.

**Our ongoing issues with the UK Inland Revenue may lead to material additional expenses, which would adversely affect our net income**

In February and March 2004, our audit committee, on behalf of our Supervisory Board, conducted an independent investigation regarding representations made to the UK Inland Revenue and to our external auditors, PricewaterhouseCoopers, with respect to certain UK tax matters originally arising in the late 1990s relating to one of our UK subsidiaries. In addition to this investigation, our audit committee, with the assistance of independent tax advisors, conducted a review of other UK tax matters that arose from the same period. The investigations conducted by our audit committee, with the assistance of independent legal counsel, concluded that not all relevant details in connection with these tax matters were adequately disclosed to the UK Inland Revenue and PricewaterhouseCoopers.

In August 2004, we submitted a report to the UK Inland Revenue in relation to these UK tax issues pursuant to a procedure under UK law designed to ensure full disclosure of all relevant information to the UK Inland Revenue. We will be providing an addendum to our original report with additional information, and are continuing discussions with the UK Inland Revenue in connection with their related comprehensive investigation. The outcome of the UK Inland Revenue's investigation is not certain, and we do not expect these matters with the UK Inland Revenue will be resolved before 2006.

The UK Inland Revenue could assess further taxes, penalties and interest that would exceed the amounts we have accrued in our financial statements. If the actual taxes, penalties and interest imposed exceed the amounts we have accrued, it could reduce our net income.

**Our restructurings of operations and other measures we take to reduce costs may not achieve the results we intend and may adversely affect our revenues and profitability.**

From time to time we restructure, redesign or integrate various aspects of our operations in an effort to achieve cost savings, flexibility and other efficiencies. For example, in our mail division we have initiated a comprehensive cost flexibility programme that includes a wide range of efficiency measures designed to offset

the ongoing decline in mail volumes in the Netherlands. In 2003, we put in place a comprehensive programme in our logistics division to standardise operating and business development practices to address operational performance issues and establish more stringent financial control. In early 2004, we introduced a new corporate programme called TPG-1 that is expected to achieve savings over the next few years by integrating some customer facing and back office functions across our divisions. Our restructuring of operations and other cost reducing measures may not achieve the results we intend and may invoke restructuring and other costs and changes to our business that adversely affect our revenues and profitability.

**A downturn in capital markets may decrease the value of investments made in these markets for our pension schemes, which in turn could require significant additional funding by us.**

Our main Dutch defined benefit pension scheme has total assets of over €3 billion, some of which are funded by investments held in equities with a view to benefiting from capital appreciation. The value of these securities may be volatile and a downturn in the capital markets could significantly reduce the value of these assets. Should the returns on these investments fall below the minimum funding requirements prescribed by De Nederlandsche Bank, into which the Independent Supervisory Authority for Pensions and Insurance has been merged during 2004, whether from declines in the overall equity markets or because the investments underperform the markets, we will be required to increase our contributions to the funds. If the assets were to lose a substantial amount of their value, we might be required to make large payments into the funds, which would adversely affect our liquidity over a number of years.

**Employee misconduct could result in financial losses, the loss of clients and fines or other sanctions by the governments of the countries in which we do business.**

We may be unable to prevent our employees from engaging in misconduct, fraud or other improper activities that could adversely affect our business and reputation. Misconduct could include the failure to comply with applicable law or our business principles. The precautions we take to prevent and detect this activity may not be effective. Our investigations of suspected fraudulent activity could expose us to additional sanctions if an investigation is ineffective or hampered by local legal restrictions. As a result of employee misconduct, we could face fines and penalties imposed by governments in the countries in which we do business. In addition, negative publicity in relation to employee misconduct could negatively affect our reputation, harm our ability to recruit employees and managers and reduce our revenues. Fines and sanctions; any necessary financial restatements and resulting liabilities could reduce our profitability.

**Changes in markets and our business plans have resulted and may in the future result in substantial write-downs of the carrying value of our assets, thereby reducing our net income.**

Our regular review of the carrying value of our assets (including our intangible, tangible and financial fixed assets) has resulted in significant impairments, and we may in the future be required to recognise additional impairment charges. Events in the markets where we conduct our businesses, including significant declines in stock prices, market capitalisations and credit ratings of market participants, as well as our ongoing review and refinement of our business plans, have resulted and may result in further substantial impairment write-downs of our intangible or other assets at any time in the future.

In addition, we have been and may be required in the future to recognise increased depreciation and amortisation charges if we determine that the useful lives of our fixed assets are shorter than we originally expected. Further such changes would have the effect of reducing our net income.

**We may be unable to comply in a timely manner with the requirements of the Sarbanes-Oxley Act relating to the assessment by us and PwC of the effectiveness of our internal controls over financial reporting, and our assessment may identify material weaknesses and may result in an attestation with an adverse opinion from our auditors, each of which could adversely affect our reputation and share price.**

Section 404 of the Sarbanes-Oxley Act of 2002 and related regulations require us to include in our future annual reports an assessment by management of the effectiveness of our internal control over financial reporting. In addition, PricewaterhouseCoopers, our independent registered public accounting firm, must attest to and report on management's assessment. This requirement is currently expected first to apply to our annual report on Form 20-F for our fiscal year ending December 31, 2005. We are evaluating our internal control systems to allow our management to report on, and our auditors to attest to, our internal control over financial reporting. As a result, we have incurred additional expenses in 2004 and a diversion of our management's time, and we expect this to continue at least into financial year 2005.

While we have dedicated a significant amount of time and resources to ensuring compliance, there can be no assurance that we or our auditors will complete the necessary work to comply with all aspects of Section 404 and related regulations in a timely manner. If we have a material weakness in our internal control over financial reporting, we may be unable to prevent or detect material misstatements in a timely manner. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If the assessment of our internal control identifies material weaknesses that must be disclosed, we may receive an attestation with an adverse opinion from our auditors as to the adequacy of our internal control over financial reporting. Furthermore, potential acquisitions of businesses that are currently not in compliance with Section 404 requirements could lead to disclosures on currently unforeseen deficiencies in our internal control over financial reporting. This could adversely affect our reputation and

our financial results. Each of these consequences could reduce the market's confidence in our financial statements and negatively affect the price of our shares.

**The continuation of the operational difficulties faced by our operations in France may divert significant, long-term management attention from other important areas of our business.**

Our logistics operations in France have faced continued difficult conditions for several years, with even deeper margin pressure in 2003 and 2004. Our transport activities are under severe competitive cost pressure by new entrants from those Eastern European countries that recently joined the European Union. In addition, the volumes being handled in many industries in France, including the retail market, continue to be suppressed by low economic growth. In this difficult environment, our efforts to turn around our business in France as part of our Transformation through Standardisation programme have not sufficed to bring this business back to profitability. Remedying this situation may divert substantial senior management time and attention from other areas of our business, which could impair our ability to operate effectively, negatively affect our competitive position and profitability and involve additional restructuring costs.

**A sustained economic downturn or loss of a strategic customer could adversely affect our business and results of operations.**

Developments and trends in the world economy and a continued slowdown in the target sectors we operate our business in may have a material adverse effect on our financial condition and results of operations. For example, a decline in the automotive industry, one of our main target sectors, or loss of a strategic customer could result in a decline in the demand for our logistics services. Because a significant portion of the customers of our logistics business are automotive companies, a decline in the demand from our automotive customers may have a material adverse effect on our logistics business.