LISTING MEMORANDUM | **NOT FOR GENERAL CIRCULATION IN THE UNITED STATES**

€130,000,000

THIEL Logistics+Services

THIEL LOGISTIK A.G.

8% Senior Subordinated Notes due 2012

Guaranteed on an unsecured senior subordinated basis by certain subsidiaries of THIEL Logistik A.G.

THIEL Logistik A.G. (the "Issuer") is offering €130,000,000 aggregate principal amount of its 8% senior subordinated notes due 2012 (the "Notes"). The Issuer will pay interest on the Notes semi-annually in arrears on each December 15 and June 15, commencing on June 15, 2005. At any time after December 15, 2008, the Issuer may redeem all or part of the Notes by paying a specified premium (as described on page 96 "Optional Redemption"). Prior to December 15, 2008, the Issuer may also redeem all or part of the Notes by paying a "make-whole" premium (as defined herein). In addition, prior to December 15, 2007, the Issuer may redeem up to 35% of the Notes with the net proceeds from one or more equity offerings at a price of 108%. At any time after December 15, 2010, the Issuer may redeem all or a part of the Notes at par. If the Issuer undergoes a change of control (as defined herein) or sells certain assets, the Issuer may be required to offer to purchase the Notes from you.

The Notes will be unsecured senior subordinated obligations of the Issuer and will rank equally in right of payment with all of the Issuer's future unsecured senior subordinated debt. The Notes will be guaranteed, jointly and severally, on an unsecured senior subordinated basis by certain subsidiaries of THIEL Logistik A.G. See "Listing and General Information – General Information on the Subsidiary Guarantors" for a list of the Subsidiary Guarantors. Each guarantee will be subordinated in right of payment to all existing and future senior debt of such guarantor. The Notes and the guarantees will be structurally subordinated to all obligations of the Issuer's subsidiaries that do not guarantee the Notes.

This offering memorandum includes information on the terms of the Notes, including redemption and repurchase prices, covenants and transfer restrictions.

Application has been made to list the Notes on the Luxembourg Stock Exchange.

Investing in the Notes involves a high degree of risk. See "Risk Factors" beginning on page 14.

We have not registered and do not intend to register the Notes or the related guarantees under the U.S. federal securities laws or the securities laws of any other jurisdiction. The initial purchasers named below are offering the Notes only to qualified institutional buyers ("QIBs") in accordance with Rule 144A ("Rule 144A") under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and outside the United States to non-U.S. persons in accordance with Regulation S under the U.S. Securities Act ("Regulation S"). For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this offering memorandum, see "Notice to Investors and Transfer Restrictions" and "Notice to Certain European Investors".

Price: 100% plus accrued interest, if any, from the issue date.

We expect that Notes will be made ready for delivery, in book-entry form through Euroclear and Clearstream, on or about December 13, 2004, against payment in immediately available funds.

Deutsche Bank | **Morgan Stanley**

Joint Book-Running Lead Managers

The date of this offering memorandum is December 7, 2004.

IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date of this offering memorandum. Our business, financial condition, results of operations and prospects may have changed since that date.

You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Notes and to advise you whether you are legally permitted to purchase the Notes. In making an investment decision, you must rely on your own examination of our business, the terms of this offering and the Notes, including the merits and risks involved. By purchasing the Notes, you will be deemed to have acknowledged that:

- you have reviewed this offering memorandum;
- this offering memorandum relates only to offers or sales with respect to the Notes;
- you have had an opportunity to request all additional information that you need from us;
- the information contained in this offering memorandum may differ from the information contained in other documents that are currently available or that may become available with respect to the offer and sale of our securities;
- you have made certain acknowledgements, representations and agreements as set forth in the section "Notice to Investors and Transfer Restrictions";
- you have not, and will not, rely upon the information contained in this offering memorandum in making an investment decision with respect to any securities other than the Notes, whether offered in the future or described herein; and
- Deutsche Bank AG London and Morgan Stanley & Co. International Limited (together, the "Initial Purchasers") are not responsible for, and are not making any representation to you concerning, our future performance or the accuracy or completeness of this offering memorandum.

This offering memorandum may only be used for the purposes for which it has been published. No person is authorized to give information other than that contained in this offering memorandum and the documents referred to herein.

Neither the Notes nor the guarantees of the Notes have been or will be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The Notes and the related guarantees have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offence in the United States.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable state securities laws pursuant to registration thereunder or exemption therefrom. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

Prospective purchasers are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of these and certain other restrictions on offers, sales and transfers of the Notes and the distribution of this offering memorandum, see "Notice to Investors and Transfer Restrictions".

The Notes are being offered in most jurisdictions in transactions that do not constitute public offerings. See "Notices to Certain European Residents" for a description of restrictions on the offer and sale of the Notes in various European jurisdictions.

This offering memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. Laws in certain jurisdictions may restrict the distribution of this document and the offer and sale of the Notes. Persons into whose possession this offering memorandum or any of the Notes are delivered must inform themselves about and observe those restrictions. Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this document. In addition, each prospective purchaser must obtain any consent, approval or permission required under the regulations in force in any jurisdiction to which it is subject or in which it purchases, offers or sells the Notes. Neither we nor the Initial Purchasers shall have any responsibility for obtaining such consent, approval or permission.

We have summarized certain publicly available documents and other information in a manner we believe to be accurate, but we refer you to the actual documents for a more complete understanding of the matters we discuss in this document. You should not consider any information in this document to be legal, business or tax advice.

We are not, and the Initial Purchasers are not, making any representations to you regarding the legality of an investment in the Notes by you under applicable investment or similar laws.

The Company accepts responsibility for the information contained in this offering memorandum. We have made all reasonable inquiries and confirm to the best of our knowledge, information and belief that the information contained in this offering memorandum with regard to us, our subsidiaries and affiliates and the Notes is true and accurate in all material respects, that the opinions and intentions expressed in this offering memorandum are honestly held and that we are not aware of any other facts the omission of which would make this offering memorandum or any statement contained herein misleading in any material respect, in each case as of the date of this offering memorandum. The Initial Purchasers are not responsible for, and are not making any representation to you concerning, our future performance or the accuracy or completeness of this offering memorandum.

We reserve the right to withdraw this offering of the Notes at any time. We and the Initial Purchasers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason or no reason and to allot to any prospective investor less than the full amount of Notes sought by it.

STABILIZATION

In connection with this offering, Deutsche Bank AG London, as stabilizing manager, or persons acting on its behalf, may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. If stabilizing transactions are commenced, they would not start before the publication of the offering and would end no later than 30 calendar days after the Issuer has received the proceeds from the issue of the Notes or no later than 60 calendar days after the date of allotment of the Notes, whichever is earlier. However, Deutsche Bank AG London, or any person acting on its behalf, is under no obligation to do this. Such stabilizing, if commenced, may be discontinued at any time.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER RSA 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICES TO CERTAIN EUROPEAN RESIDENTS

Austria. The Notes may only be offered in the Republic of Austria in compliance with the provisions of the Austrian Capital Markets Act (*Kapitalmarktgesetz*) and other laws applicable in the Republic of Austria governing the offer and sale of the Notes in the Republic of Austria. The Notes are not registered or otherwise authorized for public offer under the Austrian Capital Markets Act. The recipients of this offering memorandum and other selling material in respect of the Notes have been individually selected and are targeted exclusively on the basis of a private placement. Accordingly, the Notes must not be, and are not being, offered or advertised, and no offering or marketing materials relating to the Notes must be made available or distributed in any way which would constitute a public offer under the Austrian Capital Markets Act (whether presently or in the future).

France. The Notes may not be directly or indirectly offered or sold to the public in France, and offers and sales of the Notes will only be made in the Republic of France to qualified investors in accordance with Article L.411-2 of the *Code monétaire et financier* and Décret no. 98-880 dated October 1, 1998. Neither this offering memorandum nor any other offering material relating to the Notes may be distributed in France other than to those investors (if any) to whom offers and sales of the Notes in France may be made as described above.

Les Titres ne pourront pas être offerts ou vendus directement ou indirectement au public en France et ne pourront l'être qu'à des investisseurs qualifiés conformément à l'article L.411-2 du Code monétaire et financier et du Décret no. 98-880 du Octobre 1, 1998. Ni ce prospectus ni aucun autre document d'offre relatif aux Titres ne pourra être distribué en France à d'autres personnes que celles que des offres ou des ventes de Titres en France peuvent viser, ainsi qu'il a été décrit ci-dessus.

Germany. The offering of the Notes is not a public offering in the Federal Republic of Germany. The Notes may only be acquired in accordance with the provisions of the Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*), as amended, and any other applicable German law. No application has been made under German law to publicly market the Notes in or out of the Federal Republic of Germany. The Notes are not registered or authorized for distribution under the Securities Sales Prospectus Act and accordingly may not be, and are not being, offered or advertised publicly or by public promotion. Therefore, this offering memorandum is strictly for private use and the offer is only being made to recipients to whom the document is personally addressed and does not constitute an offer or advertisement to the public. The Notes will only be available to persons who, by profession, trade or business, buy or sell securities such as the Notes for their own or a third party's account.

Italy. The offering of the Notes in Italy has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation and, accordingly: (i) the Notes cannot be offered, sold or delivered in the Republic of Italy ("Italy") in a solicitation to the public at large (*sollecitazione all'investimento*) within the meaning of Article 1, paragraph 1, letter (*t*) of Legislative Decree no. 58 of 24 February 1998 (the "Financial Services Act"), nor this offering memorandum or any other document relating to the Notes may be distributed in Italy, (ii) the Notes cannot be offered, sold and/or delivered, nor this offering memorandum or any other document relating to the Notes may be distributed, either in primary or in the secondary market, to individuals in Italy and (iii) sales of the Notes in the Republic of Italy may only be:

(a) negotiated with "Professional Investors" (*operatori qualificati*), as defined under Article 31, paragraph 2, of CONSOB Regulation no. 11522 of 1 July 1998 (the "CONSOB Regulation no. 11522"), as amended;

(b) effected in compliance with Article 129 of the Legislative Decree no. 385 of 1 September 1993 (the "Italian Banking Act") and the implementing instructions of the Bank of Italy, pursuant to which the issue or the offer of securities in Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia,* on the aggregate value of the securities issued or offered in Italy and their characteristics;

(c) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Italian Banking Act, the Financial Services Act, CONSOB Regulation no. 11522 and all the other relevant provisions of Italian law; and

(d) effected in accordance with any other Italian securities, tax and exchange control and other applicable laws and regulations and any other applicable requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Luxembourg. The Notes may not be offered in the Grand Duchy of Luxembourg except in circumstances where the requirements of Luxembourg law concerning public offerings of securities have been met. No advertisement or document or other material has been or will be distributed to the public or published in Luxembourg. A listing of the Notes on the Luxembourg Stock Exchange does not imply that a public offering of the Notes in Luxembourg has been authorized.

The Netherlands. The Notes are not, will not and may not be offered, as part of their initial distribution or at any time thereafter, other than:

(a) in The Netherlands, to persons who trade or invest in securities in the conduct of their profession or trade (which includes banks, securities, intermediaries (including dealers and brokers), insurance companies, pension funds, other institutional investors and commercial enterprises which as an ancillary activity regularly invest in securities ("professional investors"); and

(b) otherwise, to persons who are established, domiciled or resident ("are resident") outside The Netherlands.

The offer of the Notes, each announcement therefore and this offering memorandum comply with the laws and regulations of each State where persons to whom the offer is made are resident.

Spain. The Notes may not be offered or sold in Spain except in accordance with the requirements of the Spanish Securities Market Law (*Ley 24/1988 de 28 de julio, del Mercado de Valores,* as amended by Law 37/1998 of November 16) and Royal Decree 291/1992 on Issues and Public Offering of Securities (*Real Decreto 291/1992 de 27 de marzo, sobre emisiones y ofertas públicas de venta de valores*), as amended or restated by Royal Decree 2590/1998 of December 7 ("R. D. 291/92"), and further subsequent legislation.

This offering memorandum is neither verified nor registered in the administrative registries of the Comisión Nacional del Mercado del Valores, and therefore a public offer for subscription of the Notes will not be carried out in Spain. Notwithstanding that and in accordance with Article 7 of R. D. 291/92, a private placement of the Notes addressed exclusively to institutional investors (as defined in Article 7.1(a) of R. D. 291/92) may be carried out.

Switzerland. The Notes may be offered in Switzerland on the basis of a private placement and not as a public offering. The Notes will neither be listed on the SWX Swiss Exchange nor are they subject to

Swiss Law. This offering circular does not constitute a prospectus within the meaning of Art. 1156 of the Swiss Federal Code of Obligations or Arts. 32 et seq. of the Listing Rules of the SWX Swiss Exchange, and does not comply with the Directive for notes of Foreign Borrowers of the Swiss Bankers Association. We will not apply for a listing of the Notes on any Swiss stock exchange or other Swiss regulated market and this memorandum may not comply with the information required under the relevant listing rules. The Notes have not and will not be registered with the Swiss Federal Bank Commission or any other Swiss authority for any purpose, whatsoever.

United Kingdom. In the United Kingdom, the Notes will only be available for subscription pursuant to the offering to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances that do not, and will not, constitute an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended. This document is being distributed on the basis that each person in the United Kingdom to whom this document is issued is a person of the kind described in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2001 (the "FPO") or a high net worth company or unincorporated association or high value trust or other person of a kind described in Article 49(2) of the FPO and, accordingly, by accepting delivery of this offering memorandum the recipient warrants and acknowledges that it is such a person.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements as that term is defined in the U.S. Private Securities Litigation Reform Act of 1995, as amended. All statements other than statements of historical fact included in this offering memorandum, including the statements under the headings "Summary", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Business" and elsewhere in this offering memorandum regarding our financial condition or plans to increase sales, earnings and margins and statements regarding other future events or prospects, our future financial performance, plans and expectations in relation to developments in our business, growth and profitability and the applicable economic context, are forward-looking statements. The words "may", "will", "expect", "anticipate", "believe", "future", "continue", "help", "estimate", "plan", "intend", "should", "shall" or the negative or other variations thereof as well as other statements regarding matters that are not historical fact are or may constitute forward-looking statements.

We have based these forward-looking statements on our management's current view with respect to future events and financial performance. These views reflect the best judgment of our executives but involve a number of risks and uncertainties which could cause actual results to differ materially from those predicted in our forward-looking statements and from past results, performance or achievements. Although we believe that the estimates and the projections reflected in the forward-looking statements are reasonable, such estimates and projections may prove to be incorrect, and our actual results may differ from those described in our forward-looking statements as a result of the following risks, uncertainties and assumptions, among others:

- risks related to our dependence on a limited number of large customers, our contract logistics projects, our strategy, our business operations, financial condition and results of operations;

- risks relating to the integration of our acquisitions;

- consolidation and competition in our industry and pricing pressure;

- changes in the regulatory environment and changes in international, legal, administrative or economic conditions;

- risks associated with accounting and financial reporting matters, including possible future impairments of goodwill and fixed assets or valuation allowances on our deferred tax assets;

- risks related to litigation, other legal proceedings and potential future environmental liabilities;

- our exposure to exchange and interest rate fluctuations;
- risks relating to pension liabilities;
- our dependence on key management personnel;
- risks relating to our dependence on third-party information technology;
- risks associated with our structure, the Notes and our other indebtedness, including our breach of certain debt covenants; and
- other factors discussed in this offering memorandum.

We urge you to read the sections of this offering memorandum entitled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" for a more complete discussion of the factors that could affect our future performance and the industry in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this offering memorandum may not occur.

You are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this offering memorandum.

USAGE OF CERTAIN TERMS

In this offering memorandum,

- "THIEL Logistik", the "Issuer" or the "Company" refer to THIEL Logistik A.G. only;
- "we", "us", "our" or the "Group" refer to THIEL Logistik A.G. and its consolidated subsidiaries;
- "Subsidiary Guarantors" refers to the entities that from time to time guarantee the Notes, as described under "Description of the Notes";
- "DELTON" refers to our principal shareholder, DELTON AG, which holds its interest in us through its wholly owned subsidiary DELTON Vermögensverwaltung AG;
- "U.S. GAAP" refers to generally accepted accounting principles in the United States;
- "Luxembourg GAAP" refers to generally accepted accounting principles in Luxembourg;
- "IFRS" refers to International Financial Reporting Standards of the International Accounting Standards Board;
- "Clearstream" refers to Clearstream Banking Société Anonyme;
- "€" and "Euro" refer to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time;
- "$", "U.S. dollars" and "dollars" refer to the lawful currency of the United States unless the context indicates otherwise;
- "HK$" refers to the lawful currency of Hong Kong;
- "Swiss Franc" and "CHF" refer to the lawful currency of Switzerland unless the context indicates otherwise;

- “DEM” refers to the former currency of Germany before the introduction of the Euro; and
- “ATS” refers to the former currency of Austria before the introduction of the Euro.

Certain terms that relate to our business operations are defined in “Annex A: Glossary”.

Rounding adjustments have been made in calculating some of the financial information included in this offering memorandum. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

MARKET AND INDUSTRY DATA

All figures provided regarding market shares, growth rates and turnover in connection with our business have been obtained from publicly available sources or are based on our estimates, which in turn are mostly based on published data, or on figures from publicly available sources. In particular, we have obtained information or other statements presented in this offering memorandum regarding market share and industry data relating to our business from providers of industry data, including Klaus, Peter, Die Top 100 der Logistik: Marktgrößen, Marktsegmente und Marktführer in der Logistik-Dienstleistungswirtschaft – Deutschland und Europa, 3rd ed. 2003 (“Top 100 der Logistik 2003”); and ELA, AT Kearney: Excellence in Logistics 2004 (“Excellence in Logistics 2004”).

We do not have access to the underlying facts and assumptions relating to numerical and market data and other information contained in such publicly available sources. Although we believe that this information is reliable, we cannot guarantee the accuracy or completeness of the information, and we have not independently verified it. Accordingly, we assume no liability for the correctness of numerical data, market data or other information from public sources other than for the correct extraction of such data and information from the relevant sources.

EXCHANGE RATE INFORMATION

The following chart shows, for the period from January 1, 1999 through November 30, 2004, the period end, average, high and low noon buying rates in the City of New York for cable transfers of Euro as certified for customs purposes by the Federal Reserve Bank of New York expressed as U.S. dollars per €1.00.

	U.S. dollars per €1.00			
	High	**Low**	**Average** [(1)]	**Period End**
Year				
1999	1.1812	1.0016	1.0588	1.0070
2000	1.0335	0.8270	0.9207	0.9388
2001	0.9535	0.8370	0.8909	0.8901
2002	1.0485	0.8594	0.9495	1.0485
2003	1.2597	1.0361	1.1411	1.2597
2004 (through November 30, 2004)	1.3288	1.1801	1.2351	1.3259
Month				
January 2004	1.2853	1.2389	1.2638	1.2452
February 2004	1.2848	1.2426	1.2640	1.2441
March 2004	1.2431	1.2088	1.2261	1.2292
April 2004	1.2358	1.1802	1.1989	1.1975
May 2004	1.2274	1.1801	1.2000	1.2217
June 2004	1.2320	1.2006	1.2146	1.2179
July 2004	1.2437	1.2032	1.2266	1.2032
August 2004	1.2368	1.2025	1.2191	1.2417
September 2004	1.2417	1.2052	1.2223	1.2417
October 2004	1.2783	1.2271	1.2507	1.2740
November 2004	1.3288	1.2703	1.2997	1.3259

Note:

(1) The average of the noon buying rates on the last business day of each month during the relevant annual period.

The noon buying rate for the Euro on December 6, 2004 was €1.00 = $1.3431.

The above rates may differ from the actual rates used in the preparation of our consolidated financial statements and other financial information appearing in this offering memorandum. Our inclusion of these exchange rates is not meant to suggest that the Euro amounts actually represent such U.S. dollar amounts or that such amounts could have been converted into U.S. dollars at any particular rate, if at all.

SUMMARY

This summary highlights selected information about us and about the offering of the Notes contained in this offering memorandum. This summary does not contain all of the information that you should consider before investing in the Notes. You should read the following summary together with the more detailed information included in this offering memorandum, including the consolidated financial statements and related notes, "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", before making an investment decision.

Our Operations

We are a medium-sized provider of logistics services that is active principally in central and eastern European countries and also operates in Asia. We specialize in providing entire logistics solutions and provide logistics services throughout the customer's supply chain. We strive to take advantage of the increasing trend toward outsourcing of contract logistics services. Within our strategic focus, we coordinate overland road, rail, air and sea freight services, as well as warehousing and supply chain management ("SCM") activities and the design and execution of customized logistics solutions. We had net sales of €1.7 billion in 2003 and €1.3 billion for the first nine months of 2004, and we currently employ over 9,200 people at approximately 350 sites in more than 40 countries.

We provide logistics services to our customers through our three business segments, Industry Solutions, Air & Ocean and Regional Logistics Services:

Industry Solutions. We provide tailored logistics services to manufacturers and retailers in specific industries that combine industry-specific know-how and special networks. Industry Solutions frequently cover a manufacturer's entire value chain and often present the opportunity of delivering services with higher added value than traditional transportation services or warehousing. At present, our Industry Solutions segment consists of the following business units:

- **THIEL Automotive** specializes in contract logistics for the automotive industry with a focus on outsourcing entire logistics functions and also operates warehouses and offers pre-assembly and quality-control services to automobile manufacturers.

- **THIEL FashionLifestyle** coordinates the warehousing and distribution of fashion goods to wholesalers and retailers, including the garment-on-hangers network throughout Germany and between Germany and Asia. THIEL FashionLifestyle is the German market leader in hanging-garment logistics. This business unit also offers logistics services to the lifestyle sector by organizing the delivery of cosmetics, fashion accessories and other products to retailers.

- **THIEL Media** is a market leader in Germany for specialized logistics services for print media, including press products, books, inserts and catalogues. This business unit offers services throughout the entire supply chain, from procurement for paper mills to retail distribution of print products, as well as value-added services such as labelling and packaging.

- **THIEL Furniture** is a market leader in new furniture distribution in Germany and offers specialized logistics solutions, transport and other logistics services to manufacturers, suppliers and retailers of new furniture.

We also operate a fresh-foods division under the name THIEL FreshNet that provides produce and related supplies to fast-food chains and similar convenience outlets, which we view as a potential business unit in our Industry Solutions segment.

For the first nine months of 2004, Industry Solutions accounted for 35.3% of our total net sales.

Air & Ocean. We offer tailored air and ocean transportation services, related warehousing, value-added services and freight management to our mainly medium-sized business customers. Our Air & Ocean division operates under the brand name "Birkart Globistics". Birkart Globistics supplements the services offered by our other business segments with intercontinental logistics capabilities. We operate our own global network of branch offices and have strategic partnerships for specific regions.

For the first nine months of 2004, Air & Ocean accounted for 17.9% of our total net sales.

Regional Logistics Services. We own and operate three transport and contract logistics providers that have a longstanding reputation and specific regional strengths. In our regional focus areas, we enjoy strong brand recognition and command strong market positions. Our business units in this business segment include:

- **Quehenberger** in Austria and eastern Europe;
- **Südkraft** in southern Germany; and
- **Delacher** in western and central Europe, especially western Austria, Switzerland, France and the Benelux countries.

For the first nine months of 2004, Regional Logistics Services accounted for 46.7% of our total net sales.

Our Key Strengths

We see our key strengths as including the following:

- ***Focused market approach and strong market position.*** Our services are targeted to specific customer industries and regions, allowing us to offer logistics solutions tailored to the needs of our existing and potential customers. We command leading market positions in many sub-sectors of our chosen customer industries and geographical focus areas. In addition, we believe that the market segments and geographic regions in which we are active offer significant growth potential, as companies increasingly outsource logistics to service providers and international trade volumes increase.

- ***Balanced portfolio across services, customers and geographies.*** We offer a full range of services that include shipping, freight forwarding, contract logistics, outsourcing and value-added services. Our customer base is diversified, with no customer accounting for more than 4% of our net sales. Our services are provided by a number of operationally independent subsidiaries, which are grouped into our three business segments, none of which generates more than half of our consolidated net sales. Although some of our activities are seasonal or cyclical, the diversified nature of our business has a stabilizing effect on our financial results.

- ***Flexible cost structure.*** Our businesses focus on the provision of contract logistics services and purchase the majority of commoditized shipping services from third parties. The base shipping capacity we maintain in-house is partly leased under operating leases with short maturities. In addition, our contracts with customers generally allow us to pass on certain key costs, such as fuel and labor. As a result, we have a cost structure that allows us to respond to changes in demand in a particular market or in the world-wide markets.

- ***Strong potential for increased cross-selling opportunities.*** Our business combines expertise in supply chain management with expertise in traditional transportation and warehouse logistics. We have long-term, sometimes exclusive, relationships with leading companies. We seek to leverage on these relationships to provide a wider range of logistics services to those customers. As a result of our comprehensive understanding of our customers' logistics needs, our clients sometimes choose to outsource their entire logistics functions to us. Our business portfolio allows us to share process expertise and networks across our business segments and creates opportunities to cross-sell logistics solutions. In addition, the focus on supply chain management and tailor-made client solutions leads to flexible services and asset requirements.

- ***New, experienced management team.*** Our current management team was appointed in mid-2003 and immediately undertook a thorough restructuring, which has returned our company to positive net income for the first nine months of 2004. Going forward, our management team plans to pursue a strategy of careful, profitable growth, as described below.

Our Recent Restructuring

In October 2002, DELTON acquired an indirect majority interest in our company and, consequently, operating control of our company. A new management team was installed at THIEL Logistik in mid-2003.

Under our new management team, we undertook an aggressive turn-around strategy. The key elements of this strategy included:

- restructuring our business into three core business segments, most of which consist of several underlying business units;
- assigning full operating responsibilities to separate management teams for each business unit, and aligning our various companies under one of the business units;
- disposing of all non-core assets, including over 20 companies that had less potential for both profitability and growth;
- cutting costs and controlling capital expenditures as needed to make continuing operations profitable;
- improving our capital structure through a net amount €95 million rights offering in April 2004; and
- implementing new controlling, planning and accounting systems that operate on a company-wide basis and give central management an accurate and timely view of operations at all company levels.

All elements of this initial turn-around strategy have been accomplished. In contrast to 2003, when we bore heavy restructuring costs, we recorded positive net income for the nine months ended September 30, 2004.

Our Strategy

We aim to retain or attain leading market positions in certain targeted industries and geographical regions by developing and implementing new services and expanding existing services and our customer base in these sectors and regions. We plan to focus on providing an integrated offering of contract logistics services and to maintain our strategic focus on the Industry Solutions, Regional Logistics Services and Air & Ocean segments.

Our strategy going forward is to increase profitability through further streamlining of our operations and through careful and focused growth in response to specific opportunities. In particular, we intend to:

- ***Continue to focus on our specialized, value-added "Industry Solutions" segment.*** We believe that, as manufacturing and retail become increasingly sophisticated, complex and globalized, there will be an increasing reliance on services providers that can meet the specialized logistics needs of particular industries. We intend to maintain our focus on this segment and to seek out further opportunities for growth in this segment. In addition, we may develop Industry Solutions for additional industries from existing customer relationships in our Regional Logistics Services segment.
- ***Round out our service offerings and reduce costs through strategic alliances.*** Forming strategic alliances can serve as a hedge against increasing competition. Among other things, our strategic alliances allow us to increase the range of services we offer at lower costs than we could offer those services on our own. Through the selective establishment of further strategic

alliances, we seek to increase our profitability by reducing infrastructure costs and/or generating additional volumes.

- ***Expand further in key growth markets, particularly China and eastern Europe.*** We have recently been awarded a Class-A License for wholly owned foreign enterprises in the People's Republic of China. This will permit us to operate in China without the involvement of a Chinese joint-venture partner and to service the domestic Chinese market. We view China as an important growth market. In addition, we believe that the recent accession of many eastern European countries to the European Union will result in a growth of manufacturing operations in those countries. A key element of our strategy thus includes expanding our operations in those markets.

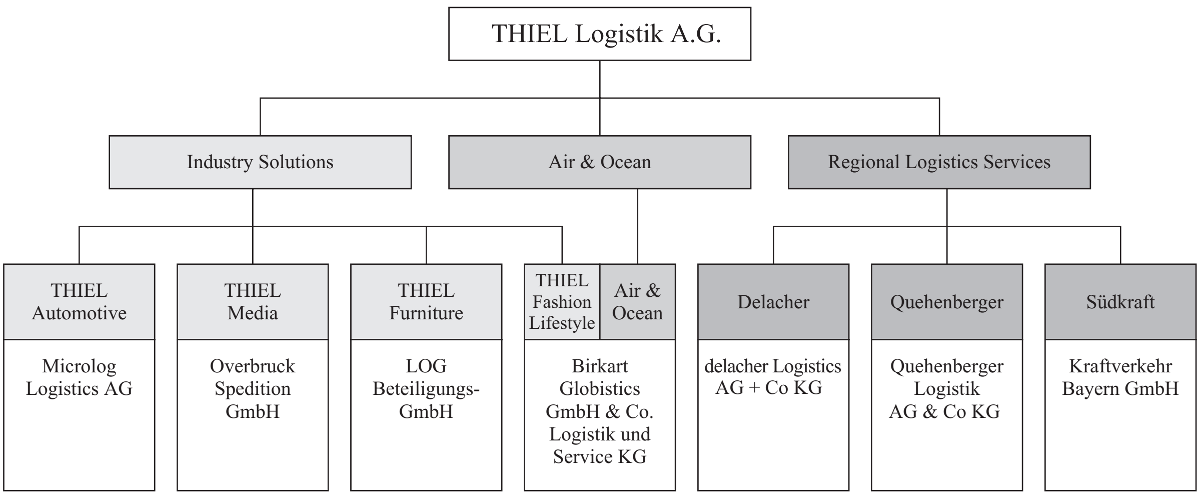
- ***Further reduce costs through more complete integration of acquired companies and through a more efficient structure at our individual business units.*** We have been successful within the past year at establishing a clear organizational and corporate structure. We believe, however, that there is additional potential to streamline management and operations at the business unit level and at each individual company within our segments and to simplify our legal structure.

- ***Increase cross-selling among our business units.*** Prior to the appointment of our new management team in mid-2003, many of our subsidiary companies operated fully independently, did not fully exploit all opportunities of membership in the Group and often did not offer services from other group companies to their customers. A key purpose of our new management information systems is to give each business unit a full view of the services offered by and the capacities of other units, thus allowing for better exploitation of the synergetic potential of the Group.

These strategies could involve the targeted acquisition of further operations or companies. We intend to approach any such opportunities very cautiously.

Our Corporate Structure

Our various companies are organized under our three business segments, Industry Solutions, Air & Ocean and Regional Logistics Services. The following chart shows our corporate structure, with the principal brands and the lead companies for each business segment:



The Offering

The summary below describes the principal terms of the Notes and the guarantees. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of the Notes" section of this offering memorandum contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

Issuer	THIEL Logistik A.G.
Notes Offered	€130,000,000 aggregate principal amount of 8% senior subordinated Notes due 2012.
Issue Date	December 13, 2004.
Maturity Date	December 15, 2012.
Interest Payment Dates	Semi-annually in arrears on each December 15 and June 15 of each year, commencing on June 15, 2005. Interest will accrue from the issue date of the Notes.
Subsidiary Guarantors	All payments of principal of and interest and premium (if any) on the Notes will be unconditionally guaranteed by subsidiaries of the Issuer that are designated as Subsidiary Guarantors. At the date of the issuance of the Notes, there will be 21 Subsidiary Guarantors, who collectively accounted for 80.2% of the EBITDA of the Group, 70.6% of the net sales and 59.8% of the net tangible assets of our group for the 12 months ended September 30, 2004. See "Description of the Notes – Subsidiary Guarantees" and "Listing and General Information – General Information on the Subsidiary Guarantors".
Ranking and Guarantees	The Notes will be senior subordinated indebtedness of the Issuer and will be subordinated in right of payment to all existing and future senior indebtedness of the Issuer. The Notes will rank equally in right of payment to any future senior subordinated indebtedness of the Issuer. The Subsidiary Guarantors will provide guarantees for the Notes on a senior subordinated basis. The guarantees are subject to limitations under local law and may be released in certain circumstances. See "Description of the Notes – Subsidiary Guarantees". Each direct and indirect guarantee will be subordinated in right of payment to all existing and future senior debt of such guarantor. The Notes and the guarantees will be structurally subordinated to all obligations of the Issuer's subsidiaries that do not guarantee the Notes. As at September 30, 2004, on a pro-forma basis, after giving effect to the issuance of the Notes, and the application of the proceeds thereof as described in "Use of Proceeds": • the Issuer would have had €154.5 million of total liabilities to third parties, including the Notes;

	• the Issuer would have had no senior subordinated indebtedness other than the Notes; • the Subsidiary Guarantors would have had outstanding €306.9 million of total liabilities to third parties; and • non-guarantor subsidiaries of THIEL Logistik A.G. would have had €165.3 million of total liabilities to third parties, all of which would have been structurally senior to the Notes.
Security	The Notes and the guarantees will be unsecured obligations of the Issuer and the Subsidiary Guarantors, respectively.
Optional Redemption	The Issuer may redeem all or part of the Notes on or after December 15, 2008 at the redemption prices listed in "Description of the Notes – Optional Redemption". On or before December 15, 2007, the Issuer may use the proceeds of specified equity offerings to redeem up to 35% of the original principal amount of the Notes at a redemption price equal to 108% of their principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any to the redemption date, provided that at least 65% of the aggregate principal amount of the Notes remains outstanding after the redemption. See "Description of the Notes – Optional Redemption". The Issuer may also redeem the Notes in whole, but not in part, at any time, upon giving proper notice, following certain changes in tax laws. If the Issuer decides to do this, it must pay investors a price equal to the principal amount of the Notes plus interest and certain other amounts. See "Description of the Notes – Optional Tax Redemption".
Change of Control	If the Issuer experiences a change of control, the Issuer will be required to offer to repurchase the Notes at 101% of their principal amount, plus accrued and unpaid interest. See "Description of the Notes – Change of Control".
Covenants	The Issuer will issue the Notes and the related guarantees under an indenture. The indenture will limit, among other things, the ability of the issuer and certain of its subsidiaries to: • incur or guarantee additional indebtedness; • make certain restricted payments, including payments of dividends, other distributions or investments; • create or permit to exist liens; • impose restrictions on the ability of our subsidiaries to pay dividends or make other payments to the Issuer; • transfer or sell assets; • merge or consolidate with other entities; and • enter into transactions with affiliates.

	Each of the covenants is subject to a number of important exceptions and qualifications. See "Description of the Notes – Certain Covenants".
Transfer Restrictions	Neither the Notes nor the related guarantees have been, or will be, registered under the U. S. Securities Act. The Notes and the related guarantees are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the U. S. Securities Act. See "Notice to Investors and Transfer Restrictions" and "Notice to Certain European Investors".
No Prior Market	The Notes will be new securities for which there is currently no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Listing	Application has been made to list the Notes on the Luxembourg Stock Exchange.
Governing Law	The law of the State of New York.
Use of Proceeds	The net proceeds of the Notes will be used to repay existing indebtedness and for general working capital purposes. See "Use of Proceeds".
Trustee	Deutsche Trustee Company Limited.
Principal Paying Agent	Deutsche Bank AG London.
Luxembourg Listing and Paying Agent	Deutsche Bank Luxembourg S.A.
Transfer Agent and Registrar	Deutsche Bank Luxembourg S. A.
Risk Factors	You should refer to the section entitled "Risk Factors" for an explanation of certain risks involved in investing in the Notes.

Summary Consolidated Financial Data

The following consolidated financial data are derived from our financial statements that are included elsewhere in this offering memorandum. Our financial statements have been prepared in accordance with U. S. GAAP, except as indicated below. Except as otherwise indicated, the following financial data and the statements from which they are derived differ from the financial statements for 2002 and 2003 that we previously made public. In our financial statements for 2003 that we published in early 2004 as part of our annual report for 2003, we restated our financial statements for 2002 to record certain leasing contracts as capital leases rather than operating leases, and we reclassified certain operations for 2002 and 2003 as discontinued operations. In the financial statements for 2002 and 2003 contained in this offering memorandum, we have reclassified further operations as discontinued operations in accordance with U.S. GAAP. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Information".

Our consolidated financial statements as at and for the year ended December 31, 2003 have been audited by Ernst & Young Société Anonyme, Independent Auditors, Luxembourg. That audit report of Ernst & Young does not cover the comparative financial statements as at and for the year ended December 31, 2002, although it does cover the restatement and reclassification adjustments from the historical audited 2002 statements. We have also included herein the historical consolidated financial statements as at and for the year ended December 31, 2002, which have been audited by AbaCab S.à r.l. Auditors Business Association Cabinet, independent auditor, Luxembourg, and which do not reflect the restatement and reclassifications described above. These historical financial statements did not comply with U.S. GAAP in certain respects as described in the paragraph above. AbaCab S.à r.l. has not reissued an audit report on these statements covering the restatements and reclassifications.

The following consolidated financial data as at and for the nine and twelve-month periods ended September 30, 2004 and as at and for the nine-month period ended September 30, 2003 are derived from financial statements that have not been audited. Due to the seasonal nature of our business, you should not rely on this interim financial data to predict our results for the year ended December 31, 2004 or any future period.

Our consolidated unaudited financial statements as at and for the nine months ended September 30, 2003 do not conform with U.S. GAAP in certain respects, principally relating to the timing of certain book entries. We have indicated, in footnote disclosure, non-complying line items in certain tables of financial information contained in the following consolidated financial data and in "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" below. For an explanation of these non-compliant items and their impact on our results of operations and financial condition, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Information".

We do not consider our financial data as at December 31, 2001 and for the year then ended to be comparable to data for later periods and dates and have therefore not included that financial data in the following tables. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Key Factors Influencing our Financial Condition and Results of Operations – Special Factors Affecting Results for 2001".

Consolidated Statements of Income

	Years ended December 31,			Nine months ended September 30,		12 months ended September 30,
	2002	2002	2003	2003	2004	2004
	(historical)	(reclassified and restated) (unaudited)	(reclassified)	(reclassified and restated) (unaudited)	(unaudited)	(unaudited)
	(thousands of €)					
Net sales	1,491,421	1,352,328	1,663,598	1,234,109	1,307,401	1,736,890
Cost of sales	(1,375,261)	(1,239,795)	(1,539,808)	(1,143,807) [1]	(1,207,157)	(1,603,158)
Gross margin	**116,160**	**112,533**	**123,790**	**90,302**	**100,244**	**133,732**
Operating expenses	(114,599)	(96,402)	(116,574)	(86,335) [1]	(78,651)	(108,890)
Operating income before restructuring and impairment	**1,561**	**16,131**	**7,216**	**3,967**	**21,593**	**24,842**
Restructuring costs	–	–	(14,008)	(14,369) [2]	–	361
Impairments	–	–	(36,005)	(35,807)	–	(198)
Operating income (loss)	**1,561**	**16,131**	**(42,797)**	**(46,209)** [3]	**21,593**	**25,005**
Financial results	(9,921)	(9,657)	(22,747)	(18,239)	(10,288)	(14,796)
Income taxes	3,293	(2,631)	(7,328)	(4,984) [4]	(4,260)	(6,604)
Income (loss) from discontinued operations	–	(9,184)	(84,250)	(58,425)	(3,587)	(29,412)
Income before minorities	(5,067)	(5,341)	(157,122)	(127,857)	3,458	(25,807)
Minority interest	(31)	83	915	591	(2,065)	(1,741)
Net income (loss)	**(5,098)**	**(5,258)**	**(156,207)**	**(127,266)** [5]	**1,393**	**(27,548)**

Notes:

(1) Includes the recognition of provisions of €1.6 million mainly relating to personnel expenses attributable to cost of sales and operating expenses that under U.S. GAAP should have been reversed in the third quarter of 2003 rather than the fourth quarter of 2003.

(2) Includes €1.7 million of restructuring expenses that under U.S. GAAP should only have been recorded in the fourth quarter of 2003.

(3) Had the timing of the recognition of the items identified in the preceding footnotes been in accordance with U.S. GAAP, operating loss for the first nine months of 2003 would have been €42.9 million.

(4) Does not include an impairment of our deferred tax asset in the amount of €3.5 million that under U.S. GAAP should have been recorded in the third quarter of 2003.

(5) Had the timing of the recognition of the items identified in the preceding footnotes been in accordance with U.S. GAAP, net loss for the first nine months of 2003 would have been €127.5 million.

Consolidated Balance Sheet

	As at December 31,			As at September 30,	
	2002	2002	2003	2003	2004
	(historical)	(reclassified and restated) (unaudited)	(reclassified)	(reclassified and restated) (unaudited)	(unaudited)
			(thousands of €)		
Cash and cash equivalents	111,565	111,565	51,012	51,307	86,833
Accounts receivable, net of allowances	244,872	219,664	234,613	270,444	235,883
Assets of disposal group	–	102,677	35,213	68,858	14,268
Other current assets	59,289	49,765	44,528	48,295	39,209
Total current assets	**415,726**	**483,671**	**365,366**	**438,904**	**376,193**
Property, plant and equipment, net	313,273	292,878	277,301	273,358	263,660
Goodwill	260,659	237,811	287,758	286,074	288,048
Other non-current assets	86,043	83,706	68,076	83,039 (1)	63,793
Total non-current assets	**659,975**	**614,395**	**633,135**	**642,471** (2)	**615,501**
Total Assets	**1,075,701**	**1,098,066**	**998,501**	**1,081,375** (2)	**991,694**
Short-term borrowings and current portion of long-term debt	113,304	110,404	157,031	146,906	101,024
Trade accounts payable	147,589	136,100	154,031	167,903	165,621
Accrued expenses, other liabilities and deferred income	97,561	89,390	109,024	133,928 (3)(4)	106,407
Liabilities of disposal group	–	36,501	34,520	37,192	12,138
Other current liabilities	23,448	20,811	17,902	20,014	21,851
Total current liabilities	**381,902**	**393,206**	**472,508**	**505,943** (5)	**407,041**
Long-term debt	127,941	125,444	107,927	113,962	77,050
Lease obligations	32,906	48,266	47,031	44,379	46,501
Retirement and other employee-related obligations	47,077	44,245	46,759	46,208	48,061
Other long-term liabilities	41,968	40,501	42,288	58,138	35,850
Total non-current liabilities	**249,892**	**258,456**	**244,005**	**262,687**	**207,462**
Minority interest	4,858	7,516	2,235	3,185	2,122
Shareholders' equity	439,049	438,888	279,753	309,560 (5)	375,069
Total liabilities and shareholders' equity	**1,075,701**	**1,098,066**	**998,501**	**1,081,375** (5)	**991,694**

Notes:

(1) Does not reflect an impairment of our deferred tax asset in the amount of €3.5 million that under U.S. GAAP should have been recorded in the third quarter of 2003.

(2) Had the timing of the recognition of the item identified in the preceding footnote been in accordance with U.S. GAAP, total non-current assets and total assets at September 30, 2003 would have been €639.0 million and €1,077.9 million, respectively.

(3) Reflects the recognition of provisions of €1.6 million mainly relating to personnel expenses attributable to cost of sales and operating expenses that under U.S. GAAP should have been reversed in the third quarter of 2003 rather than the fourth quarter of 2003.

(4) Reflects the recognition of restructuring expenses of €1.7 million, which under U.S. GAAP should only have been recorded in the fourth quarter of 2003.

(5) Had the timing of the recognition of the items identified in the preceding footnotes been in accordance with U.S. GAAP, total current liabilities and shareholders' equity at September 30, 2003 would have been €502.6 million and €309.4 million, respectively. Total liabilities and shareholders' equity at September 30, 2003 would have been €1,077.9 million.

Segment Data

	Years ended and as at December 31,		Nine months ended and as at September 30,		12 months ended and as at September 30,
	2002	2003	2003	2004	2004
	(reclassified and restated) (unaudited)	(reclassified)	(reclassified and restated) (unaudited)	(unaudited)	(unaudited)
			(thousands of €)		
Net sales (1)					
Industry Solutions	353,183	622,555	459,416	462,072	625,211
Air & Ocean	278,963	281,071	204,205	233,766	310,632
Regional Logistics Services	691,417	758,586	569,483	610,831	799,934
Operating income (loss) (1)					
Industry Solutions	(1,629)	15,512	9,823	8,654	14,343
Air & Ocean	(986)	(979)	(617)	3,869	3,507
Regional Logistics Services	12,476	16,255	12,882	20,124	23,497
Total assets (1)					
Industry Solutions	324,933	409,530	436,493	419,713	419,713
Air & Ocean	106,181	108,726	108,801	120,747	120,747
Regional Logistics Services	483,557	473,732	480,722	461,559	461,559

Note:

(1) Segment data does not include certain results and assets relating to our head office and other operations that are not assigned to a particular segment. As at and for the nine months ended September 30, 2004, net sales, operating income and total assets not assigned to a business segment accounted for less than 1% total consolidated net sales, operating income and total assets, as the case may be.

Cash Flow Data

	Years ended December 31,			Nine months ended September 30,		12 months ended September 30,
	2002	2002	2003	2003	2004	2004
	(historical)	(reclassified and restated) (unaudited)	(reclassified)	(reclassified and restated) (unaudited)	(unaudited)	(unaudited)
			(thousands of €)			
Net cash provided by operating activities	32,796	36,435	38,505	29,736	52,716	61,485
Net cash used in investing activities	(85,101)	(60,438)	(99,991)	(78,745)	(8,706)	(29,952)
Net cash provided by financing activities	104,036	97,526	18,378	13,079	357	5,656
Net cash used in discontinued operations	–	(21,792)	(16,049)	(23,178)	(8,914)	(1,785)
Effects of exchange rate changes on cash	(781)	(781)	(1,396)	(1,150)	368	122
Increase (decrease) in cash and cash equivalents	**50,950**	**50,950**	**(60,553)**	**(60,258)**	**35,821**	**35,526**

Other Financial Data

	Years ended December 31,			Nine months ended September 30,		12 months ended September 30,
	2002	2002	2003	2003	2004	2004
	(historical)	(reclassified and restated) (unaudited)	(reclassified)	(reclassified and restated) (unaudited)	(unaudited)	(unaudited)
	(thousands of €)					
EBITDA [(1)(8)]	39,387	48,640	50,655	36,302	51,670	66,023
Adjusted EBITDA [(2)(8)]	13,317	22,570	50,655	36,302	51,670	66,023
Adjusted EBITDAR [(3)(8)]	80,518	76,282	116,768	84,668	103,475	135,575
Net debt [(4)]	169,111	179,464	267,471	260,377	144,351	144,351
Net interest expense [(5)]	(9,058)	(8,654)	(15,405)	(11,529)	(10,844)	(14,720)
Pro-forma net debt [(6)]					156,550	156,550
Pro-forma interest expense						(16,766)
Pro-forma net interest expense [(7)]						(15,290)
Ratio of Pro-forma net debt to Adjusted EBITDA						2.37
Ratio of Adjusted EBITDA to Pro-forma interest expense						3.94
Ratio of Adjusted EBITDA to Pro-forma net interest expense						4.32

Notes:

(1) EBITDA is not a standardized measure and can be defined and calculated differently by each company using it. We define EBITDA as operating income before restructuring and impairment, *plus* depreciation and amortization. Since EBITDA is not a standardized measure, it should not be used to make comparisons from company to company. It is also not a measure of cash flow and should not be relied on as a measure of liquidity in lieu of the cash-flow data presented above.

(2) Adjusted EBITDA is EBITDA as defined above, as adjusted to remove the effect of certain exceptional items. The sole adjustment that we have made to EBITDA in this line item is the removal of the effect of one-time consulting revenues of €26.1 million in 2002. This adjustment does not reflect any costs we may have incurred with respect to these consulting revenues.

(3) Adjusted EBITDAR is Adjusted EBITDA plus rental charges and operating lease expenses.

(4) Net debt is total indebtedness, as reflected on our consolidated balance sheet, *minus* cash and cash equivalents, not including indebtedness of discontinued operations.

(5) Net interest expense is consolidated interest expense *minus* consolidated interest income.

(6) Pro-forma net debt is net debt as at September 30, 2004, as adjusted on a pro-forma basis to reflect the issuance of the Notes and the repayment of indebtedness as set out in "Use of Proceeds".

(7) Pro-forma gross interest expense is a pro-forma calculation of interest expense for the 12 months ended September 30, 2004, calculated on the indebtedness included in the calculation of "Pro-forma net debt" above and otherwise calculated on the basis of pro-forma cash and cash equivalents after giving effect to this offering as set out in "Capitalization". Pro-forma net interest expense is pro-forma gross interest expense, adjusted to deduct pro-forma interest income calculated on the same basis. We have calculated pro-forma gross and net interest expense based on the following changes in net financial expenses:

i. repayment of €86.4 million of short-term debt, assuming an interest rate of 4.6%, translating into a decrease in net financial expenses of €4.0 million;

ii. repayment of €35.1 million of long-term debt, assuming an interest rate of 5.9%, translating into a decrease in net financial expenses of €2.1 million;

iii. offering of the Notes, assuming an interest rate of 8.00%, translating into an increase in net financial expenses of €10.4 million; and

iv. cash and cash equivalents of €86.8 million, assuming an interest rate of 1.7%, translating into financial income of €1.5 million.

The components of pro-forma net interest expense are as follows:

	Pro-forma 12 months ended September 30, 2004
	(thousands of €)
Pro-forma interest expense	(16,766)
Pro-forma interest income	1,476
Pro-forma net interest expense	**(15,290)**

(8) The following table reconciles our EBITDA calculations presented above to our net income:

	Years ended December 31,			Nine months ended September 30,		12 months ended September30,
	2002	2002	2003	2003	2004	2004
	(historical)	(reclassified and restated) (unaudited)	(reclassified)	(reclassified and restated) (unaudited)	(unaudited)	(unaudited)
			(thousands of €)			
Operating income before restructuring and impairment	1,561	16,131	7,216	3,967	21,593	24,842
Depreciation	(34,269)	(28,773)	(34,391)	(25,803)	(22,868)	(31,456)
Amortization	(3,557)	(3,736)	(9,048)	(6,532)	(7,209)	(9,725)
EBITDA	**39,387**	**48,640**	**50,655**	**36,302**	**51,670**	**66,023**
Adjustment	(26,070)	(26,070)	–	–	–	–
Adjusted EBITDA	**13,317**	**22,570**	**50,655**	**36,302**	**51,670**	**66,023**
Rental charges and operating lease expense	(67,201)	(53,712)	(66,113)	(48,366)	(51,805)	(69,552)
Adjusted EBITDAR	**80,518**	**76,282**	**116,768**	**84,668**	**103,475**	**135,575**

RISK FACTORS

An investment in the Notes involves a significant degree of risk. You should carefully consider the following specific risk factors along with the other information contained in this offering memorandum before deciding to invest in the Notes. Each of the risks described below could have a material adverse effect on our financial condition and results of operations. These risks are not the only ones that may exist; additional risks not known to us or that we consider immaterial may also have an impact on our business operations in the future through the life of the Notes.

Risks Relating to our Business and Industry

We may be unable to successfully integrate our acquisitions.

Until mid-2003, we grew largely through acquisitions of other companies active in the logistics industry, some of which had substantial revenues and a significant number of employees compared to our consolidated revenues and total number of employees.

As a result of these acquisitions, our group currently consists of more than 150 consolidated legal entities, which represent a variety of business activities. We have the central task of continuing to integrate the companies acquired into our group structure. Failure to complete this integration may harm our business, financial condition and results of operations.

Depending on available funds and our level of indebtedness, we may, under certain circumstances, consider additional opportunities to expand our business. However, each acquisition entails certain risks, including those relating to the integration of the acquired business and personnel, implementation of effective controlling mechanisms, diversion of management attention and unexpected liabilities. The success of our business will therefore depend on whether we can successfully manage our past and future growth. We cannot assure you that we will be able to successfully integrate companies acquired in the past or in the future or to achieve the anticipated increases in revenue, cost savings and economies of scale or that actual integration costs will not be greater than estimated costs which could have a material adverse effect on our business or results of operations.

Our business is subject to macroeconomic and other factors beyond our control.

The logistics industry is dependent on a number of external factors. These include general economic conditions which influence, *inter alia,* our customers' markets, levels of domestic consumption in our key European markets and levels of international trade. External factors affecting the logistics industry also include the price of fuel and the imposition of, or increases in, import taxes, vehicle taxes and duties or truck tolls. For instance, we expect shortly to be subject to a truck toll in Germany, our main market. Higher unit costs resulting from these factors could lead to a drop in demand for logistics services or erosion of margins. These events could have a material adverse effect on our operating cash flow and results of operations.

As we expand our business activities into regions outside the area covered by the European Monetary Union, our revenues will increasingly be generated in currencies other than the Euro. Fluctuations in the exchange rates between non-Euro currencies and the Euro result in translation risks and transactional exposure. Outside the Euro zone, we have significant operations in eastern European countries, in Switzerland and Hong Kong. Fluctuations between the currencies of those countries and the Euro can therefore affect our financial condition and results of operations. In addition, substantial currency fluctuations could lead to a decline in international trading volumes which would, in turn, have a direct impact on the demand for logistics services.

Consolidation and competition in the market for logistics services may harm our business.

The logistics industry is intensely competitive. We face competition from a number of companies, many of which have significantly greater financial and marketing resources and operate larger global networks than we do. In the industry sectors and regions in which we are active, we also face competition from certain niche logistics providers, some of which have a significant market presence in their respective sectors or regional niche markets. If we cannot successfully compete with our competitors, this could result in reduced revenues and reduced margins, both of which could have a material adverse effect on our operating cash flows and results of operations.

In recent years, the logistics market has seen a growing market presence of larger logistics companies. Many larger logistics companies are attempting to expand their operations through the acquisition of regional freight forwarders and contract logistics providers. We follow a strategy of specialization in selected industries and regions where we believe we have competitive advantages and therefore a defensible market position. If we cannot maintain or gain sufficient market presence or are unable to differentiate ourselves from our competitors in our selected industries or regions or if our strategy fails to achieve its intended results, we may not be able to compete successfully against larger companies with global operations or niche-market competitors.

In addition, our strategy includes a focus on tailor-made solutions for specific customers, which results in our having close relationships with key customers. These close relationships could inhibit our ability to win business from competing customers, which could hamper our ability to grow our operations as planned.

Our customer base is increasingly consolidating, which can result in a loss of customers or pricing pressure for our services.

A large number of the various industries to which we provide logistics services are subject to increased consolidation. Where companies have merged, the subsequent integration process often results in only a single logistics company being retained. Consequently, mergers between customers constitute a risk that we will lose our customers. The loss of such customers could have a material adverse effect on our business activities, financial condition and results of operations.

In addition, this tendency towards customer consolidation can result in increased market power of the remaining customers. Such customers may be able to switch to other providers, provide the logistics services required by their business in-house or request more favorable rates. Growing customer concentration could therefore result in the loss of market share and pressure on prices and margins. Likewise, a customer's increased bargaining power could have a negative effect on non-monetary terms of our customer contracts, in particular, in relation to termination rights or the allocation of capacity utilization risk. Any such changes in our customer contracts could adversely affect our revenues and operating cash flows.

We are dependent on developments in our customers' markets.

We focus our logistics services on specific industry sectors and geographical regions. See "Business – Business Segments". We are therefore dependent on market developments in these sectors and regions. Some of these industry sectors, such as the media, fashion or furniture industry, and some of these regions, are currently facing economic stagnation or downturn.

Our growth strategy is partially based on the assumption that the trend towards outsourcing logistics services will continue despite stagnant or declining customer markets. No assurance can be given that a decline in market volumes in our target industries and regions will not lead to a declining demand for logistics services. Likewise, potential customers may see a risk in relying on third party logistics service providers or may define these activities as their own core competencies and hence may prefer to perform logistics operations themselves. We can therefore not assure you that the market for logistics services will not decline or will grow as we expect.

We face a variety of risks relating to our contract logistics projects.

For certain contract logistics projects, we have agreed to operate on behalf of our customers, and in some cases we also acquire or lease on a long-term basis warehouses and distribution facilities from them. A number of these projects require substantial investments in property, plant and equipment, new employees and management capacity. If we acquire or take over existing facilities of a customer, we may in some jurisdictions, including Germany, assume by operation of law all rights and obligations arising under the existing employment relationships between our customer and the customer's employees employed at the respective facility. This may result in additional costs and obligations to be incurred by us.

Some of the facilities we have acquired or leased are tailored to the specific needs of a particular customer or a specific industry. We generally strive to minimize the capacity utilization risk by committing our customer to assume our obligations in the event that the termination of the logistics contract was not caused by us. If, however, the customer has not agreed to such a commitment and decides to terminate or not to renew the logistics contract, and we are unable to use the facility otherwise, our revenues, cash flows and results of operations may be adversely affected. This could result in an impairment of goodwill or other assets. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Key Factors Influencing on Financial Condition and Results of Operations – Impairment of Goodwill and Long-lived Assets".

As a result of the factors described above, we may need to make expenditures and incur contractual obligations to support our contract logistics business, not all of which are covered by corresponding contractual commitments to us from our customers.

Under some of our logistics agreements, we have agreed to reduce our fees over time in accordance with anticipated cost savings and efficiency improvements. Consequently, the future profitability of these agreements is dependent on the actual cost savings and efficiency improvements we achieve. In addition, some customers have the right unilaterally to extend their contracts. If we are compelled to perform our contractual obligations on unfavorable terms, our revenues and operating cash flows could be adversely affected.

We face the risk that some customers may fail to reimburse us for disbursements that we make on their behalf. We also bear the risk of non-payment by our customers' customers in some cases.

Some logistics projects require us to make disbursements on behalf of our customers for transportation costs concerning collect freight, custom duties and taxes. If we were unable to recover these disbursements, this would materially adversely affect our operating cash flows and results of operations.

A limited number of logistics contracts require us to acquire ownership of the goods to be delivered and assume the risk of loss and the risk of not receiving payment from the customers of our customer. The profitability of these logistics contracts is therefore dependent on the ability and willingness of the addressees of the respective goods to meet their financial obligations.

We are dependent on a small number of major customers for a significant portion of our revenues.

In 2003, we generated approximately 14% of our net sales with our five largest customers. In some business units within our Industry Solutions segment, only one or a few customers account for a considerable part of our revenues in that business unit. With some of our customers, we, like other logistics providers, do not operate under formalized contracts. See "Business – Business Segments" and "Business – Supplier and Customer Relationships". If our customers decide not to renew or terminate existing operating agreements, this would have a material adverse effect on the relevant business unit and our business, revenues and operating cash flows.

We may incur losses as a result of excess freight or warehouse capacity if our projections of future demand prove to be inaccurate.

We are required to provide freight and warehouse capacity for certain of our customers. In order to meet such customer requirements, we not only maintain our own transportation and warehousing facilities but frequently contract with third parties for freight and warehouse capacities. Capacities are maintained or purchased on the basis of projections as to future demands for freight and warehouse capacities, which may prove to be inaccurate. Such projections involve uncertainties, including changes to the economic conditions in the specific industry sector for which the capacities are either purchased or maintained and any decision by our customers to terminate or not to renew their contracts with us. Some of our warehouses have been customized to meet customers' unique requirements, which reduces the number of alternative customers or uses that can be found for these facilities, some of which can have book values of up to €30 million. For example, the customer for our Heppenheim facility recently announced that it will not renew the contract covering that facility, which will expire in mid-2005. We are currently seeking a replacement customer or other means of using or disposing of this asset. If we are not able to use or sell the freight and warehouse capacity we own or purchase, this will have a material adverse effect on our financial condition and results of operations and may require us to record impairments on assets.

We may have to further impair our goodwill or fixed assets, or to provide valuation allowances on our deferred tax assets.

We periodically test our goodwill, fixed assets and deferred tax assets, as required by U.S. GAAP, to determine if an impairment charge should be made against those assets. We have reported substantial goodwill, principally in connection with past acquisitions (€288.0 million as at September 30, 2004). Our strategic reorientation and the associated restructuring process resulted in an impairment of goodwill in the amount of €30.8 million for 2003. Under U.S. GAAP, we may be required to recognize impairments of fixed assets due to expected future cash flow developments or changes in operations. If the estimated future net undiscounted cash flows are less than the carrying amount of the asset, the asset is considered impaired, and expense is recognized equal to the amount required to reduce this carrying amount of the asset to its then fair value. We test for impairments of our facilities from time to time as required. For example, if we are unable to find a replacement customer for our Heppenheim facility promptly, we may need to recognize an impairment on this facility. To the extent that any such U.S. GAAP impairments impact our financial statements and those of subsidiaries under each relevant GAAP, this could, under local corporate law, impair the ability of our various subsidiaries to pay dividends to us. If our subsidiaries were not permitted to pay dividends to the Issuer or a Subsidiary Guarantor, we may not have adequate cash to make scheduled payments on the Notes. Goodwill or other impairments recorded under U.S. GAAP or IFRS could also affect our compliance with covenants on other debt.

We are subject to legal proceedings that could result in substantial liabilities for us.

We are involved in several legal proceedings, including cartel investigations in Germany and in the United States. It is difficult to predict the ultimate outcome of these proceedings and their impact on our business. However, liabilities or fines resulting from these proceedings could be substantial and exceed by far provisions created and may thus have a material adverse effect on our operating cash flow and our ability to make payments on the Notes. See "Business – Litigation and Legal Proceedings".

Our future cash flow may be insufficient to fund all of our pension liabilities.

The Company and its subsidiaries have obligations to their employees relating to pensions and other post-retirement benefits. Our pension liabilities equaled €35.5 million as at September 30, 2004. The precise nature of these obligations varies among the countries in which we operate. Retirement obligations recognized in the balance sheet pertain to particular members of the Board of Directors, the Executive Board and key employees. In the course of our past acquisitions, we assumed retirement obligations of the acquired companies, including retirement plans. As at September 30, 2004, approximately only 2.8% of our pension liabilities were funded. Under the laws of Germany and most other jurisdictions in which we operate, our pension liabilities rank senior to our obligations under the Notes and the guarantees. If our operating cash flows are less than we expect, we could have inadequate resources to meet our pension obligations and other obligations, and our ability to make payments on the Notes and the guarantees could be adversely affected.

We are dependent on access to transportation networks.

Unlike some of our larger competitors, we do not maintain our own world-wide transportation network. Thus, we rely on other transportation service providers for some of our logistics services. A number of our subsidiaries are members of networks or alliances among various shippers, freight carriers and logistics companies. Within these networks, the distribution and forwarding of freight is organized with the aim of reducing unused freight capacities. Access to such networks is important to medium-sized logistics companies such as ourselves that do not maintain their own global network. We cannot assure that we will always be able to ensure access to these networks or that these networks will continue to meet our needs and remain competitive, in particular vis-à-vis our large competitors with their own global networks. If we are unable to ensure sufficient access to domestic and international networks on a long-term basis, this could have a material adverse effect on business, revenues, operating results and operating cash flows.

We may be unable to comply with future regulatory requirements, which could limit our business.

We are required to comply with a regulatory framework and/or to hold certain licenses and permits in various jurisdictions. For example, the delivery of press products on Sundays in Germany, the 24-hour operation of logistics facilities and the handling of hazardous materials are subject to labor, environmental and other regulatory requirements. In certain countries, logistics service providers are required to hold national or international transport licenses in order to perform their services. We believe that we have taken the necessary measures to ensure that the applicable statutory requirements have been fulfilled and that our companies hold all licenses and permits necessary to conduct our business activities. It is possible, though, that we will be unable to respond to new statutory requirements or will not do so quickly enough. In the event that we are fined for breach of regulatory requirements, or if we are unable to obtain necessary permits to provide certain services, or if we are unable to pass along any costs of increased regulation to our clients, this could have an adverse effect on our operating cash flow and our ability to make payments on the Notes.

We may face significant liabilities associated with site contamination or other environmental damage.

We provide logistics services to customers handling hazardous materials. We transport goods and operate facilities such as warehouses for customers in these sectors. Our activities may thus result in the contamination of soil, water or the air, and site contamination may be present at acquired companies. We may in some jurisdictions be held liable for the cost-intensive clean-up of contaminated sites we have acquired even if we were not the originator of such contamination. In connection with the disposal of certain business activities, we have agreed to indemnify the purchasers from costs and other liabilities such purchasers may incur in relation to a potential contamination of property belonging to the business activities sold. Any such environmental liability could have an adverse effect on our financial position, operating cash flow and our ability to make payments on the Notes.

Our business is highly dependent on information technology.

The provision and application of information technology is an important competitive factor in the logistics industry. Among other things, our informations systems must frequently interact with those of our customers and transportation providers that we rely on. Our future success will depend on our ability to employ logistics software that meets industry standards and customer demands. The failure of the hardware or software that supports our information technology systems could significantly disrupt customer workflows and cause economic losses for which we could be held liable and which would damage our reputation. We expect customers to continue to demand more sophisticated and fully integrated information technology systems compatible with their own information technology environment from their logistics service providers. If we fail to meet the demands of our customers or protect against disruptions of our and our customers' operations, we may lose customers, which could seriously harm our business and adversely affect our operating results, operating cash flow and our ability to make payments on the Notes.

We are dependent on key management personnel.

Our future performance depends on the continued presence of our key management personnel and that of our various business units. Any loss of the service of senior management personnel could have a material adverse effect on our business, operating results and financial condition.

We are highly leveraged, and our debt service obligations could adversely affect our business.

Our substantial acquisitions in the past were paid partly in cash. This has led to a high level of debt (equaling €234.9 million as at September 30, 2004). On a pro-forma basis, calculated to give effect to the issuance of the Notes and repayment of debt as described in "Use of Proceeds", as of September 30, 2004, our total indebtedness outstanding would have been €243.4 million.

Our level of indebtedness renders us vulnerable to general economic developments, in particular a downturn in economic or industry conditions or in our business. It limits our ability to obtain additional financing, in particular by raising our financing costs, and we are subject to significant interest-rate fluctuations. In addition, our level of indebtedness will require the dedication of a portion of our available funds, including the proceeds from the Notes and cash flows from operating and financing activities, to the payment of principal on our debt. These funds will not be available to fund operations, capital expenditures or other corporate purposes. This may place us at a competitive disadvantage to competitors with a lower level of net debt. Our level of indebtedness could therefore materially adversely affect our operating cash flow and our ability to make repayment on the Notes.

We face risks arising from our breach of certain covenants.

The Notes contain certain covenants and we may in the future enter into credit facilities that contain financial and other covenants. If we breach the covenants of the Notes or of a future credit agreement and are unable to remedy the breach or obtain a waiver from the lender, we may be in default under the terms of that agreement. The Noteholders or lenders may be entitled to demand early repayment. The Notes contain, and some credit facilities may contain, cross-default clauses entitling the respective lender to terminate the agreement and demand early repayment if other lenders have requested early repayment or if other lenders have the right to terminate and request early repayment under their respective loan agreements. This would have an immediate material adverse effect on our liquidity.

As at September 30, 2004, we were not in compliance with a non-financial covenant under one of our credit facilities. This loan will be repaid with the proceeds of the Notes.

Prolonged disruptions of business operations due to work stoppages or strikes could adversely our business.

A significant part of our workforce is covered by collective bargaining agreements. Although we believe that we have satisfactory relations with our works councils and unions, we cannot assure you that we will not encounter strikes or other disturbances occasioned by our unionized labor force, particularly in Germany and Austria, or that, upon expiration of existing agreements, we will be able to reach new collective bargaining agreements on satisfactory terms. We also cannot assure you that we would reach such new agreements without work stoppages, strikes or similar industrial actions. If our workers were to engage in industrial actions, our operations could be adversely affected and our business, financial condition and results of operations could suffer material harm.

You may not be able to rely on our revenues reported for 2001.

In 2001, we issued invoices and received payment for services to third parties who deny having received or made payment for such services, and we reported corresponding operating income for 2001 relating to those received payments. Current management has conducted an investigation but was unable to identify the source of, or clarify the circumstances surrounding, payments received of about €24 million, of which at least €14.1 million has been confirmed as not having been paid by the persons originally designated as payers. We lack sufficient information to determine that the amounts so received should not have been booked to operating income or should have been characterized as non-operating revenue, capital contribution or otherwise. Any such recharacterization would result in operating income for 2001 being substantially lower than that actually recorded and could result in a decrease in our net income or equity. Our Board of Directors and Executive Board have been advised by legal counsel that there is no requirement to restate our financial statements for 2001. Although we are currently unaware of any actual or threatened disputes, we are unable to make assurances that any disputes with those contributing the funds, with past customers, with past investors or with regulatory or governmental entities relating to the source, purpose and manner of recording those payments will not have a material impact on our financial condition and results of operations. Finally, comparisons between our stated results for 2001 and other years, including any analysis of trends in our financial results, may not be meaningful.

Uncertainties in the implementation of IFRS may cause us to restate or modify our financial disclosures in future periods.

Beginning with the three-month period ending March 31, 2005, we will prepare our financial statements in accordance with IFRS and no longer report under U. S. GAAP. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Information”. Net income and other amounts determined in accordance with IFRS will provide the basis for the calculation of the coverage ratio and other amounts relevant to the application of the covenants and other terms of the Notes. Although we are preparing for the adoption of IFRS and currently believe that the adoption of IFRS will have a limited impact on our results of operations, we cannot be certain that the relevant IFRS policies we are using for this purpose will be the same as those we will adopt or be required to apply from January 1, 2005, in part because certain IFRS policies and interpretations have yet to be finalized or may change. Changes in the IFRS policies we are to apply may be difficult to implement quickly or accurately in the financial reporting systems of THIEL and our more than 150 consolidated subsidiaries. Consequently, we cannot assure you that, in connection with the implementation of IFRS, we will not need to restate or modify our results of operations as reported in future periods, especially interim periods.

Risks Relating to the Notes

The obligations and covenants contained in our financing arrangements substantially limit our financial and operating flexibility.

The indenture governing the Notes will contain certain covenants and future bank indebtness could contain additional covenants that significantly restrict our ability, among other things, to:

- incur or guarantee additional indebtedness;
- make certain restricted payments, including payments of dividends, distributions or investments;
- create or permit to exist liens;
- transfer or sell assets;
- merge or consolidate with other entities; and
- enter into transactions with affiliates.

These covenants could limit our ability to finance our future operations and capital needs and our ability to pursue certain business activities which may be in our interest.

We require a significant amount of cash to service our indebtedness. Our ability to generate sufficient cash depends on a number of factors, many of which are beyond our control.

Our ability to make payments on or repay our indebtedness and to fund our working capital requirements depends on our future operating performance and our ability to generate sufficient cash. Our ability to generate cash will depend on our future operating performance and on general economic, financial, tax, legislative, regulatory, competitive, market and other factors, many of which are beyond our control. These factors include those discussed in these “Risk Factors” and elsewhere in this offering memorandum.

For the twelve months ended September 30, 2004, on a pro-forma basis after giving effect to this offering and the application of the proceeds thereof as described in “Use of Proceeds”, our interest expense was €16.8 million, our operating cash flow was €60.9 million and our EBITDA was €66.0 million. See "Description of Other Indebtedness". We cannot assure you that our business will generate sufficient cash flows from operations or that future borrowings or other capital resources will be available to us in an amount sufficient to enable us to pay our debts as they become due or to fund our other liquidity requirements.

If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- sell assets;
- borrow additional funds or raise equity capital;
- restructure or refinance all or a portion of our indebtedness; or
- forego business opportunities such as acquisitions or joint ventures.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms. In addition, the terms of our indebtedness, including the Notes and our bank facilities, limit, and any future indebtedness may limit, our ability to pursue any of these alternatives.

If we breach the covenants of any financing agreement, including a default under our bank facilities, and are unable to cure the breach (to the extent the breach is capable of being cured) or obtain a waiver from the lenders (to the extent the covenant is capable of being waived), we could be in default under the terms of such agreement. A default could have significant harmful consequences, including acceleration of amounts due under certain bank facilities. In addition, in an event of default, the lenders under our lines of credit could terminate their commitments to extend credit to us, cease making loans, or institute foreclosure proceedings, and we could be forced into bankruptcy or liquidation. This would have an immediate material adverse effect on our liquidity.

We cannot assure you that we will be able to comply with the provisions of all our other financing agreements in the future, or that we will be able to remedy such non-compliance within the applicable grace periods or that the lenders, in the event of a default, would agree to a waiver. See "Description of Other Indebtedness" and "Description of the Notes".

We are controlled by our principal shareholder, whose interest may not always align with your interests.

At September 30, 2004, 50.26% of our shares were held by DELTON. As the majority shareholder, DELTON is in a position to exercise a controlling influence over the Company in all matters the resolution of which requires a simple majority at the general meeting as well as potentially, given the typical attendance at general meetings, among others, a qualified majority at the general meeting, such as increasing our share capital. Matters requiring a simple majority include the election of members of the Board of Directors, the approval of the annual financial statements and the resolution on the appropriation of profits.

Members of the Board of Directors are legally obliged to act in the interests of the Company, even if these members simultaneously hold positions with the majority shareholder. Conflicts may arise between the interests of the majority shareholder, the Company, other shareholders and the Noteholders. We cannot assure that any such conflicts will always be resolved in the Noteholders' interest.

Your right to receive payments under the Notes and guarantees is subordinated, and your right to receive payments under and take enforcement action with respect to the Notes and the guarantees is limited in certain circumstances.

The indenture governing the Notes will contractually subordinate the Notes and the guarantees of the Notes in right of payment to all of our existing and future senior debt, including our bank facilities. These agreements will also restrict the rights of holders of the Notes to take enforcement action against the Issuer or any guarantor. These subordination and other provisions will provide, among other things, preferential payment and enforcement rights to all of our senior bank lenders and to other lenders of any indebtedness in excess of €500,000.

These senior bank lenders and other designated senior lenders will, specifically, be able to do the following:

- block payments on the Notes at any time that a payment default on that senior indebtedness is continuing;

- block payments on the Notes for 179 days after the Trustee receives notice of any other event of default on that senior indebtedness;

- prevent you or the trustee from accelerating or taking any other enforcement action for 90 days after any non-payment of principal on the Notes (unless we or a subsidiary guarantor enters insolvency or similar proceedings, or unless those senior lenders accelerate or take any enforcement action on the corresponding senior indebtedness); and

- prevent you or the Trustee from accelerating or taking any other enforcement action for 179 days after any other event of default on the Notes (unless we or a subsidiary guarantor enters insolvency or similar proceedings, or unless those senior lenders accelerate or take any enforcement action on the corresponding senior indebtedness).

In addition, in the event of our insolvency, liquidation or a similar event involving us or the subsidiary guarantors, you will not be able to receive any payments on the Notes until the senior lenders have been repaid in full. As a result of these restrictions, holders of the Notes will have limited remedies and recourse in the event of a default by the Issuer or a Subsidiary Guarantor.

The Notes will be structurally subordinated to indebtedness of our non-guarantor subsidiaries.

Not all of our subsidiaries will guarantee the Notes. In the event of a liquidation, winding-up or dissolution or a bankruptcy, administration, reorganization, insolvency, receivership or similar proceeding of any of these non-guarantor subsidiaries, the non-guarantor subsidiaries will pay the holders of their own debt, their trade creditors and any preferred shareholders before they would be able to distribute any of their assets to the Issuer or any of the guarantors. The Issuer and the guarantors generated 70.6% of our consolidated net sales in the twelve months ended September 30, 2004. As of September 30, 2004, the Issuer and the guarantors held 62.6% of our consolidated net tangible assets, 64.9% of our consolidated liabilities to banks and other financial institutions and 68.9% of our consolidated total liabilities to third parties. As of September 30, 2004, on a pro-forma basis to reflect the issuance of the Notes and the application of the proceeds as set out in "Use of Proceeds", the Issuer and the guarantors would have had €160.8 million of our consolidated liabilities to banks and other financial institutions and €300.6 million of our consolidated total liabilities to third parties. See "Capitalization".

We rely on distributions from our subsidiaries to service and repay the Notes.

Substantially all of our consolidated revenues are earned by our subsidiaries. Consequently, our cash flow and our ability to meet our cash requirements are dependent upon the profitability and cash flows of our subsidiaries and payments by such subsidiaries to us in the form of loans, dividends, fees or otherwise. The guarantors' ability to meet their obligations on their respective guarantees are, to an extent, dependent upon the profitability and cash flow of their respective subsidiaries and payments by such subsidiaries to them in the form of loans, dividends, fees or otherwise.

We operate through subsidiaries in certain countries where repatriation of dividends is restricted, either due to applicable regulations or due to arrangements with local partners. In particular, several of our German subsidiaries, including certain of the guarantors, are parties to domination and profit transfer agreements with their German parent companies. Under these agreements, the subsidiaries must transfer their annual net profit to their German parent, and the German parent, as the dominating entity, must compensate each subsidiary that is part of such agreements for any net loss the subsidiary incurs. If these subsidiaries were to become insolvent, the claims of these subsidiaries (to the extent they are not guarantors of the Notes) under certain domination and profit transfer agreements would be structurally senior to the Notes. Although German law allows those subsidiaries to subordinate or waive their claims under these agreements in connection with an impending or actual insolvency, we cannot assure you that these subsidiaries will do so in advance of such circumstances. To the extent that our various subsidiaries have not become guarantors under the Notes, you may therefore face the risk that we have no access to cash generated by these subsidiaries.

Even where our subsidiaries are permitted by law to make "upstream" payments for the service of indebtedness, to do so may be disadvantageous for tax purposes. As we are highly leveraged, we cannot rule out the possibility that the German fiscal authorities or authorities in other jurisdictions where we are taxed could take the view that the general rules on hidden profit distributions or the thin-capitalization rules apply to our financing structure. If this were to occur, interest payments on our intercompany indebtedness may not be tax-deductible, which could significantly increase our cost of funds and adversely impact our results of operations.

Insolvency and fraudulent transfer laws may adversely affect the validity and enforceability of the guarantees.

The Subsidiary Guarantors will guarantee the payment of the Notes on a senior subordinated basis. The guarantors are organized under the laws of Germany and certain other jurisdictions. Although laws differ among various jurisdictions, in general, an insolvency administrator could avoid any guarantee or security or, if payment has already been made under the relevant security or guarantees, require that the recipient return the payment to the relevant payer, if the court found that:

- the guarantee was incurred with actual intent to hinder, delay or defraud creditors or shareholders of the guarantor or, in certain jurisdictions, even when the recipient was simply aware that the Subsidiary Guarantor was insolvent when it issued the guarantee;

- the Subsidiary Guarantor did not receive fair consideration or reasonably equivalent value for the guarantee and the Subsidiary Guarantor was (1) insolvent or was rendered insolvent because of the guarantee, (2) undercapitalized or became undercapitalized because of the guarantee or (3) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;

- the guarantee was held not to be in the best interests or for the corporate benefit of the Subsidiary Guarantor; or

- the amount paid or payable under the guarantee was in excess of the maximum amount permitted under applicable law.

The measure of insolvency for purposes of fraudulent transfer laws varies depending on the law applied. Generally, however, a Subsidiary Guarantor would be considered insolvent if it could not pay its debts as they become due or if its liabilities exceed its assets. If a court decided that any guarantee was a fraudulent conveyance and voided the guarantee, or held it unenforceable for any other reason, you would cease to have any claim in respect of that Subsidiary Guarantor and would be a creditor solely of the Issuer and the remaining guarantors.

The guarantees provided by the Subsidiary Guarantors may be limited by applicable laws or subject to certain limitations or defenses.

The obligations of each Subsidiary Guarantor under its guarantee will be limited under the relevant laws applicable to such Subsidiary Guarantor and the granting of such guarantees (including laws relating to corporate benefit, capital preservation, financial assistance, fraudulent conveyances and transfers or transactions under value) to the maximum amount payable, such that such guarantees shall not constitute a fraudulent conveyance, fraudulent transfer, voidable preference, a transaction under value or unlawful financial assistance, or otherwise cause the Subsidiary Guarantor to be deemed insolvent under relevant law or such guarantee to be void, unenforceable or *ultra vires* or cause the directors of such Subsidiary Guarantor to be held in breach of applicable corporate or commercial law for providing such guarantee.

As a result, a Subsidiary Guarantor's liability under its guarantee could be materially reduced or eliminated depending upon the amounts of its other obligations and upon applicable laws. In particular, in certain jurisdictions, a guarantee issued by a company that is not in the company's corporate interests or the burden of which exceeds the benefit to the company may not be valid and enforceable. It is possible that a Subsidiary Guarantor, a creditor of a Subsidiary Guarantor or the insolvency administrator in the case of an insolvency of a Subsidiary Guarantor, may contest the validity and enforceability of the guarantee and that the applicable court may determine that the guarantee should be limited or voided. In the event that any guarantees are deemed invalid or unenforceable, in whole or in part, or to the extent that agreed limitations on the guarantee obligation apply, the Notes would be effectively subordinated to all liabilities of the applicable Subsidiary Guarantor, including trade payables of such Subsidiary Guarantor.

In particular, under German law, the enforcement of each of the guarantees being given by the German Subsidiary Guarantors will be limited under Sections 30 and 31 of the German Limited Liability Company Act if and to the extent payments under any such guarantees would cause a German Subsidiary Guarantor's (or, in the case of a limited partnership, its general partner's) net assets to fall below the amount of its registered share capital. Accordingly, the terms of each of the guarantees given by the German Subsidiary Guarantors limit enforcement if and to the extent payment under such guarantees or the application to enforcement proceeds would cause its net assets to fall below its registered share capital. The enforcement of such guarantees will further be limited if this were detrimental to the continued existence of such German Subsidiary Guarantor (or, in the case of a limited partnership, its general partner) and is reasonably likely to lead to the personal liability of the managing directors of such German Subsidiary Guarantor (or, in the case of a limited partnership, of its general partner). Furthermore, five Subsidiary Guarantors, the direct or indirect parent company of which is Microlog Logistics AG, may be subject to further restrictions under Section 57 of the German Stock Corporation Act *(Aktiengesetz)*. Specifically, those Subsidiary Guarantors will not be permitted to make guarantee payments in excess of the maximum amount of benefit from the issuance of the Notes received by Microlog Logistics AG, which initially will include a portion of the proceeds derived from the issuance of the Notes and will change over time. These limitations would, to the extent applicable, restrict the right of payment and would limit the claim accordingly, irrespective of the granting of the guarantees.

None of the obligations of the Subsidiary Guarantors incorporated in Austria (the "Austrian Subsidiary Guarantors") under the Subsidiary Guarantees shall be construed to create any obligation on the Austrian Subsidiary Guarantors in violation of mandatory Austrian capital maintenance rules *(Kapitalerhaltungsvorschriften)* pursuant to Austrian company law ("Austrian Capital Maintenance Rules"), including without limitation § 82 of the Austrian Act on Limited Liability Companies *(Gesetz über Gesellschaften mit beschränkter Haftung – GmbHG)* and § 52 of the Austrian Stock Corporations Act *(Aktiengesetz – AktG)*, and all obligations of the Austrian Subsidiary Guarantors under the Subsidiary Guarantees shall be limited in accordance with Austrian Capital Maintenance Rules. This limitation would, to the extent applicable, restrict or exclude the right of payment and would limit the claim accordingly, irrespective of the granting of the Subsidiary Guarantees by the Austrian Subsidiary Guarantors.

Relevant local insolvency laws may not be as favorable to you as U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes.

The Issuer is organized under the laws of Luxembourg, and many subsidiaries are organized under the laws of Germany. All of our other subsidiaries are organized in jurisdictions other than the United States. In addition, the guarantors are organized under the laws of Germany, Austria, Hong Kong, Switzerland and The Netherlands. The insolvency laws of Luxembourg, Germany, Austria and other relevant jurisdictions may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar.

In the event that the Issuer experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction insolvency or similar proceedings would be commenced or how these proceedings would be resolved. Pursuant to the EU regulation on insolvency proceedings any insolvency proceedings with regard to the Issuer or any guarantor located within the European Union would most likely be held in, based on and governed by the insolvency laws of the jurisdiction of the relevant entity's centre of "main interest". There can be no assurance as to how that regulation will be applied in insolvency proceedings relating to several jurisdictions within the European Union.

In the event that one or more guarantors located outside the European Union experience financial difficulties, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced or how these proceedings would be resolved. As a result, in the event of insolvency with regard to any of these entities, the claims of holders of Notes against the insolvent entity will most likely be subject to the insolvency laws of the jurisdiction of organization. There can be no assurance as to how the insolvency laws of these jurisdictions will be applied in insolvency proceedings relating to several jurisdictions.

You may be unable to enforce judgments obtained in U.S. courts against the Issuer, certain of the guarantors or their directors and executive officers.

All of the directors and executive officers of the Issuer and certain of the guarantors are, and will continue to be, non-residents of the United States, and most of the assets of these companies are located outside of the United States. As a consequence, you may not be able to effect service of process on these non-U.S. resident directors and officers in the United States or to enforce judgments of U.S. courts in any civil liabilities proceedings under the U.S. federal securities laws. There is also uncertainty about the enforceability in the courts of certain jurisdictions, including Luxembourg and Germany, of judgments against the Issuer and certain of the guarantors obtained in the United States, whether or not predicated upon the federal securities laws of the United States. See "Service of Process and Enforcement of Civil Liabilities".

We may not be able to obtain the funds required to repurchase the Notes upon a change of control.

The indenture for the Notes contains provisions relating to certain events constituting a "change of control" of the Issuer. Upon the occurrence of a change of control (as defined in "Description of the Notes – Change of Control"), the Issuer will be required to offer to repurchase all outstanding Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. If a change of control were to occur, the Issuer may not have sufficient funds available, or may not be able to obtain the funds needed, to pay the purchase price for all of the Notes tendered by holders deciding to accept the repurchase offer. The restrictions in our bank facilities and instruments governing the Issuer's and its subsidiaries' other existing and future indebtedness may also prohibit the Issuer from being provided the funds necessary to purchase any Notes prior to their stated maturity, including upon a change of control. Before the Issuer can be provided any funds to purchase any Notes, we may be required to:

- repay indebtedness under our bank facilities and, possibly, other existing and other future indebtedness that ranks senior to the Notes; or

- obtain a consent from lenders of senior indebtedness, including the lenders under our bank facilities, to make funds available to permit the repurchase of the Notes.

A change of control of the Issuer may result in an event of default under our bank facilities and may cause the acceleration of other indebtedness which may be senior to the Notes. In any case, third-party financing would be required in order to provide the funds necessary for the Issuer to make the change of control offer. We may not be able to obtain this additional financing. See “Description of the Notes – Change of Control”.

An active trading market may not develop for the Notes, in which case your ability to transfer the Notes will be more limited.

The Notes are new securities for which there currently is no market. Although an application has been made to list the Notes on the Luxembourg Stock Exchange, we cannot assure you that the Notes will become or remain listed. We cannot assure you as to the liquidity of any market that may develop for the Notes, the ability of holders of the Notes to sell them or the price at which holders of the Notes may be able to sell them. The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our own financial condition, performance and prospects, as well as recommendations of securities analysts. The Initial Purchasers have informed us that they intend to make a market in the Notes. However, they are not obligated to do so and may discontinue such market-making at any time without notice. As a result, we cannot assure you that an active trading market for the Notes will develop or, if one does develop, that it will be maintained.

The liquidity of, and trading market for, the Notes may also be hurt by declines in the market for high-yield securities generally. Such a decline may affect any liquidity and trading of the Notes independent of our financial performance and prospects.

USE OF PROCEEDS

We estimate that the net proceeds from the offering of the Notes, after deducting the payment of commissions, fees, prepayment fees and estimated other expenses, will be approximately €121.5 million. We will use the net proceeds from the offering of the Notes for repayment of indebtedness, as set forth below. In addition, the repayment of indebtedness of our subsidiaries will free up "ring-fenced" cash whose distribution as dividends or other usage was restricted by that indebtedness.

The following table sets forth the sources of these funds upon the closing of the sale of the Notes and our planned uses of those funds:

Sources		**Uses**	
(millions of €)		**(millions of €)**	
Notes	130.0	Repayment of short-term indebtedness	86.4
		Repayment of long-term indebtedness	35.1
		Commissions, fees, prepayment fees and other expenses	8.5
Total	**130.0**	**Total**	**130.0**

The repayment of indebtedness described above includes indebtedness in respect of discontinued operations, consisting of €1.9 million of short-term indebtedness and €1.8 million of long-term indebtedness.

We may invest some of these proceeds in liquid, short-term investments pending their application as described above.

CAPITALIZATION

The following table shows our cash and cash equivalents, short-term debt and capitalization:

- as at September 30, 2004 on a historical basis; and
- as adjusted to reflect the issuance of the Notes in this offering, and as further adjusted to reflect the application of the proceeds of this offering as described in "Use of Proceeds".

You should read this table in conjunction with the information contained elsewhere in this offering memorandum under the headings "Use of Proceeds", "Management's Decision and Analysis of Financial Condition and Results of Operations" and "Description of the Notes" and the financial statements included elsewhere in this offering memorandum.

	As at September 30, 2004	
	Actual	**As adjusted for application of offering proceeds**
	(thousands of €)	
Cash and cash equivalents	**86,833**	**86,833**
Bank facilities	101,024	16,554
Lease obligations, short-term	6,609	6,609
Bank facilities, discontinued operations	1,897	–
Short-term debt [(1)]	**109,530**	**23,163**
Long-term debt:		
Bank facilities	77,050	43,719
Capital leases, long-term	46,501	46,501
Notes offered hereby	–	130,000
Bank facilities, discontinued operations	1,802	–
Total long-term debt	125,353	220,220
Shareholders' equity	375,069	375,069
Total capitalization	**500,422**	**595,289**

Note:
(1) Including short-term portion of long-term debt.

Except as set forth in this offering memorandum, there has been no material change in our capitalization since September 30, 2004.

SELECTED FINANCIAL DATA

The following consolidated financial data are derived from our financial statements that are included elsewhere in this offering memorandum. Our financial statements have been prepared in accordance with U. S. GAAP. Except as otherwise indicated, the following financial data and the statements from which they are derived differ from the financial statements for 2003 and 2002 that we previously made public. In our financial statements for 2003 published in early 2004 as part of our annual report for 2003, we restated our financial statements for 2002 to record certain leasing contracts as capital leases rather than operating leases, and we reclassified certain operations for 2003 and 2002 as discontinued operations. In the financial statements for 2002 and 2003 contained in this offering memorandum, we have reclassified further operations as discontinued operations in accordance with U.S. GAAP. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Key Factors Influencing our Financial Condition and Results of Operations – Presentation of Financial Information".

Our consolidated financial statements as at and for the year ended December 31, 2003 have been audited by Ernst & Young Société Anonyme, independent auditors, Luxembourg. That audit report of Ernst & Young does not cover the comparative financial statements as at and for the year ended December 31, 2002, although it does cover the restatement and reclassification adjustments from the historical audited 2002 statements. We have also included herein the historical consolidated financial statements as at and for the year ended December 31, 2002, which have been audited by AbaCab S.à r.l. Auditors Business Association Cabinet, independent auditors, Luxembourg, and which do not reflect the restatement and reclassifications described above. These historical financial statements did not comply with U.S. GAAP in certain respects as described in the paragraph above. AbaCab S.à r.l. has not reissued an audit report on these statements covering the restatements and reclassifications.

The following consolidated financial data as at and for the nine and twelve-month periods ended September 30, 2004 and as at and for the nine-month period ended September 30, 2003 are derived from financial statements that have not been audited. Due to the seasonal nature of our business, you should not rely on this interim financial data to predict our results for the year ended December 31, 2004 or any future period.

Our consolidated unaudited financial statements as at and for the nine months ended September 30, 2003 do not conform with U.S. GAAP in certain respects, principally relating to the timing of certain book entries. We have indicated, in footnote disclosure, non-complying line items in certain tables of financial information contained in the following consolidated financial data and in "Summary Financial Data" and in "Management's Discussion and Analysis of Financial Condition and Results of Operations". For an explanation of these non-compliant items and their impact on our results of operations and financial condition, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Information".

We do not consider our financial data as at December 31, 2001 and for the year then ended to be comparable to data for later periods and dates and have therefore not included that financial data in the following tables. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Key Factors Influencing our Financial Condition and Results of Operations – Special Factors Affecting Results for 2001".

Consolidated Statements of Income

	Years ended December 31,			Nine months ended September 30,		12 months ended September30,
	2002	2002	2003	2003	2004	2004
	(historical)	(reclassified and restated) (unaudited)	(reclassified)	(reclassified and restated) (unaudited)	(unaudited)	(unaudited)
	(thousands of €)					
Net sales	1,491,421	1,352,328	1,663,598	1,234,109	1,307,401	1,736,890
Cost of sales	(1,375,261)	(1,239,795)	(1,539,808)	(1,143,807) [1]	(1,207,157)	(1,603,158)
Gross margin	**116,160**	**112,533**	**123,790**	**90,302**	**100,244**	**133,732**
Selling costs	(32,068)	(29,067)	(33,977)	(25,547)	(25,267)	(33,697)
General and administrative costs	(88,730)	(72,708)	(90,060)	(65,007)	(64,578)	(89,631)
Other operating income, net	6,199	5,373	7,463	4,219	11,194	14,438
Total operating expenses	(114,599)	(96,402)	(116,574)	(86,335) [1]	(78,651)	(108,890)
Operating income before restructuring and impairment	**1,561**	**16,131**	**7,216**	**3,967**	**21,593**	**24,842**
Restructuring costs	–	–	(14,008)	(14,369) [2]	–	361
Impairment of long-lived assets	–	–	(5,259)	(5,061)	–	(198)
Impairment of goodwill	–	–	(30,746)	(30,746)	–	–
Operating income (loss)	**1,561**	**16,131**	**(42,797)**	**(46,209)** [3]	**21,593**	**25,005**
Interest expense, net	(9,058)	(8,654)	(15,405)	(11,529)	(10,844)	(14,720)
Other financial income, net	(723)	(863)	(7,700)	(6,919)	490	(291)
Equity in earnings of associated companies	(140)	(140)	358	209	66	215
Total financial results	(9,921)	(9,657)	(22,747)	(18,239)	(10,288)	(14,796)
Income taxes	3,293	(2,631)	(7,328)	(4,984) [4]	(4,260)	(6,604)
Income (loss) from continuing operations	**(5,067)**	**3,843**	**(72,872)**	**(69,432)**	**7,045**	**3,605**
Income (loss) from discontinued operations	–	(9,184)	(84,250)	(58,425)	(3,587)	(29,412)
Income before minorities	(5,067)	(5,341)	(157,122)	(127,857)	3,458	(25,807)
Minority interest	(31)	83	915	591	(2,065)	(1,741)
Net income (loss)	**(5,098)**	**(5,258)**	**(156,207)**	**(127,266)** [5]	**1,393**	**(27,548)**

Notes:

(1) Includes the recognition of provisions of €1.6 million mainly relating to personnel expenses attributable to cost of sales and operating expenses that under U.S. GAAP should have been reversed in the third quarter of 2003 rather than the fourth quarter of 2003.

(2) Includes €1.7 million of restructuring expenses that under U.S. GAAP should only have been recorded in the fourth quarter of 2003.

(3) Had the timing of the recognition of the items identified in the preceding footnotes been in accordance with U.S. GAAP, operating loss for the first nine months of 2003 would have been €42.9 million.

(4) Does not include an impairment of our deferred tax asset in the amount of €3.5 million that under U.S. GAAP should have been recorded in the third quarter of 2003.

(5) Had the timing of the recognition of the items identified in the preceding footnotes been in accordance with U.S. GAAP, net loss for the first nine months of 2003 would have been €127.5 million.

Consolidated Balance Sheet

	As at December 31,			As at September 30,	
	2002	2002	2003	2003	2004
	(historical)	(reclassified and restated) (unaudited)	(reclassified)	(reclassified and restated) (unaudited)	(unaudited)
			(thousands of €)		
Cash and cash equivalents	111,565	111,565	51,012	51,307	86,833
Trading securities, at fair value	1,731	1,731	402	270	–
Trade accounts receivable, net of allowances	244,774	219,566	233,361	269,538	235,008
Accounts receivable due from associated companies	98	98	1,252	906	875
Inventory	11,332	6,158	5,509	4,739	5,234
Deferred income taxes	5,503	3,080	2,638	2,757	5,439
Prepaid expenses and other current assets	36,396	34,469	31,082	31,253	27,608
Assets held for sale	4,327	4,327	4,897	9,276	928
Assets of discontinued operations held for sale	–	102,677	35,213	68,858	14,268
Total current assets	**415,726**	**483,671**	**365,366**	**438,904**	**376,193**
Property, plant and equipment, net	313,273	292,878	277,301	273,358	263,660
Investments in associated companies	4,456	4,456	1,315	1,380	430
Other investments	15,952	15,536	3,495	10,356	2,965
Securities available for sale, at fair value	8,198	3,677	3,668	3,819	3,791
Securities held to maturity	381	381	370	381	370
Deferred income taxes	35,615	26,186	21,586	25,624[1]	19,437
Intangible assets	14,892	26,853	30,545	31,332	25,983
Other assets	6,549	6,617	7,097	10,147	10,817
Goodwill, net	260,659	237,811	287,758	286,074	288,048
Total non-current assets	659,975	614,395	633,135	642,471[2]	615,501
Total assets	**1,075,701**	**1,098,066**	**998,501**	**1,081,375[2]**	**991,694**
Short-term borrowings and current portion of long-term debt	113,304	110,404	157,031	146,906	101,024
Trade accounts payable	147,589	136,100	154,031	167,903	165,621
Accounts payable due to associated companies	1,327	1,333	966	4,069	1,048
Lease obligations, short-term portion	6,525	6,915	6,494	6,437	6,609
Accrued income taxes	14,443	11,647	9,755	8,248	13,703
Deferred income taxes	1,153	916	687	1,260	491
Accrued expenses, other liabilities and deferred income	97,561	89,390	109,024	133,928[3][4]	106,407
Liabilities of discontinued operations held for sale	–	36,501	34,520	37,192	12,138
Total current liabilities	**381,902**	**393,206**	**472,508**	**505,943[5]**	**407,041**
Long-term debt	127,941	125,444	107,927	113,962	77,050
Lease obligations	32,906	48,266	47,031	44,379	46,501
Retirement and other employee-related obligations	47,077	44,245	46,759	46,208	48,061
Deferred income taxes, long-term	32,856	31,437	30,993	34,134	27,495
Other long-term liabilities	9,112	9,064	11,295	24,004	8,355
Total non-current liabilities	**249,892**	**258,456**	**244,005**	**262,687**	**207,462**
Minority interest	4,858	7,516	2,235	3,185	2,122
Shareholders' equity	439,049	438,888	279,753	309,560[5]	375,069
Total liabilities and shareholders' equity	**1,075,701**	**1,098,066**	**998,501**	**1,081,375[5]**	**991,694**

Notes:

(1) Does not reflect an impairment of our deferred tax asset in the amount of €3.5 million that under U.S. GAAP should have been recorded in the third quarter of 2003.

(2) Had the timing of the recognition of the item identified in the preceding footnote been in accordance with U.S. GAAP, total non-current assets and total assets at September 30, 2003 would have been €639.0 million and €1,077.9 million, respectively.

(3) Reflects the recognition of provisions of €1.6 million mainly relating to personnel expenses attributable to cost of sales and operating expenses that under U.S. GAAP should have been reversed in the third quarter of 2003 rather than the fourth quarter of 2003.

(4) Reflects the recognition of restructuring expenses of €1.7 million, which under U.S. GAAP should only have been recorded in the fourth quarter of 2003.

(5) Had the timing of the recognition of the items identified in the preceding footnotes been in accordance with U.S. GAAP, total current liabilities and shareholders' equity at September 30, 2003 would have been €502.6 million and €309.4 million, respectively. Total liabilities and shareholders' equity at September 30, 2003 would have been €1,077.9 million.

Segment Data

	Years ended and as at December 31,		Nine months ended and as at September 30,		12 months ended and as at September 30,
	2002	2003	2003	2004	2004
	(reclassified and restated) (unaudited)	(reclassified)	(reclassified and restated) (unaudited)	(unaudited)	(unaudited)
			(thousands of €)		
Net sales [1]					
Industry Solutions	353,183	622,555	459,416	462,072	625,211
Air & Ocean	278,963	281,071	204,205	233,766	310,632
Regional Logistics Services	691,417	758,586	569,483	610,831	799,934
Operating income (loss) [1]					
Industry Solutions	(1,629)	15,512	9,823	8,654	14,343
Air & Ocean	(986)	(979)	(617)	3,869	3,507
Regional Logistics Services	12,476	16,255	12,882	20,124	23,497
Total assets [1]					
Industry Solutions	324,933	409,530	436,493	419,713	419,713
Air & Ocean	106,181	108,726	108,801	120,747	120,747
Regional Logistics Services	483,557	473,732	480,722	461,559	461,559

Note:

(1) Segment data does not include certain results and assets relating to our head office and other operations that are not assigned to a particular segment. As at and for the nine months ended September 30, 2004, net sales, operating income and total assets not assigned to a business segment accounted for less than 1% of total consolidated net sales, operating income and total assets, as the case may be.

Cash Flow Data

	Years ended December 31,			Nine months ended September 30,		12 months ended September 30,
	2002	2002	2003	2003	2004	2004
	(historical)	(reclassified and restated) (unaudited)	(reclassified)	(reclassified and restated) (unaudited)	(unaudited)	(unaudited)
			(thousands of €)			
Net cash provided by operating activities	32,796	36,435	38,505	29,736	52,716	61,485
Net cash used in investing activities	(85,101)	(60,438)	(99,991)	(78,745)	(8,706)	(29,952)
Net cash provided by financing activities	104,036	97,526	18,378	13,079	357	5,656
Net cash used in discontinued operations	–	(21,792)	(16,049)	(23,178)	(8,914)	(1,785)
Effects of exchange rate changes on cash	(781)	(781)	(1,396)	(1,150)	368	122
Increase (decrease) in cash and cash equivalents	**50,950**	**50,950**	**(60,553)**	**(60,258)**	**35,821**	**35,526**

Other Financial Data

	Years ended December 31,			Nine months ended September 30,		12 months ended September 30,
	2002	2002	2003	2003	2004	2004
	(historical)	(reclassified and restated) (unaudited)	(reclassified)	(reclassified and restated) (unaudited)	(unaudited)	(unaudited)
	(thousands of €)					
EBITDA [1] [8]	39,387	48,640	50,655	36,302	51,670	66,023
Adjusted EBITDA [2] [8]	13,317	22,570	50,655	36,302	51,670	66,023
Adjusted EBITDAR [3] [8]	80,518	76,282	116,768	84,668	103,475	135,575
Net debt [4]	169,111	179,464	267,471	260,377	144,351	144,351
Net interest expense [5]	(9,058)	(8,654)	(15,405)	(11,529)	(10,844)	(14,720)
Pro-forma net debt [6]					156,550	156,550
Pro-forma interest expense						(16,766)
Pro-forma net interest expense [7]						(15,290)
Ratio of Pro-forma net debt to Adjusted EBITDA						2.37
Ratio of Adjusted EBITDA to Pro-forma interest expense						3.94
Ratio of Adjusted EBITDA to Pro-forma net interest expense						4.32

(1) EBITDA is not a standardized measure and can be defined and calculated differently by each company using it. We define EBITDA as operating income before restructuring and impairment, *plus* depreciation and amortization. Since EBITDA is not a standardized measure, it should not be used to make comparisons from company to company. It is also not a measure of cash flow and should not be relied on as a measure of liquidity in lieu of the cash-flow data presented above.

(2) Adjusted EBITDA is EBITDA as defined above, as adjusted to remove the effect of certain exceptional items. The sole adjustment that we have made to EBITDA in this line item is the removal of the effect of one-time consulting revenues of €26.1 million in 2002. This adjustment does not reflect any costs we may have incurred with respect to these consulting revenues.

(3) Adjusted EBITDAR is Adjusted EBITDA plus rental charges and operating lease expenses.

(4) Net debt is total indebtedness, as reflected on our consolidated balance sheet, *minus* cash and cash equivalents, not including indebtedness of discontinued operations.

(5) Net interest expense is consolidated interest expense *minus* consolidated interest income.

(6) Pro-forma net debt is net debt as at September 30, 2004, as adjusted on a pro-forma basis to reflect the issuance of the Notes and the repayment of indebtedness as set out in "Use of Proceeds".

(7) Pro-forma gross interest expense is a pro-forma calculation of interest expense for the 12 months ended September 30, 2004, calculated on the indebtedness included in the calculation of "Pro-forma net debt" above and otherwise calculated on the basis of pro-forma cash and cash equivalents after giving effect to this offering as set out in "Capitalization". Pro-forma net interest expense is pro-forma gross interest expense, adjusted to deduct pro-forma interest income calculated on the same basis. We have calculated pro-forma gross and net interest expense based on the following changes in net financial expenses:

i. repayment of €86.4 million of short-term debt, assuming an interest rate of 4.6%, translating into a decrease in net financial expenses of €4.0 million;
ii. repayment of €35.1 million of long-term debt, assuming an interest rate of 5.9%, translating into a decrease in net financial expenses of €2.1 million;
iii. offering of the Notes, assuming an interest rate of 8.00%, translating into an increase in net financial expenses of €10.4 million; and
iv. cash and cash equivalents of €86.8 million, assuming an interest rate of 1.7%, translating into financial income of €1.5 million.

The components of pro-forma net interest expense are as follows:

	Pro-forma 12 months ended September 30, 2004
	(thousands of €)
Pro-forma interest expense	(16,766)
Pro-forma interest income	1,476
Pro-forma net interest expense	**(15,290)**

(8) The following table reconciles our EBITDA calculations presented above to our net income:

	Years ended December 31,			Nine months ended September 30,		12 months ended September30,
	2002	2002	2003	2003	2004	2004
	(historical)	(reclassified and restated) (unaudited)	(reclassified)	(reclassified and restated) (unaudited)	(unaudited)	(unaudited)
	(thousands of €)					
Operating income before restructuring and impairment	1,561	16,131	7,216	3,967	21,593	24,842
Depreciation	(34,269)	(28,773)	(34,391)	(25,803)	(22,868)	(31,456)
Amortization	(3,557)	(3,736)	(9,048)	(6,532)	(7,209)	(9,725)
EBITDA	**39,387**	**48,640**	**50,655**	**36,302**	**51,670**	**66,023**
Adjustment	(26,070)	(26,070)	0	0	0	0
Adjusted EBITDA	**13,317**	**22,570**	**50,655**	**36,302**	**51,670**	**66,023**
Rental charges and operating lease expense	(67,201)	(53,712)	(66,113)	(48,366)	(51,805)	(69,552)
Adjusted EBITDAR	**80,518**	**76,282**	**116,768**	**84,668**	**103,475**	**135,575**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of the financial condition and results of operations of THIEL Logistik is to be read in conjunction with the section "Business" and the audited consolidated financial statements and the notes included in the section "Financial Information" of this offering memorandum. Our consolidated financial statements have been prepared in accordance with U. S. GAAP. U. S.GAAP differ in some respects from the accounting, valuation and consolidation methods used in accordance with Luxembourg GAAP and from IFRS. See Note 25 to the audited reclassified consolidated financial statements of THIEL Logistik as at December 31, 2003 presented in the financial section of this offering memorandum for a description of the differences between Luxembourg GAAP and U. S. GAAP. Beginning in the financial year ending December 31, 2005, we will prepare our consolidated financial statements in accordance with IFRS.

The following discussion includes forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those expressed or implied by our forward-looking statements. See "Forward-looking Statements" and "Risk Factors".

Overview

We are a medium-sized provider of logistics services that is active principally in central and eastern European countries and also operates in Asia. We specialize in providing entire logistics solutions and provide logistics services throughout the customer's supply chain. We strive to take advantage of the increasing trend toward outsourcing of contract logistics services. Within our strategic focus, we coordinate overland road, rail, air and sea freight services, as well as warehousing and supply chain management activities and the design and execution of customized logistics solutions. We plan to focus on providing an integrated approach of contract logistics and to maintain our strategic focus on our Industry Solutions, Regional Logistics Services and Air & Ocean segments. We currently employ over 9,200 people at approximately 350 sites in more than 40 countries. We provide logistics services to our customers through our three business segments: Industry Solutions, Regional Logistics Services and Air & Ocean.

In October 2002, DELTON acquired an indirect majority interest in our company and, consequently, operating control of our company. A new management team was installed in mid-2003. Under our new management team, we undertook an aggressive turn-around strategy. The key elements of this strategy included, among other things, restructuring our business into three core business segments; disposing of all non-core assets, including over 20 companies that were viewed as non-priority in terms of potential for both profitability and growth; and cutting costs as needed to make all operations profitable. All elements of this initial turn-around strategy have been accomplished. In contrast to 2003, when we bore heavy restructuring costs, our operating results showed positive net income for the nine months ended September 30, 2004.

Our principal market is Germany, followed by Austria, Asia, Switzerland and other European countries. The following table shows the net sales accounted for by each region in which we are active as at September 30, 2004 and the nine months then ended:

	Nine months ended September 30, 2004 (unaudited) (thousands of €)	
Germany	635,671	48.6%
Austria	360,559	27.6%
Asia	76,179	5.8%
Switzerland	59,314	4.5%
Other	175,678	13.5%
Total	**1,307,401**	**100.0%**

We anticipate that our levels of activity in eastern Europe and China could increase significantly in the future.

Presentation of Financial Information

We prepare our consolidated financial statements in accordance with U.S. GAAP. Under European regulations applicable to companies that are listed in European Union member states, we will be required to begin preparing our financial statements in accordance with IFRS for the year ending December 31, 2005. We plan to issue our first financial statements under IFRS for the three months ended March 31, 2005 and intend to cease preparation of our consolidated financial statements under U.S. GAAP. We will also prepare IFRS financial data for the comparative periods of 2004.

Our reporting currency is the Euro. The assets and liabilities of our operations having a functional currency other than the Euro are translated into Euro using the exchange rate in effect at period-end, and revenues and expenses are translated at the average rate during the period. Exchange gains or losses on translation of THIEL Logistik's net equity investment in these operations are deferred as a separate component of shareholders' equity. Gains and losses arising from transactions denominated in currencies other than the functional currencies of the relevant subsidiaries are reflected in the income statement.

For the year ended December 31, 2002 and for prior periods, our consolidated financial statements were audited by AbaCab S.à r.l. Auditors Business Association Cabinet, independent auditors, Luxembourg. In 2003, our shareholders appointed Ernst & Young Société Anonyme, independent auditors, Luxembourg, as our independent auditors. In connection with the preparation of our financial statements for 2003, which were published in early 2004, we restated our financial statements for 2002 to record certain leasing contracts as capital leases rather than operating leases, and we reclassified certain operations for 2002 and 2003 as discontinued operations. In the financial statements for 2002 and 2003 contained in this offering memorandum, we have reclassified further operations as discontinued operations. The auditor's report of Ernst & Young for the financial statements as at and for the year ended 2003 does not cover the financial data as at and for the year ended December 31, 2002 included in those statements for comparative purposes, although the audit report does cover the restatement and reclassifications of the historical audited 2002 statements.

In connection with the preparation of our unaudited consolidated financial statements as at and for the nine-month periods ended September 30, 2004 and 2003, we have further reclassified certain additional operations as "discontinued operations". We have also incorporated this further reclassification into our financial statements as at and for the years ended December 31, 2003 and 2002 that are included in this offering memorandum, and Ernst & Young has delivered an audit report on these further reclassified statements. Thus, our reclassified financial statements for 2003 and 2002 that are included in this offering memorandum differ from those that we previously made public.

Our consolidated financial statements as at and for the nine month period ended September 30, 2003 as previously published and as presented herein did not comply with U.S. GAAP in certain respects, principally relating to the timing of certain book entries. Had these items been properly reflected in our results of operations for the nine months ended September 30, 2003, our operating loss for the period would have improved by €3.3 million and our net loss for the period would have been approximately €0.2 million greater compared to the amounts presented herein. Because our results of operations for the fourth quarter of 2003 either reflected or reversed the non-compliant items, the identified items had no impact on our results of operations for the year ended December 31, 2003. The specific areas of non-compliance were (i) the failure to record an impairment of our deferred tax asset in the amount of €3.5 million, which was recorded in the fourth quarter of 2003, (ii) the recognition of restructuring expenses in the amount of €1.7 million that should have been first recognized in the fourth quarter of 2003 and (iii) the failure to reverse provisions relating mainly to personnel expenses in the amount of €1.6 million that should have been reversed in the third quarter of 2003 rather than the fourth quarter of 2003.

We believe that our financial statements as at and for the year ended December 31, 2001 are not comparable to data for subsequent dates and periods. See the discussion set out in "– Key Factors Influencing our Financial Position and Results of Operations – Special Factors Effecting 2001" below. Accordingly, this management's discussion and analysis of financial condition and results of operations does not include a discussion of figures for 2001.

Key Factors and Trends Influencing the Logistics Industry Generally

We and other logistics companies derive a substantial portion of our revenue from manufacturers, retailers and distributors of consumer products. Accordingly, our financial condition and results of operations are to a certain extent dependent on the condition of the consumer-products segment of the economy, which has been stagnant over the past three years. On the other hand, we believe that the logistics industry benefits from a trend in the manufacturing and retail business toward greater reliance on logistics services.

We are particularly affected by the following factors and trends:

- ***Consumer Economy.*** The past three years have seen downturns and stagnant growth in demand for consumer products and, consequently, in the manufacture of consumer products. This downturn has been particularly acute in Germany, and especially in the domestic consumer segment of the German economy, which accounts for a substantial portion of our net sales. We believe that, with an improved economic environment in Germany and worldwide, demand for our services will increase.
- ***Globalization of Industrial Production.*** The past five years have seen an increasing shift in manufacturing to sites outside Germany and other highly industrialized countries, as manufacturers have searched for cheaper sources of labor. This has required an increase in transportation services for raw materials, intermediate products and finished products, which has led to an increase in demand for our services and for logistics services generally. We expect this trend to continue.
- ***Cost-Cutting by Manufacturers.*** We believe there has been a general trend towards increased competition and pricing pressure in the consumer-products industry. This results from, among other things, increased globalization of manufacturing and retail operations, competitive price pressures in certain segments of the consumer products industry and the recent difficult economic environment in general. We believe that manufacturers and retailers are able to achieve cost savings by relying on external logistics companies such as us to transport intermediate and finished products from location to location, focusing their resources on their core competencies. We anticipate this trend toward reliance on external logistics providers as a cost-containment measure to continue.
- ***Cost of Fuel, Trucks and other Equipment.*** Fuel oil and gasoline account for a considerable portion of our operating costs, as do the rental or leasing costs of our fleets of trucks as well as air and rail transportation charges. The cost of fuel oil and gasoline has increased sharply over the past two years, although we have generally been able to pass this cost along to our customers. If this trend toward higher fuel costs were to continue, it could have a negative impact on demand for logistics services. Also, if we were unable to pass these costs along to customers or successfully hedge against future price increases, that could adversely effect our operating margins.
- ***Consolidation and Competition in the Logistics Industry.*** The past five years have seen some consolidation in the logistics industry, evidenced not only by our own acquisition of numerous companies, but also by similar acquisitions by other major players in the market. If this trend were to continue, it might result in increased competition within the logistics segment and, perhaps, increased pricing pressure.
- ***Increased Demand for Value-Added Services.*** The logistics industry is seeing increased demand for value-added services that go beyond the mere transportation of products from location to location. These include not only such physical activities such as assembly, cleaning and packaging but also related bookkeeping and managerial activities. In addition, we believe that there will be continued growth in demand for warehousing services (whereby we operate warehousing and storage of inventory for customers) and coordination services (whereby we assume managerial responsibility for customers' logistics through the entire value chain).
- ***Specialization in the Logistics Industry.*** The logistics industry has become increasingly specialized in recent years, with entire companies or company divisions focusing on a particular product type and the specialized needs of that customer industry. Examples of such specialization include the transportation of clothing in ways designed to avoid wrinkling,

transportation of newspapers designed to ensure prompt early-morning delivery and transportation that is temperature and humidity-controlled. These specialized industry solutions sometimes command higher margins than logistics operations generally, especially when accompanied by value-added services. In 2003, our Industry Solutions segment accounted for 37.2% of our net sales. We anticipate that this percentage may increase, as demand for specialized industry-specific logistics services increases.

Key Factors Influencing our Financial Condition and Results of Operations

In addition to the general sectoral factors outlined above, our financial position and results of operations have been influenced during the periods under review by the following company-specific factors:

Acquisitions and Divestitures

We have expanded rapidly over the past seven years, with our net sales increasing from the equivalent of €40 million in 1997 to €1.7 billion in 2003, resulting in a compounded annual growth rate ("CAGR") of 86%. A significant portion of this growth was achieved through acquisitions. As a result of these acquisitions our group currently consists of more than 150 consolidated legal entities and a variety of only loosely connected business activities. We have the central task of continuing to integrate the companies acquired into our group structure. Our growth through acquisitions has also resulted in high levels of net indebtedness and recorded goodwill.

Following the appointment of a new management team in mid-2003, we have undertaken a divestiture program to dispose of businesses and assets that we deem to be of limited financial and strategic relevance. The following table sets out our principal acquisitions and divestitures from January 1, 2001 through September 30, 2004:

Significant Acquisitions

Quarter First Consolidated	Name	Current group segment
Q1 2001	KVB	Regional Logistics Services
Q1 2001	SES Beteiligungs AG	Regional Logistics Services
Q3 2001	GST Plateforme Européenne S. A.	Industry Solutions – Automotive
Q3 2001	TK-Logistik S. A.	Regional Logistics Services
Q1 2002	Birkart Globistics	Industry Solutions – Fashion; Air & Ocean
Q1 2002	AF-Logistik & Speditions GmbH	Air & Ocean
Q2 2002	LOG Beteiligungs GmbH	Industry Solutions – Furniture
Q4 2002	Microlog	Industry Solutions – Automotive; Regional Logistics Services
Q1 2003	Microlog (increase of share ownership by 29.4% to 97.2%)	Industry Solutions – Automotive; Regional Logistics Services
Q2 2003	Overbruck	Industry Solutions – Media

Significant Divestitures

Quarter First Deconsolidated	Name	Area of activity
Q4 2003	Assets held by BTL Logistics AG (ATR)	Car transportation
Q4 2003	Various asset divestitures	Health care logistics activities
Q1 2004	BTL Logistics AG	Regional Logistics Services
Q2 2004	Business and assets held by KVB	Public transportation
Q3 2004	Part of assets held by Transbaltic	Warehousing and freight forwarding

The following table sets forth key information in relation to acquisitions consolidated in our consolidated financial statements for the periods indicated.

	Year ended December 31,	Nine months ended September 30,	
	2003	2003	2004
	(reclassified)	(reclassified) (unaudited)	(unaudited)
	(thousands of € except %)		
Total assets acquired through acquisitions	85,729	82,134	–
Total liabilities assumed through acquisitions	18,089	20,452	–
Goodwill arising on acquisitions	81,006	79,507	–
Increase in net sales attributable to acquisitions	46.3%	35.1%	2.3%
Increase in total assets attributable to acquisitions	25.3%	19.5%	–

Impact of Acquisitions in 2002. The goodwill resulting from acquisitions in 2002 of €130.6 million (after reclassification) related to Birkart Globistics GmbH & Co. Logistik und Service KG ("Birkart Globistics") in an amount of €64.8 million, to Microlog Logistics AG ("Microlog") in a somewhat lower amount and to LOG Beteiligungs GmbH ("LOG") in an amount of €13.6 million. See "– Additional Financial Presentation Matters – Reclassifications and Restatement – Reclassification in connection with the Acquisition of Microlog". The increase in our net sales in 2002 was mainly caused by the acquisitions of Birkart Globistics, Microlog and LOG. Birkart Globistics' results of operations have been included in our consolidated financial statements since January 1, 2002. In 2002, Birkart Globistics contributed roughly a third to our net sales. Microlog's results of operations have been included in our consolidated financial statements since October 1, 2002. In 2002, Microlog contributed a small portion to our net sales. LOG's results of operations have been included in our consolidated financial statements since April 1, 2002. In 2002, LOG contributed only slightly to our net sales. As at December 31, 2002, the consolidation of Birkart Globistics, Microlog and LOG increased our balance sheet total by roughly a third.

Impact of Acquisitions in 2003. The goodwill resulting from acquisitions in 2003 of €81.0 million related to Overbruck Spedition GmbH ("Overbruck") in an amount of €50.4 million and to the increase of our stake in Microlog from 67.8% by 29.4% to 97.2% in an amount of €28.7 million. The increase in our net sales in 2003 resulted from the acquisition of Overbruck but also from the acquisitions of Microlog and LOG in 2002, which net sales have only been partially included in our consolidated net sales in 2002. Overbruck's results of operations have been included in our consolidated financial statements since April 1, 2003. In 2003, Overbruck contributed €116.1 million or 7.0% to our net sales. As at December 31, 2003, the consolidation of Overbruck increased our total balance sheet by €68.8 million or 6.9%.

Impact of Acquisitions in 2004. We have made no acquisitions to date in 2004. However, Overbruck's results have been included only for six months of 2003, compared with nine months of 2004. As a result, we show an increase in the table above in net sales for the first nine months of 2004 attributable to acquisitions.

Impairment of Goodwill and Long-Lived Assets

As discussed above, as a result of our acquisitions, we have recorded substantial goodwill. Goodwill impairments totaling €30.8 million were recorded in 2003, whereas in 2002 no goodwill impairments were recorded. Goodwill after this impairment amounted to €287.8 million as at December 31, 2003. We will be conducting our regular impairment test in the fourth quarter of 2004. See also "– Critical Accounting Policies – Goodwill and other Intangible Assets".

Goodwill impairments in 2003 comprised €14.0 million for Industry Solutions, €7.1 million for Regional Logistics Services and €9.6 million for Air & Ocean. See "– Results of Operations for the Years ended December 31, 2003 and 2002 – Impairments".

We recorded impairment losses of goodwill relating to discontinued operations in the amount of €21.0 million for the first nine months of 2003 and €0.8 million for the first nine months of 2004. Impairment losses related to discontinued operations are included in income statement line item loss from discontinued operations.

In 2003, impairments of long-lived assets amounted to €5.3 million, whereas in 2002 no impairments of long-lived assets were reported. See "– Results of Operations for the Years Ended December 31, 2003 and 2002 – Impairments". We recorded no impairments on long-lived assets in the first nine months of 2004. We review the carrying value of our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Among other things, certain of our warehouses may need to be impaired if we lose the tenant or customer occupying the warehouse and are not able to find a replacement tenant or customer on a timely basis.

Consulting Services

In 2002, we generated sales of €26.1 million in connection with consulting services rendered to an Austrian company that had acquired several subsidiaries from us in 2001 and 2002. We and this Austrian company, whose beneficial interestholders are unknown to us, had entered into a cooperation agreement for the mutual promotion of each other's activities and the joint creation of a transportation network. These consulting services were rendered at rates that were extremely favorable to us. We do not know whether our costs and expenses recorded for that year reflect any cost associated with these consulting services. These services were discontinued during the course of 2002. Since that time, we have not generated any sales in connection with similar consulting services for this company, nor do we expect to do so in the future.

Restructuring Costs

We recorded restructuring costs of €14.0 million in 2003 incurred in connection with the concentration on our core business activities, whereas no restructuring costs were reported for the first nine months in 2004. Of these restructuring costs for 2003, €10.6 million consisted of cash expenditures. No such restructuring costs were recorded in 2002. We do not anticipate recording any major restructuring costs in the near future. See "– Results of Operations for the Years ended December 31, 2003 and 2002 – Restructuring Costs".

Discontinued Operations

For the year ended December 31, 2003, the loss from discontinued operations amounted to €84.3 million, compared to a loss of €9.2 million in 2002. As at December 31, 2003, assets of the disposal group accounted for €35.2 million (€102.7 million as at December 31, 2002) and liabilities of the disposal group for €34.5 million (€36.5 million as at December 31, 2002) of total assets and liabilities, respectively. Loss from discontinued operations equaled €3.6 million for the first nine months of 2004, and we anticipate that losses from discontinued operations will continue at a reduced level for the foreseeable future. For a discussion of the factors we consider in determining whether operations are to be classified as discontinued, see "– Critical Accounting Policies – Discontinued Operations".

Economic Trends

Most of the countries in which we operate, in particular Germany and Switzerland, experienced an economic downturn during 2000 through 2002, which continued well into 2003. This, and other factors, impacted our sales development negatively. Excluding sales attributable to acquisitions, sales growth was marginal in 2002. Assuming that all acquisitions completed in the period between January 1, 2002 through December 31, 2003 occurred on January 1, 2002, sales would have declined by 1.1% in 2003 compared to the prior year. During the first nine months of 2004, the economic situation in Germany and Europe generally improved modestly, which is reflected in an increase in our net sales compared to the comparable period for 2003.

Exchange Rates

Our operating currency is the Euro, and a majority of our revenues and our expenses are denominated in Euros. We do have both revenues and expenses denominated in currencies other than the Euro, principally U. S. dollars. Thus, exchange-rate fluctuations can either increase or decrease our revenues and expenses as reported in Euro. For most financial periods the impact on revenues of fluctuations in exchange rates is largely offset by the impact on expenses. Historically, the majority of our financial assets and liabilities have been denominated in Euro, with a portion of our liabilities being denominated in Swiss Francs.

Seasonality

Our operating results have historically fluctuated on a seasonal basis, with our third-quarter results generally being somewhat stronger than those of our other quarters. This reflects in part seasonality in the European logistics industry generally, as increased activity by manufacturers and retailers in anticipation of the Christmas holiday season results in an increase in activity in the third quarter. This seasonal effect is not pronounced and can be more than off-set by other factors, including longer-term macroeconomic trends.

Special Factors Affecting Results for 2001

We believe that our results for 2001 cannot be meaningfully compared to our results for 2002 and subsequent periods, for the following reasons:

- ***Reclassification for 2002-2003 and restatement for 2002.*** Following the appointment of new management in mid-2003, we decided to restructure our business along three principal business segments and to treat each such business segment as a separate segment for financial reporting purposes. In this process we targeted various subsidiaries, business lines and other assets for divestiture and, pending such divestiture, treated those assets as discontinued operations, with the net results of those discontinued operations being reported on a separate line on our income statement. In connection with the preparation of our financial statements as of December 31, 2003 and for the year then ended, we reclassified our financial statements as of December 31, 2002 and for the year then ended, treating all operations that were discontinued prior to year-end 2003 as also being discontinued for all of 2002. In addition, we restated certain leasing contracts as capital leases for 2002 and subsequent years that had formerly been recorded as operating leases. We have not restated our results for 2001 or any prior period.

- ***Unexplained payments received in 2001.*** In our financial statements for 2001 that were audited by our previous auditing firm, we recorded at least €14.1 million of net sales (cash receipts) in 2001 that are of unknown origin. Current management was, after investigation, unable to determine the source of those payments received and was therefore unable to determine whether those received payments were properly recorded. See "Risk Factors – Risks Relating to our Business and Industry – You may not be able to rely on our revenues reported for 2001".

- ***Impact of Acquisitions, Divestitures, Restructuring and Other Matters in 2002 and 2003.*** As discussed above, the results for 2002 and 2003 reflect the impact of numerous acquisitions and divestitures, as well as of restructuring charges, charges related to discontinued operations and other matters. These factors further hinder meaningful comparisons of results for 2001 with results for subsequent periods. For a more detailed discussion of the reclassification and restatement, see "– Additional Financial Presentation Matters – Reclassifications and Restatement" below.

Due to these factors, we do not discuss the results of operations or cash flows for 2001 in this management's discussion and analysis of financial condition and results of operations. Although financial data for 2001 is presented for comparative purposes in the historical financial statements as at and for the year ended December 31, 2002 included in this offering memorandum, we encourage you not to use that data as a basis of comparison with other years.

Critical Accounting Policies

The calculation of the following items is important to our financial position and results of operations. However, these calculations require us to make judgments that are necessarily subjective and that may change in future periods. Reliance on different assumptions and judgments could produce materially different results.

Goodwill and other Intangible Assets

Intangible assets include among others customer stock and goodwill. Most of our intangible assets result from the acquisition of companies. The total purchase price paid for a majority stake in a company is allocated to the individual assets acquired and liabilities assumed. The portion of the purchase price which cannot be allocated to individual assets is recognized as goodwill and recorded separately in the consolidated balance sheet.

Under U.S. GAAP, we are prohibited from amortizing our goodwill and indefinite life intangible assets. Instead, goodwill and indefinite-life intangible assets are tested for impairment at least annually and on an interim basis when an event occurs or circumstances change between annual tests that would more likely than not result in impairment. Under U.S. GAAP, goodwill is assessed for impairment by using the fair-value method that is based on our assessment of future cash flows to be received from the companies in question, discounted to present value at an appropriate rate.

Our judgments as to future cash flows and appropriate discount rates could later prove to have been inaccurate predictors of value. In particular, we may be unable to foresee economic and business developments that result in cash flows that are worse than expected. Accordingly, if we determine that our assumptions about growth rates or discounted values were incorrect or need to be modified over time, book values of assets including goodwill may need to be impaired. Other future events relating to a specific subsidiary or group of subsidiaries may require an impairment, as occurred in 2003. See "– Results of Operations – Results of Operations for the Years ended December 31, 2003 and 2002 – Impairments" for a discussion of the risk of impairment charges arising from our acquisitions and disposals.

Long-Lived Assets

Long-lived assets include, among others, property, plant and equipment. Long-lived assets are valued at acquisition or manufacturing cost less accumulated depreciation. Long-lived assets are depreciated over their useful lives.

We review the carrying value of our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Recoverability of long-lived assets, excluding goodwill, is assessed by a comparison of the carrying amount of the asset to the total estimated undiscounted cash flows expected to be generated by the asset or group. If the estimated future net undiscounted cash flows are less than the carrying amount of the asset or group, the asset or group is considered impaired, and expense is recognized equal to the amount required to reduce the carrying amount of the asset to its then fair value. If quoted market prices are not available for the long-lived assets, fair value is determined by discounting the cash flows expected to be generated by the asset.

Key areas of judgment for these impairment tests are sale prices, production and sales volume levels, costs and market conditions and appropriate discount rates to be applied to forecasted cash flows. Accordingly, if we determine that our assumptions about expected market conditions or discount rates were incorrect or need to be modified over time, book values of assets may need to be impaired.

Deferred Tax Assets

We provide for income taxes using the liability method, which requires that deferred tax assets and liabilities be recognized for the expected future tax consequences of temporary differences arising between the bases of assets and liabilities for financial reporting and income-tax purposes. Currently enacted tax rates are used to determine deferred income tax. Under this method, we are required to record deferred income taxes on the revaluation of certain non-current assets and, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base. Valuation allowances on deferred tax assets are provided where we believe it is more likely than not that we will not realize such amounts.

Currently, we record deferred tax assets resulting from tax loss-carryforwards in different legal entities. We assume that each legal entity with deferred tax assets will have taxable profits in the future against which it will be able to offset tax loss-carryforwards. If our assumption, mainly with regard to a legal entity's future profits, are not realized, or if changes in tax law restrict the utilization of the tax losses, our ability to utilize our tax loss-carryforwards could be jeopardized. This could result in a valuation allowance on the deferred tax assets.

Discontinued Operations

Under Statement of Financial Accounting Standards ("SFAS") No. 144, a discontinued operation of an entity is a subsidiary, cash-generating unit or business or geographical segment:

- that either has been disposed of or is classified as held for sale;
- whose operations and cash flows have been, or will be, eliminated from the ongoing operations of the entity as a result of the disposal transaction; and
- in which the entity will have no significant continuing involvement after the disposal transaction.

Under SFAS No. 144, the revenue, expenses and pre-tax profit or loss of discontinued operations and the related tax expense should be presented on the face of the income statement, and the net cash flows of the discontinued operation should be presented seperately in the cash flow statement or in the notes.

Assets of discontinued operations are recorded at the lower of the book value or the discounted future net cash flows expected to be generated by the discontinued operations less costs of sale. The expected cash flow depends upon the expected sales price. If this price cannot be derived from an active trading market, then our expectations in relation to an obtainable purchase price strongly affect the valuation of discontinued operations. Even where our expectations are based on ongoing negotiations, these negotiations might fail. Thus, impairments may be required, due to illiquid and small markets for businesses and due to unjustified purchase price expectations.

Accruals, Provisions, Commitments and Contingencies

Risks in connection with potential and pending litigation and potential risks under guarantees and indemnities given with respect to the sale of operations require us to make judgments as to the likelihood of these risks actually being realized. If the actual costs differ from our estimates, our accruals and provisions may not be sufficient. Any deficiencies would be a loss that we would be required to recognize at the time it becomes reasonably estimable. See " Business – Litigation and Legal Proceedings".

Results of Operations

Results of Operations for the Nine-Month Periods ended September 30, 2003 and 2004

The following table summarizes our results of operations for the nine-month periods ended September 30, 2003 and 2004:

	Nine months ended September 30,			
	2003		2004	
	(reclassified and restated)			
	(unaudited) (thousands of € and as a percentage of net sales)			
Net sales	1,234,109	100.0%	1,307,401	100.0%
Cost of sales	(1,143,807) (1)	(92.7%)	(1,207,157)	(92.3%)
Gross margin	**90,302**	**7.3%**	**100,244**	**7.7%**
Selling costs	(25,547)	(2.1%)	(25,267)	(1.9%)
General and administrative costs	(65,007)	(5.3%)	(64,578)	(4.9%)
Other operating income, net	4,219	0.3%	11,194	0.9%
Total operating expenses	(86,335) (1)	(7.0%)	(78,651)	(6.0%)
Operating income before restructuring and impairments	**3,967**	**0.3%**	**21,593**	**1.7%**
Restructuring costs	(14,369) (2)	(1.2%)	–	0.0%
Impairment of long-lived assets	(5,061)	(0.4%)	–	0.0%
Impairment of goodwill	(30,746)	(2.5%)	–	0.0%
Operating income (loss)	**(46,209) (3)**	**(3.7%)**	**21,593**	**1.7%**
Interest expense, net	(11,529)	(0.9%)	(10,844)	(0.8%)
Other financial income, net	(6,919)	(0.6%)	490	0.0%
Earnings in equity of associated companies	209	0.0%	66	0.0%
Financial results	(18,239)	(1.5%)	(10,288)	(0.8%)
Income taxes	(4,984) (4)	(0.4%)	(4,260)	(0.3%)
Income (loss) from continuing operations	**(69,432)**	**(5.6%)**	**7,045**	**0.5%**
Loss from discontinued operations	(58,425)	(4.7%)	(3,587)	(0.3%)
Minority interest	591	0.0%	(2,065)	(0.2%)
Net income (loss)	**(127,266) (5)**	**(10.3%)**	**1,393**	**0.1%**

Notes:

(1) Includes the recognition of provisions of €1.6 million mainly relating to personnel expenses attributable to cost of sales and operating expenses that under U.S. GAAP should have been reversed in the third quarter of 2003 rather than the fourth quarter of 2003.

(2) Includes €1.7 million of restructuring expenses that under U.S. GAAP should only have been recorded in the fourth quarter of 2003.

(3) Had the timing of the recognition of the items identified in the preceding footnotes been in accordance with U.S. GAAP, operating loss for the first nine months of 2003 would have been €42.9 million.

(4) Does not include an impairment of our deferred tax asset in the amount of €3.5 million that under U.S. GAAP should have been recorded in the third quarter of 2003.

(5) Had the timing of the recognition of the items identified in the preceding footnotes been in accordance with U.S. GAAP, net loss for the first nine months of 2003 would have been €127.4 million.

Net Sales. The following table shows our consolidated net sales for each segment for the nine-month periods ended September 30, 2003 and 2004:

	Nine months ended September 30,			
	2003		2004	
	(reclassified and restated)			
	(unaudited) (thousands of € and as a percentage of net sales)			
By segment:				
Industry Solutions	459,416	37.2%	462,072	35.3%
Air & Ocean	204,205	16.6%	233,766	17.9%
Regional Logistics Services	569,483	46.1%	610,831	46.7%
Other corporate revenues	1,005	0.1%	732	0.1%
Group, total	**1,234,109**	**100.0%**	**1,307,401**	**100.0%**

Our net sales increased by 5.9% from €1,234.1 million for the period in 2003 to €1,307.4 million for the period in 2004. As discussed in more detail below, the increase in our net sales was largely due to an increasing reliance on outsourcing of services by manufacturers, increased business in Europe and increased service offerings.

Industry Solutions. Net sales in Industry Solutions increased by 0.6% from €459.4 million for the first nine months ended September 30, 2003 to €462.1 million for the first nine months ended September 30, 2004. Net sales across the segment generally weakened between the two periods, which was more than offset by gains in the Media business unit, which experienced acquisition-related sales growth as explained below.

The following table shows the net sales in Industry Solutions and by business units for the nine month periods in 2003 and 2004:

	Nine months ended September 30,			
	2003		2004	
	(reclassified and restated)			
	(unaudited) (thousands of € and as a percentage of net sales)			
By business unit:				
THIEL Automotive	165,094	35.9%	157,056	34.0%
THIEL FashionLifestyle	174,291	37.9%	172,360	37.3%
THIEL Media	77,680	16.9%	90,274	19.5%
THIEL Furniture	36,115	7.9%	35,096	7.6%
THIEL FreshNet	6,236	1.4%	7,286	1.6%
Industry Solutions, total	**459,416**	**100.0%**	**462,072**	**100.0%**

Net sales of our business unit THIEL Automotive decreased by 4.9% from €165.1 million to €157.1 million. This was largely the result of the weak performance of the automotive market in Germany.

Net sales of THIEL FashionLifestyle decreased by 1.1% from €174.3 million to €172.4 million. This decrease was mainly due to the difficult market environment in the German fashion industry, the most important market for THIEL FashionLifestyle, which in turn had an adverse effect on our net sales in this sub-segment.

Net sales of THIEL Media, which have been consolidated since April 2003, increased by 16.2% from €77.7 million to €90.3 million. This increase is the result of consolidating only six months of results for our Overbruck subsidiary in 2003 compared to nine months in 2004.

Net sales of THIEL Furniture decreased by 2.8% from €36.1 million to €35.1 million as a result of the stagnant consumer economy in Germany.

Net sales of THIEL FreshNet increased by 16.8% from €6.2 million to €7.3 million. The increase was driven by an increased business volume with an existing customer and the gain of a new customer.

Air & Ocean. Net sales in Air & Ocean increased by 14.5% from €204.2 million for the nine months ended September 30, 2003 to €233.8 million for the nine months ended September 30, 2004. This increase is due to a strengthening market in 2004, following a relatively weak market in 2003, as increasing globalization and an improving market environment in Asia lead to a demand for intercontinental air and sea freight.

Regional Logistics Services. Net sales in Regional Logistics Services increased by 7.3% from €569.5 million for the period in 2003 to €610.8 million for the nine months ended September 30, 2004. The increase was largely due to increased outsourcing of logistics by manufacturers in Austria and southern Germany, as well as increased shipping of products and supplies between Austria and eastern Europe.

Net sales in the business unit Südkraft also include sales generated by the public passenger transportation activities of Kraftverkehr Bayern Gesellschaft mit beschränkter Haftung (“KVB”). We divested KVB’s public passenger transportation activities in the first half of 2004. See “Business – Our Strategy” and “Business – Divestments”. KVB’s business activities in the public passenger transportation sector cannot be clearly distinguished for financial reporting purposes, from the rest of KVB’s business activities as required by SFAS No. 144 for a reporting of KVB’s public transportation activities as discontinued operations. Accordingly, KVB’s business activities in the public passenger transportation sector were not recorded as discontinued operations. For the nine months ended September 30, 2004, net sales generated by KVB’s public passenger transportation activities amounted to approximately €8.0 million.

The following table shows the net sales in Regional Logistics Services and by business unit for the nine months ended September 30, 2003 and 2004:

	Nine months ended September 30,			
	2003		2004	
	(reclassified and restated)			
	(unaudited) (thousands of € and as a percentage of net sales)			
By business unit:				
Quehenberger	238,675	41.9%	279,442	45.7%
Südkraft	172,199	30.2%	167,735	27.5%
Delacher	158,609	27.9%	163,654	26.8%
Regional Logistics Services, total	**569,483**	**100.0%**	**610,831**	**100.0%**

Net sales of Quehenberger increased by 17.1% from €238.7 million for the nine months ended September 30, 2003 to €279.4 million for the nine months ended September 30, 2004. This increase was mainly due to an increase in its customer base, both among Austrian manufacturers and in eastern Europe.

Net sales of Süddeutsche Kraftwagen-Speditionsgesellschaft mbH (“Südkraft”) decreased by 2.6% from €172.2 million for the nine months ended September 30, 2003 to €167.7 million for the nine months ended September 30, 2004. This decrease was mainly a result of the sale of our public-transportation business in 2004 described above.

Net sales of delacher increased by 3.2% from €158.6 million for the nine months ended September 30, 2003 to €163.7 million for the nine months ended September 30, 2004. This increase was mainly due to the expansion of its service offerings and customer base.

Cost of Sales. Cost of sales mainly include cost of purchased services, materials and supplies and personnel costs. Cost of sales increased by 5.5% from €1,143.8 million for the nine months ended September 30, 2003 to €1,207.2 million for the nine months ended September 30, 2004, nearly in line with the corresponding increase in net sales. These costs were largely driven during the two periods by costs of purchased services (60.5% of net sales for the nine months ended September 30, 2003 and 62.5% of net sales for the nine months ended September 30, 2004) and personnel costs (17.3% of net sales for the nine months ended September 30, 2003 and 15.5% of net sales for the nine months ended September 30, 2004).

Gross Margin. The gross margin increased by 11.0% from €90.3 million for the nine months ended September 30, 2003 to €100.2 million for the period in 2004. As a percentage of net sales, the gross margin increased from 7.3% for the nine months ended September 30, 2003 to 7.7% for the nine months ended September 30, 2004.

Operating Expenses. Operating expenses include selling costs, general and administrative costs and other operating income. Operating expenses decreased by 8.8% from €86.3 million for the nine months ended September 30, 2003 to €78.7 million for the nine months ended September 30, 2004, as a result of the consolidation of the acquisitions made during 2003. As a percentage of net sales, operating expenses decreased slightly between the two periods from 7.0% for the period in 2003 to 6.0% for the nine months ended September 30, 2004.

Selling costs equaled €25.5 million (2.1% of net sales) for the nine months ended September 30, 2003 and €25.3 million (1.9% of net sales) for the nine months ended September 30, 2004. Approximately half of these amounts were attributable to salaries. General and administrative costs likewise decreased slightly from €65.0 million (5.3% of net sales) for the nine months ended September 30, 2003 to €64.6 million (4.9% of net sales) for the nine months ended September 30, 2004. Other operating income increased from €4.2 million to €11.2 million, principally due to the sale of our subsidiary KVB's public-transportation business.

General and administrative costs equaled €65.0 million (5.3% of net sales) for the nine months ended September 30, 2003 and €64.6 million (4.9% of net sales) for the nine months ended September 30, 2004. Salaries comprised a majority of general and administrative costs.

Restructuring Costs. Restructuring costs went from €14.4 million for the nine months ended September 30, 2003 to €0 for the nine months ended September 30, 2004. Restructuring costs for the full year 2003 are discussed in more detail below.

Impairments. Impairments went from €35.8 million for the nine months ended September 30, 2003 to €0 for the nine months ended September 30, 2004. Impairments for the full year 2003 are discussed in more detail below.

Operating Income. The following table shows our operating income for the nine-month periods ended September 30, 2003 and 2004:

	Nine months ended September 30,	
	2003	2004
	(reclassified and restated)	
	(unaudited) (thousands of €)	
Industry Solutions	9,823	8,654
Air & Ocean	(617)	3,869
Regional Logistics Services	12,882	20,124
Operating income from segments	**22,088**	**32,647**
Amortization of capitalized customer stock	(2,857)	(3,366)
Depreciation and amortization of unallocated long-lived assets	(2,057)	(1,904)
Results of non-operating entities prior to write-off	(13,207)	(5,784)
Operating income before restructuring and impairments	**3,967**	**21,593**
Restructuring costs	(14,369)	–
Impairment of long-lived assets	(5,061)	–
Impairment of goodwill	(30,746)	–
Total	**(46,209)**	**21,593**

Operating income before restructuring costs and impairments increased from €4.0 million for the nine months ended September 30, 2003 to €21.6 million for the nine months ended September 30, 2004, or as a percentage of net sales from 0.3% to 1.7%. This increase is due to the organic sales growth, growth through acquisitions, cost reductions and asset dispositions described above.

Operating income after restructuring costs and impairments increased from an operating loss of €46.2 million for the nine months ended September 30, 2003 to operating income of €21.6 million for the nine months ended September 30, 2004. As there have been no restructuring costs and impairments recorded for the nine months ended September 30, 2004, there is no difference between operating income before restructuring costs and impairments and operating income after restructuring costs and impairments for that period.

Total operating income of our segments for both periods was positive as various effects such as restructuring costs and impairment of goodwill and long-lived assets were not allocated to segments.

Industry Solutions. Operating income in Industry Solutions decreased by 11.9% from €9.8 million for the period in 2003 to €8.7 million for the nine months ended September 30, 2004. These amounts for operating income between the two periods are not fully comparable, as certain head-office operating costs were allocated to the business segments and business units for the first time in 2004. Excluding the effect of this reallocation for 2004, operating income between the two periods increased by 7.1%. This increase is explained by increased profitability in the FashionLifestyle and FreshNet units which was partially offset by weakness in our Automotive business unit.

Air & Ocean. Operating income in Air & Ocean increased from an operating loss of €0.6 million for the nine months ended September 30, 2003 to an operating income of €3.9 million for the nine months ended September 30, 2004. This increase is largely due to higher profit margins in Asia, particularly China. Removing the effect of allocated holding costs for 2004, operating income between the two periods increased by €5.5 million.

Regional Logistics Services. Operating income in Regional Logistics Services increased 56.2% from €12.9 million for the nine months ended September 30, 2003 to €20.1 million for the nine months ended September 30, 2004. This increase is largely due to increased organic growth in this segment, growth through acquisitions and cost management, which were partially offset by the sale of certain businesses. Removing the effect of allocated holding costs for 2004 operating income between the two periods increased by €9.6 million.

Financial Results

Financial results include the items "interest expense, net", "other financial income (expense), net" and "equity in earnings of associated companies".

Interest expense, net, decreased by 5.9% from €11.5 million for the nine months ended September 30, 2003 to €10.8 million for the nine months ended September 30, 2004. This decrease was caused by an average lower level of indebtedness for the first nine months of 2004.

Other financial expense, net, increased from a loss of €6.7 million for the nine months ended September 30, 2003 to income of €0.6 million for the nine months ended September 30, 2004, mainly as a result of impairments and losses recorded in 2003 in connection with the disposal of investments in the healthcare-related business.

Income Taxes. Income taxes decreased from €5.0 million for the nine months ended September 30, 2003 to €4.3 million for the nine months ended September 30, 2004, due to written-off deferred tax assets in 2003.

Loss from Discontinued Operations. Losses from discontinued operations mainly include negative net incomes of such operations, impairments of goodwill and losses from the disposal of such operations.

Losses from discontinued operations decreased from €58.4 million for the nine months ended September 30, 2003 to €3.6 million for the nine months ended September 30, 2004. Losses from discontinued operations for the nine months ended September 30, 2003 included impairments of goodwill of €21.0 million, compared to €0.8 million for the nine months ended September 30, 2004. Losses from discontinued operations for the nine months ended September 30, 2003 also included impairments of long-lived assets and results of deconsolidation amounting to €1.9 million in total, compared to €0.4 million for the nine months ended September 30, 2004. These non-cash expenses totaled €1.3 million for the nine months ended September 30, 2004. Losses from discontinued operations for the nine months ended September 30, 2004 also included negative operating results, restructuring expenses, interest expenses and taxes amounting to €2.3 million, compared to €35.5 million for the period in 2003. See "– Liquidity and Capital Resources – Historical Cash Flows – Net Cash Used in Discontinued Operations".

Minority Interest. The decrease in minority interest from €0.6 million for the nine months ended September 30, 2003 to a loss of €2.1 million for the nine months ended September 30, 2004 resulted almost exclusively from increased positive operating results of consolidated subsidiaries in which we hold an interest of less than 100%.

Net Income (Loss). Net income increased from a loss of €127.3 million for the nine months ended September 30, 2003 to a gain of €1.4 million for the nine months ended September 30, 2004, for the reasons described above.

Results of Operations for the Years ended December 31, 2002 and 2003

The following table summarizes our results of operations for 2002 and 2003:

	Year ended December 31,			
	2002		2003	
	(reclassified and restated) (unaudited)		(reclassified)	
	(thousands of € and as a percentage of net sales)			
Net sales	1,352,328	100.0%	1,663,598	100.0%
Cost of sales	(1,239,795)	(91.7%)	(1,539,808)	(92.6%)
Gross margin	**112,533**	**8.3%**	**123,790**	**7.4%**
Selling costs	(29,067)	(2.1%)	(33,977)	(2.0%)
General and administrative costs	(72,708)	(5.4%)	(90,060)	(5.4%)
Other operating income, net	5,373	0.4%	7,463	0.4%
Total operating expenses	(96,402)	(7.1%)	(116,574)	(7.0%)
Operating income before restructuring and impairment	**16,131**	**1.2%**	**7,216**	**0.4%**
Restructuring costs	–	0.0%	(14,008)	(0.8%)
Impairment of long-lived assets	–	0.0%	(5,259)	(0.3%)
Impairment of goodwill	–	0.0%	(30,746)	(1.8%)
Operating income	**16,131**	**1.2%**	**(42,797)**	**(2.6%)**
Interest expense, net	(8,654)	(0.6%)	(15,405)	(0.9%)
Other financial income, net	(863)	(0.1%)	(7,700)	(0.5%)
Equity in earnings of associated companies	(140)	(0.0%)	358	0.0%
Financial results	(9,657)	(0.7%)	(22,747)	(1.4%)
Income taxes	(2,631)	(0.2%)	(7,328)	(0.4%)
Income (loss) from continuing operations	**3,843**	**0.3%**	**(72,872)**	**(4.4%)**
Loss from discontinued operations	(9,184)	(0.7%)	(84,250)	(5.1%)
Minority interest	83	0.0%	915	0.1%
Net loss	**(5,258)**	**(0.4%)**	**(156,207)**	**(9.4%)**

Net Sales. The following table shows our consolidated net sales for each segment for 2002 and 2003:

	Year ended December 31,			
	2002		2003	
	(reclassified and restated) (unaudited)		(reclassified)	
	(thousands of € and as a percentage of net sales)			
By segment:				
Industry Solutions	353,183	26.1%	622,555	37.4%
Air & Ocean	278,963	20.6%	281,071	16.9%
Regional Logistics Services	691,417	51.1%	758,586	45.6%
Other corporate revenues[(1)]	28,765	2.1%	1,386	0.1%
Total	**1,352,328**	**100.0%**	**1,663,598**	**100.0%**

Note:
(1) In 2002, other corporate revenues included €26.1 million in one-off consulting fees.

Our net sales increased by 23.0% from €1,352.3 million in 2002 to €1,663.6 million in 2003. As discussed in more detail below, the increase in our net sales was largely due to the acquisitions of Overbruck, Microlog and LOG and, to a lesser extent, to our organic growth in Regional Logistics Services and Air & Ocean.

Industry Solutions. Net sales in Industry Solutions increased by 76.3% from €353.2 million in 2002 to €622.6 million in 2003. The increase was largely a result of the acquisition of Overbruck made during 2003 and the fact that Microlog's and LOG's net sales were only partially included in 2002.

The following table shows a breakdown by business unit for 2003:

	Year ended December 31,	
	2003	
	(reclassified)	
	(thousands of € and as a percentage of net sales)	
By business unit:		
THIEL Automotive	220,787	35.5%
THIEL FashionLifestyle	228,118	36.6%
THIEL Media	116,104	18.6%
THIEL Furniture	49,121	7.9%
THIEL Fresh Net	8,425	1.4%
Industry Solutions, total	**622,555**	**100.0%**

Net sales of business unit THIEL Automotive increased dramatically to €220.8 million, mainly as a result of the consolidation of three months of our subsidiary Microlog's results in 2002, compared with a full year in 2003, combined with organic growth in our business unit.

Net sales of THIEL FashionLifestyle decreased somewhat to €228.1 million. This decrease was mainly due to the difficult market environment in the German fashion industry, the most important market for THIEL FashionLifestyle.

Net sales of THIEL Media, which have been consolidated since April 2003, equaled €116.1 million.

Net sales of THIEL Furniture, which were initially consolidated in April 2002, increased significantly to €49.1 million. Taking into account that in 2002 LOG's net sales were only included for nine months, net sales in THIEL Furniture slightly increased mainly as a result of a higher volume demand from THIEL Furniture's main customer.

Net sales of THIEL FreshNet also increased quite significantly to €8.4 million. The increase was driven by an increased business volume with an existing customer and the gain of a new customer.

Air & Ocean. Net sales in Air & Ocean increased slightly by 0.8% from €279.0 million in 2002 to €281.1 million in 2003. Despite the adverse impact of SARS on the Asian economy and the subsequent declining demand for logistic services in Asia, net sales in this business unit grew organically. Such growth was, however, almost entirely offset by negative impacts from currency fluctuations between the Euro and the U.S. dollar, which is the most important currency for sea freight-related services, as well as between the Euro and certain Asian currencies of countries where Birkart Globistics maintains business operations.

Regional Logistics Services. Net sales in Regional Logistics Services increased by 9.7% from €691.4 million in 2002 to €758.6 million in 2003. The increase was largely due to the acquisition of Microlog and the subsequent assignment of Microlog's subsidiary Nunner/Geris Group to Delacher.

Net sales in the Südkraft business unit also include sales generated by the public passenger transportation activities of our subsidiary KVB. We divested KVB's public passenger transportation activities in the first half of 2004. See "Business – Our Strategy" and "Business – Divestments". KVB's business activities in the public passenger transportation sector cannot be clearly distinguished, for financial reporting purposes, from the rest of KVB's business activities as required by SFAS No. 144 for a reporting of KVB's public transportation activities as discontinued operations. Accordingly, KVB's business activities in the public passenger transportation sector were not recorded as discontinued operations. In 2003, net sales generated by KVB's public passenger transportation activities amounted to approximately €21.1 million.

The following table shows the net sales in Regional Logistics Services and by business unit for 2003:

	Year ended December 31, 2003 (reclassified) (thousands of € and as a percentage of net sales)	
By business unit:		
Quehenberger	319,268	42.1%
Südkraft	227,076	29.9%
Delacher	212,242	28.0%
Regional Logistics Services, total	**758,586**	**100.0%**

Net sales of Quehenberger increased somewhat to €319.3 million in 2003. This increase was partly due to Quehenberger being able to further expand its established market presence in logistic services in Austria and eastern Europe.

Net sales of Südkraft remained relatively stable at €227.1 million in 2003.

Net sales of Delacher increased noticeably to €212.2 million in 2003. This increase was mainly caused by the integration of the Nunner/Geris Group, partly offset by net sales in Hungary, which decreased slightly.

Cost of Sales. Cost of sales mainly include cost of purchased services, materials and supplies and personnel costs. Cost of sales increased by 24.2% from €1,239.8 million in 2002 to €1,539.8 million in 2003 due to the consolidation of the acquisitions made during 2002 and 2003. These costs were in 2002 and 2003 largely driven by costs of purchased services (60.5% of net sales in 2003) and personnel costs (17.2% of net sales in 2003).

Gross Margin. The gross margin increased by 10.0% from €112.5 million in 2002 to €123.8 million in 2003. As a percentage of net sales, the gross margin decreased from 8.3% in 2002 to 7.4% in 2003. The gross margin in 2002 was affected by sales generated in connection with consulting services rendered at extremely favorable rates for us.

Operating Expenses. Operating expenses include selling costs, general and administrative costs and other operating income. Operating expenses increased by 21% from €96.4 million in 2002 to €116.6 million in 2003, as a result of the consolidation of the acquisitions made during 2003 and 2002. As a percentage of net sales, operating expenses remained stable in 2002 and 2003, at 7.1% and 7.0%, respectively. This increase in operating expenses reflects increases in each of selling costs and general and administrative costs, offset by increases in other operating income, net, as described below.

Selling costs equaled €29.1 million (2.1% of net sales) in 2002 and €34.0 million (2.0% of net sales) in 2003. Approximately half of these amounts was attributable to salaries. General and administrative costs equaled €72.7 million (5.4% of net sales) in 2002 and €90.1 million (5.4% of net sales) in 2003. Salaries comprised the majority of general and administrative costs. Other operating income, net, equaled €5.4 million in 2002 and €7.5 million in 2003. This increase is largely due to increased foreign-exchange gains.

Restructuring Costs. In 2003, restructuring costs amounted to €14.0 million (compared to none in 2002). Key elements of restructuring costs included redundancy payments of €5.0 million mainly in connection with personnel reductions at THIEL Logistik, Südkraft and Birkart Globistics, consulting fees for the elaboration and implementation of the new corporate strategy of €3.8 million. Industry Solutions accounted for €3.7 million restructuring costs, Regional Logistics Services for €0.5 million and Air & Ocean for €2.9 million. The remainder in the amount of €6.9 million was allocated to our parent company THIEL Logistik rather than our reporting segments.

Impairments. In 2002, no impairments were recorded. Impairments in 2003 included impairments of goodwill on continued operations in the amount of €30.7 million and of long-lived assets in the amount of €5.3 million. Of the goodwill impairments, €14.0 million related to Industry Solutions, €7.1 million related to Regional Logistics Services and €9.6 million related to Air & Ocean. The impairment of long-lived assets in 2003 comprised a write-off of software at THIEL Logistik in the amount of €2.7 million and of a write-off of other long-lived assets in the amount of €1.7 million.

Operating Income. The following table shows our operating income for 2002 and 2003:

	Year ended December 31,	
	2002	2003
	(reclassified and restated) (unaudited)	(reclassified)
	(thousands of €)	
Industry Solutions	(1,629)	15,512
Air & Ocean	(986)	(979)
Regional Logistics Services	12,476	16,255
Operating income from segments	**9,861**	**30,788**
Amortization of capitalized customer stock	(445)	(4,062)
Depreciation and amortization of unallocated long-lived assets	(1,953)	(2,628)
Results of non-operating entities prior to write-off	8,668	(16,882)
Operating income before restructuring	**16,131**	**7,216**
Restructuring costs	–	(14,008)
Impairment of long-lived assets	–	(5,259)
Impairment of goodwill	–	(30,746)
Total	**16,131**	**(42,797)**

Operating income before restructuring costs and impairment decreased by 55.3% from €16.1 million in 2002 to €7.2 million in 2003, or as a percentage of net sales from 1.2% to 0.4%. Despite the increase in operating income from segments from €9.8 million in 2002 to €30.8 million in 2003, the operating income before restructuring decreased due to the fact that the results of non-operating units prior to write-off in 2002 included the result of consulting services rendered at rates that were favorable to us.

Operating income (loss) after restructuring costs and impairments decreased from operating income of €16.1 million in 2002 to an operating loss of €42.8 million in 2003. The decrease was caused by restructuring costs and the impairment of goodwill and long-lived assets as described above.

Total operating income of our Industry Solutions and Regional Logistics Services segments was positive in 2003 as various effects such as restructuring costs and impairment of goodwill and long-lived assets were not allocated to segments.

Industry Solutions. Operating income in Industry Solutions increased from a loss of €1.6 million in 2002 to income of €15.5 million in 2003. All sub-segments in Industry Solutions increased their operating income in 2003. The increase in THIEL Automotive was almost exclusively influenced by the initial consolidation of Microlog's automotive business. THIEL Media was initially consolidated in 2003 and contributed accordingly to the operating income in Industry Solutions. The restructuring measures implemented at THIEL FashionLifestyle had an additional positive impact on operating income in 2003. THIEL Furniture was able to increase its operating income by virtue of a higher volume demand from its main customer.

Air & Ocean. Operating loss in Air & Ocean remained almost unchanged at a loss of €1.0 million in both 2002 and 2003. The negative operating income in Air & Ocean was impacted by reduced volumes as a consequence of SARS, costs in connection with the establishment of a new branch in South Korea, as well as one-time expenses in relation to the Air & Ocean activities in the UK.

Regional Logistics Services. Operating income in Regional Logistics Services increased by 30.4% from €12.5 million in 2002 to €16.3 million in 2003. While Quehenberger's operating income remained stable, Delacher suffered from declining net sales in particular in Hungary, resulting in a corresponding adverse effect on operating income, despite the positive effects of the consolidation of the Nunner/Geris Group in October 2002 for the whole year in 2003 but only for three months in 2002. Operating income of Südkraft was negatively influenced by our Luxembourg subsidiaries, some of which were loss-making as a result of insufficient capacity utilization and the loss of customers.

Financial Results. Financial results include the items "interest expense, net", "other financial income (expense), net" and "equity in earnings of associated companies".

Interest expense, net, increased by 77.0% from €8.7 million in 2002 to €15.4 million in 2003. This increase was caused by a higher level of indebtedness throughout 2003, largely due to the consolidation of our acquired subsidiary Microlog for the full year of 2003, compared to one quarter of 2002.

Other financial expense, net, increased from €0.9 million in 2002 to €7.7 million in 2003, mainly related to impairments and losses recorded in connection with the disposal of investments in the healthcare-related business in 2003.

Income Taxes. Income taxes increased from €2.6 million in 2002 to €7.3 million in 2003 despite an increased net loss in 2003. Income taxes in 2002 were characterized by current income tax expenses amounting to €10.6 million, which were to a large extent offset by net benefits from the capitalization of deferred income taxes amounting to €8.0 million. In 2003, we recorded deferred income taxes of €20.2 million and valuation allowances of €18.8 million, only partially offsetting current income taxes in the amount of €8.8 million.

Loss from Discontinued Operations, Net of Tax. Losses from discontinued operations mainly include negative net income from such operations, impairments of goodwill and losses from the disposal of the operations.

Losses from discontinued operations increased from €9.2 million in 2002 to €84.3 million in 2003. Losses from discontinued operations in 2003 included impairments of goodwill of €21.3 million, whereas in 2002 no goodwill impairments were recorded. Losses from discontinued operations in 2003 also included impairments of long-lived assets and results of deconsolidation amounting to €16.0 million in total, whereas in 2002 no such impairments were recorded. These non-cash expenses totaled €37.3 million. Losses from discontinued operations in 2003 also included negative operating results, restructuring expenses, interest expenses and taxes amounting to €47.0 million compared to €9.2 million in 2002. See "– Liquidity and Capital Resources – Historical Cash Flows – Net Cash Used in Discontinued Operations".

Of the losses from discontinued operations in 2003, €57.5 million related to operations that have been sold or shut down during the course of 2003 (including the sale of BTL Logistics AG as of January 1, 2004).

Minority Interest. The increase in minority interest resulted almost exclusively from increased negative operating results of consolidated subsidiaries in which we hold an interest of less than 100%.

Net Loss. Net loss increased from €5.3 million in 2002 to €156.2 million in 2003, for the reasons as described above.

Liquidity and Capital Resources

During the past three years, our aggressive expansion activities and expenses from discontinued operations, combined with a stagnant consumer market, required us to meet our cash needs with bank borrowings and equity capital-raising. We anticipate that, going forward, our cash needs will be met principally through operating cash flows, as supplemented by cash retained from this offering.

Historical Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2002	2003	2003	2004
	(reclassified and restated) (unaudited)	(reclassified)	(unaudited)	(unaudited)
	(thousands of €)			
Net cash provided by operating activities	36,435	38,505	29,736	52,716
Net cash used in investing activities	(60,438)	(99,991)	(78,745)	(8,706)
Net cash provided by financing activities	97,526	18,378	13,079	357
Net cash used in discontinued operations	(21,792)	(16,049)	(23,178)	(8,914)
Effects of exchange rate changes on cash	(781)	(1,396)	(1,150)	368
Net decrease/increase in cash and cash equivalents	**50,950**	**(60,553)**	**(60,258)**	**35,821**
Cash and cash equivalents at the end of period	**111,565**	**51,012**	**51,307**	**86,833**

Net Cash Provided by Operating Activities. Net cash provided by operating activities is determined indirectly by reconciling our net income to cash provided by operating activities. In 2003, this reconciliation was particularly affected by adjustments for losses from discontinued operations (cash flow used in discontinued operations is shown separately in our consolidated statements of cash flows) as well as impairments.

Net cash provided by operating activities increased by 77.3% from €29.7 million for the nine months ended September 30, 2003 to €52.7 million for the nine months ended September 30, 2004. Net cash provided by operating activities increased by 5.7% from €36.4 million in 2002 to €38.5 million in 2003. The significant increase in net cash provided by operating activities for the period in 2004 reflects increased cash from sales and cash from other income.

	Year ended December 31,		Nine months ended September 30,	
	2002	2003	2003	2004
	(reclassified and restated) (unaudited)	(reclassified)	(unaudited)	(unaudited)
	(thousands of €)			
Net Income	(5,258)	(156,207)	(127,266)	1,393
Loss from discontinued operations	9,184	84,250	58,425	3,587
Depreciation and amortization	32,509	43,439	32,335	30,077
Impairments	–	43,736	43,640	–
Deferred income taxes	(9,859)	470	(69)	(2,640)
Changes in operating assets and liabilities	9,217	22,008	23,286	24,414
Other adjustments	642	809	(615)	(4,115)
Net cash provided by operating activities	**36,435**	**38,505**	**29,736**	**52,716**

Changes in net working capital provided cash of €22.0 million in 2003, compared to €9.2 million in 2002. This increase is partially due to a reduction of the average age of trade accounts receivable from 54 days in the first quarter of 2002 to 38 days in the fourth quarter of 2003. The reduction was achieved by the improvement of the trade accounts receivable management, in particular in the sub-segments Quehenberger, Delacher and THIEL FashionLifestyle.

Net Cash Used in Investing Activities. Net cash used in investing activities decreased by 88.9% from €78.7 million for the first nine months of 2003 to €8.7 million for the first nine months of 2004. Net cash used in investing activities increased by 65.4% from €60.4 million in 2002 to €100.0 million in 2003. The change for 2004 reflects our more conservative approach to acquisitions and other capital expenditures since 2003.

	Year ended December 31,		Nine months ended September 30,	
	2002	2003	2003	2004
	(reclassified and restated) (unaudited)	(reclassified)	(unaudited)	(unaudited)
	(thousands of €)			
Payments for acquisitions of subsidiaries, net of cash acquired	(53,669)	(92,767)	(70,021)	(11,350)
Capital expenditures	(36,621)	(36,825)	(28,149)	(20,699)
Proceeds from disposal of non-current assets	29,954	15,862	10,144	24,135
Other	(102)	13,739	9,281	(792)
Net cash used in investing activities	**(60,438)**	**(99,991)**	**(78,745)**	**(8,706)**

Payments for acquisitions of subsidiaries, net of cash acquired, increased by 72.8% from €53.7 million in 2002 to €92.8 million in 2003. We made payments in 2002 related to the acquisitions of an interest in Birkart Globistics in the amount of €47.1 million, LOG in the amount of €0.2 million and Microlog in the amount of €5.3 million. Payments in 2003 comprised the cash component of the purchase price in the amount of €63.4 million for Overbruck and the purchase price of €30.4 million paid to the remaining shareholders of Micrologin connection with the increase of THIEL Logistik's stake in Micrologfrom 67.8% to 97.2%.

Capital expenditures increased by 0.5% from €36.6 million in 2002 to €36.8 million in 2003. In 2002, additions in non-current assets amounted to €75.9 million. Additions in fleet of cars accounted for €13.7 million, in land and buildings for €31.9 million, in machinery and equipment for €6.6 million, in tools, fixtures, furniture and office equipment for €12.4 million, in software for €4.9 million and in other assets for €6.4 million. Of these additions, €17.3 million were related to the restatement of lease contracts. See also "– Additional Financial Presentation Matters – Reclassifications and Restatement – Restatement of Lease

Contracts”. Capital expenditures in 2003 were limited primarily to replacement and maintenance measures, due to strict limitations on capital expenditure in order to improve our financial position. In 2003, additions in non-current assets amounted to €38.1 million. Additions to our fleet of vehicles accounted for €11.4 million, land and buildings for €6.8 million, machinery and equipment for €3.0 million, tools, fixtures, furniture and office equipment for €9.2 million, software for €3.2 million and other assets for €4.5 million.

Proceeds from the disposal of non-current assets decreased by 47.0% from €30.0 million in 2002 to €15.9 million in 2003. Proceeds from the disposal of non-current assets in 2002 in the amount of €18.6 million related to the disposal of long term investments sold in 2001, which became cash effective in 2002. Proceeds from disposals in 2003 were largely due to our strategy of concentrating on our core business. Major disposals in 2003 mainly included real estate and several non-core businesses in Switzerland and Germany.

Net Cash Provided by Financing Activities. Net cash provided by financing activities decreased by 97.3% from €13.1 million for the first nine months of 2003 to €0.4 million for the first nine months of 2004. Net cash provided by financing activities includes an equity capital-raising through a rights offering in the aggregate amount of €94.9 million in April 2004. Net cash provided by financing activities decreased by 81.1% from €97.5 million in 2002 to €18.4 million in 2003, largely due to a common stock offering in 2002.

	Year ended December 31,		Nine months ended September 30,	
	2002	2003	2003	2004
	(reclassified and restated) (unaudited)	(reclassified)	(unaudited)	(unaudited)
	(thousands of €)			
Changes in short term borrowings	12,524	48,644	32,586	(55,839)
Changes in long term debt borrowings	(10,316)	(17,518)	(11,484)	(30,877)
Repayment of finance lease obligations	(3,193)	(10,454)	(8,891)	(4,596)
Proceeds from the issuance of common stock, net	98,511	–	–	94,910
Other	–	(2,294)	868	(3,241)
Net cash provided by financing activities	**97,526**	**18,378**	**13,079**	**357**

Reduction of short-term debt owed to banks resulted in a cash out-flow of €55.8 million for the first nine months in 2004 compared to an in-flow from short-term debt financing of €32.6 million for the period in 2003. The decrease of short-term debt owed to the banks is mainly due to repayments and the switch from long- to short-term bank borrowings by Microlog. Cash used to repay long-term debt owed to banks amounted to €30.9 million for the first nine months in 2004 compared to €11.5 million for the period in 2003.

Proceeds from increases in short-term debt owed to banks increased from €12.5 million in 2002 to €48.6 million in 2003. The increase in 2003 is mainly a result of short-term loans granted for the financing of the acquisition of Overbruck. Proceeds from the issuance of common stock in 2002 amounted to €98.5 million and related to the capital increase of THIEL Logistik completed on March 14, 2002. Cash used to repay long-term debt owed to banks amounted to €17.5 million in 2003 compared to €10.3 million in 2002. The decrease of long term debt owed to banks mainly affected THIEL Logistik.

Net Cash Used in Discontinued Operations. Net cash used in discontinued operations decreased by 61.5% from €23.2 million for the first nine months of 2003 to €8.9 million for the first nine months of 2004. Net cash used in discontinued operations decreased by 26.4% from €21.8 million in 2002 to €16.0 million in 2003. These decreases are the result of the disposal of assets and a reduced business volume within discontinued operations.

Capital Requirements

Our on-going capital requirements include our indebtedness (including both bank loans and capital-lease obligations), operating leases, and our current capital-expenditure program.

Contractual Obligations. Our primary contractual obligations requiring payment of cash involve debt service (including bank loans and capital-lease obligations), rental contracts and operating lease commitments. The following table summarizes contractual obligations for future cash outflows, based on commitments in place as at December 31, 2003:

	Maturity in:						
Contractual obligation	**Total**	**2004**	**2005**	**2006**	**2007**	**2008**	**after 2008**
	(thousands of €)						
Debt	206,959	37,186	31,358	30,712	27,367	23,787	56,549
thereof: Loans from banks	136,479	28,552	23,517	22,409	21,445	15,576	24,980
thereof: Capital leases	70,480	8,634	7,841	8,303	5,922	8,211	31,569
Operating leases	277,197	54,972	42,612	35,498	29,672	25,355	89,088
Purchase commitments	3,036	1,629	547	519	338	–	3
Other	9,002	6,370	765	609	575	552	131
Total contractual obligations	**496,194**	**100,157**	**75,282**	**67,338**	**57,952**	**49,694**	**145,771**

"Purchase commitments" for the purpose of this table is defined as purchase orders related to equipment and services that we have contractually committed to purchase but that we have not yet received.

With the exception of loans from banks, the aggregate amount of the majority of these obligations did not change significantly from December 31, 2003 to September 30, 2004. Operating lease expenses were €48.4 million for the first nine months of 2003 and €51.8 million for the first nine months of 2004. Aggregate discounted obligations in respect of capital leases were €53.5 million as of December 31, 2003 and €53.1 million as of September 30, 2004.

Bank loans decreased from €265.0 million at December 31, 2003 to €178.1 million at September 30, 2004. On a pro-forma basis to reflect the anticipated use of the proceeds of the Notes, bank loans would have totaled €60.3 million as at September 30, 2004. The majority of this bank debt that is expected to remain outstanding after application of the proceeds of the Notes is Euro-denominated and €15.3 million, or 30.2%, of this bank debt bears interest at floating rates. No other obligations are expected to be prepaid with the proceeds of the Notes.

Pension Liabilities. At September 30, 2004, we had aggregate pension liabilities of €35.5 million, of which €34.5 million were unfunded. The following table sets forth our scheduled payments of pensions and other benefits for 2004-2008 and thereafter as calculated as of December 31, 2003:

	Scheduled pensions and other benefit payments
	(thousands of €)
2004	2,254
2005	2,386
2006	2,424
2007	2,765
2008	2,861
after 2008	62,438
Total scheduled pension and other benefit payments	**75,128**

Capital Resources

We intend to meet the cash needs of our contractual obligations and our capital-expenditure requirements with our on-going operating cash flow, the proceeds of this offering that are not used to repay indebtedness and cash and cash equivalents, together with securities that are available for sale. If required by then-current cash needs, we would consider borrowing additional cash (if then permitted by the financial covenants applicable to us) or raising additional equity. Any issuance of additional equity not already authorized would require the consent of our current majority shareholder at any shareholder meeting at which it is present.

As at December 31, 2003, capital resources included €51.0 million in cash and cash equivalents and securities available for sale of €3.7 million. Of this amount, €25.3 million was managed by THIEL Logistik within a cash pooling system implemented by us in 2003. Microlog, Delacher, Quehenberger and certain companies from the Air & Ocean segment have entered into loan agreements that restrict their ability to provide cash to THIEL Logistik. "Ring-fenced" cash and cash equivalents so restricted equaled €25.7 million as at December 31, 2003. We intend to repay these loan agreements with the proceeds of the Notes. We anticipate that, on a pro-forma basis as of September 30, 2004, after applying the proceeds of the Notes as set out in "Use of Proceeds", the amount of our cash and cash equivalents will equal in excess of €86.8 million.

Our committed and undrawn credit lines equaled €44.0 million at December 31, 2003. Following the completion of the offering, we intend to enter into new credit lines or restructure existing revolving credit lines to give us access to up to €60 million.

We believe that our working capital is sufficient for our present requirements.

Contingent and Off-Balance Sheet Obligations

We have contingent liabilities in respect of bank and other guarantees, letters of comfort to associated companies, assessments and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. As at December 31, 2003, these contingencies amounted to €23.5 million.

We hold a portion of our plant, property and equipment, and especially trucks, through operating leases. As disclosed above under "– Liquidity and Capital Resources – Capital Requirements – Contractual Obligations", the aggregate amount of our operating lease payment obligations for 2004 and future years, calculated as at December 31, 2003, was €277.2 million.

Other than the contingent liabilities and operating lease obligations disclosed above, the amount of our contingent and off-balance sheet obligations at December 31, 2003 was €0. Except as disclosed, we have not incurred any such obligations in 2004 that we believe are likely to be material to our financial condition or results of operations.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to financial market risk through bank borrowings and other obligations with floating interest rates. We anticipate that the aggregate amount of our indebtedness with floating interest rates, calculated as at September 30, 2004 on a pro-forma basis to give effect to repayments of loans, is €15.3 million, or about 30.2% of our total indebtedness. These loans are generally EURIBOR-based and incur interest at a spread above EURIBOR of between 0.6% and 1.2%.

To hedge this interest-rate risk, we enter into interest-rate swaps, which can expose us to further financial-market risk. The following table sets out, for each interest-rate swap, the notional amount, fair value as at September 30, 2004 and anticipated impact on for value at September 30, 2004, assuming a 1% increase or decrease in interest rates. Although these swaps were initially entered into with regard to specific debt, we anticipate that we will repay most of the underlying debt with the proceeds of the Notes. We may then hold these swaps to maturity or sell them on the market.

	Nominal amount	Maturity date	Fair value at September 30, 2004	Fair value assuming a 1% increase in interest rate	Fair value assuming a 1% decrease in interest rate
	(in thousands of €)		(in thousands of €)		
Thiel u. Partner Internationale Spedition GmbH	865.9	March 24, 2010	(28.7)	(8.7)	(48.7)
Microlog Logistics AG	21,940.0	December 31, 2007	(499.8)	(182.3)	(817.3)
ML Grundbesitz GmbH & Co. KG	1,945.0	September 30, 2008	(19.1)	17.9	(56.1)
delacher Logistics AG + Co KG ..	2,000.0	June 15, 2005	(64.1)	(54.0)	(74.2)

We are also subject to financial market risk through loans, investments, accounts receivable and accounts payable in currencies other than in our local currencies of operation. To hedge this risk, we are party to one Swiss Franc – Euro exchange-rate swap with a notional amount of €985,545 and a maturity date of December 30, 2004. As at September 30, 2004, the fair value of this instrument was €(15,897).

We do not buy and sell financial instruments for trading purposes.

Additional Financial Presentation Matters

Reclassifications and Restatement

Reclassification in Connection with Discontinued Operations. In 2003, we redefined our corporate strategy. Businesses not considered relevant in pursuit of the new corporate strategy were sold or shut down or are planned to be sold or shut down within the next twelve months. We have classified these businesses as discontinued operations in our financial statements for 2003 originally published in early 2004. During 2004, we have identified additional operations as discontinued. As a result, the financial statements that we include in this offering memorandum reflect these further reclassifications and are therefore not directly comparable with the financial statements we published in early 2004.

We present assets and liabilities of businesses to be discontinued as assets and liabilities of disposal group as separate line items in the consolidated balance sheet. We segregate profits and losses attributable to businesses to be discontinued from continuing operations and reflect them on a net basis as a separate line item in the consolidated statements of income as loss from discontinued operations, net of tax. The effect of net cash used in discontinued operations has been separately recorded in the consolidated statements of cash flows. In order to increase comparability with the results for 2002, we have reclassified the consolidated financial statements for 2002 in accordance with SFAS No. 144, giving effect to the discontinuation of any operations treated as discontinued for purposes of 2003 as if such discontinuation occurred on January 1, 2002.

Reclassification in connection with the Acquisition of Microlog. Due to retroactive changes made to the opening net equity of Microlog and the reallocation of the purchase price to customer stock we adjusted our consolidated balance sheet as at December 31, 2002. Among other effects, the reclassification led to an increase of intangible assets by €13.5 million and a decrease of goodwill by 2.9%.

Restatement of Lease Contracts. U. S. GAAP contains comprehensive regulations regarding the reporting of leasing transactions, in particular SFAS No. 13. U. S. GAAP makes a distinction between "capital leases" and "operating leases". The classification of a lease depends upon the identification of the economic owner to whom substantially all benefits and risks inherent in the ownership of the property are transferred. If the transaction qualifies as a "capital lease", the lessee as the economic owner is required to recognize the leased property as an asset and to recognize the present value of the minimum lease payments as a liability. If the transaction qualifies as an "operating lease", the lessee recognizes the lease payments as an expense in the income statement.

The restatement refers to lease contracts concluded during the period 1999 to 2001. In our audited consolidated financial statements for 2002, these lease contracts were stated as operating leases. We restated these contracts as capital leases for the year 2002 to €17.3 million increase in property, plant and equipment and a corresponding increase in debt in our consolidated balance sheet as of December 31, 2002.

The following table sets forth the impact of the reclassifications and the restatement on certain key financial data:

Reclassifications and restatements	Net sales	Operating income	Net income	Net cash provided by operating activities	Balance sheet total
			(thousands of €)		
2002 as audited and previously reported	**1,491,421**	**1,561**	**(5,098)**	**32,796**	**1,075,701**
Effect of reclassifications and the restatement:					
Discontinued operations	(94,590)	15,526	–	7,146	–
Reallocation of the purchase price of Microlog	–	(445)	(160)	–	5,108
Lease contracts	–	–	–	–	17,257
2002 as reclassified and restated (unaudited)	**1,396,831**	**16,642**	**(5,258)**	**39,942**	**1,098,066**
Discontinued operations	(44,503)	(511)	–	(3,507)	–
2002 as further reclassified (unaudited)	**1,352,328**	**16,131**	**(5,258)**	**36,435**	**1,098,066**
2003 as audited and previously reported	**1,699,861**	**(53,858)**	**(156,207)**	**40,793**	**998,502**
Discontinued operations	(36,263)	11,061	–	(2,288)	–
2003 as reclassified	**1,663,598**	**(42,797)**	**(156,207)**	**38,505**	**998,502**

Recent Developments

On October 28, 2004, we announced an agreement to sell our 25.5% stake in DPD Austria GmbH to GeoPost International Management & Development Holding GmbH. The closing of the DPD sale is subject to the approval of the Austrian authorities and is expected to occur by year-end 2004. In connection with this sale, THIEL Logistik entered into an indemnity obligation in respect of certain representations and warranties in an aggregate amount of €15.0 million.

No material change has occured since September 30, 2004 with respect to either the Company or any of the Subsidiary Guarantors, except as disclosed in this offering memorandum.

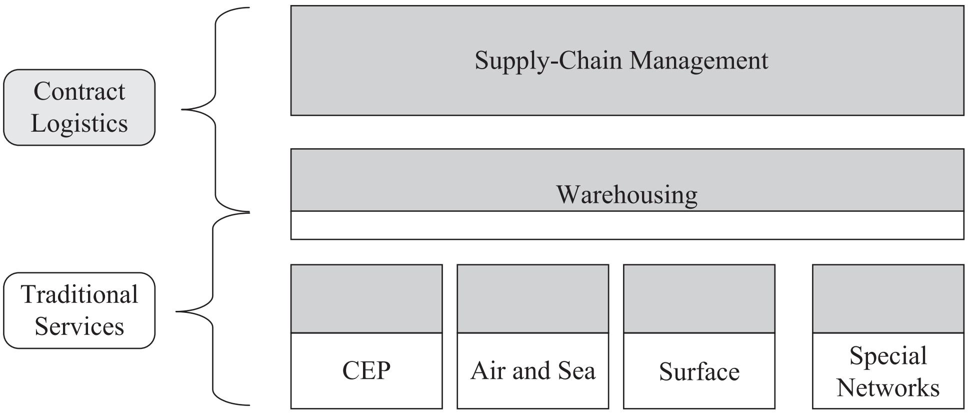
THE LOGISTICS INDUSTRY

Logistics is a diversified, global industry that includes not only the transportation, storage and delivery of supplies and products, but also a range of related organizational, recordkeeping and managerial services. A logistics service provider operates these functions – which in the past were often performed by companies themselves – on an outsourced basis. Logistics functions can be provided at any point along a company's supply chain and the supply chain of a company's supplier.

Structure of the Logistics Industry

The logistics industry can be classified into "traditional" and "contract" logistics services. Traditional logistics consists of transportation and storage activities, generally on a shipment-by-shipment or an assignment-by-assignment basis. Many traditional logistics services can be obtained from a range of providers on a commodity basis. Contract logistics on the other hand involves a long-term, individual relationship between the customer and the logistics service provider. Due to the close customer relationship, under contract logistics, a service provider will often take over logistics planning and control functions (for instance, the design of customer supply chains), provide value-added services and integrate several underlying, traditional logistics services as a lead logistics provider.

The following chart shows a breakdown of the logistics market. Traditional logistics services include the transport and warehousing functions described below. Contract logistics typically combines supply chain management with various other logistics services on an as-needed contractual basis.



Traditional Logistics Services

Traditional logistics services consist principally of transportation services, which include four distinct markets:

- Domestic and international courier, express and parcel delivery ("CEP") services, which typically include "track and trace" and "straight through" processing. The CEP market in Europe generated €36.1 billion of revenues in 2003, or 16.0% of the total European logistics market, according to Top 100 der Logistik 2003;

- Worldwide airfreight and ocean freight forwarding ("Air and Sea") services, including transport-related value-added services (for example, airport handling). The Air and Sea market in Europe generated €35.2 billion of revenues in 2003, or 15.6% of the total European logistics market, according to Top 100 der Logistik 2003;

- Domestic and international overland road, rail and combined road-rail transport ("Surface") services, including transport-related value-added services. Transport services include the transportation of full and partial truck loads. An additional market within Surface logistics is "groupage", under which network infrastructures are used to consolidate shipments of varying numbers and sizes of shipments from various customers and/or logistics service providers in a single warehousing or transportation operation. The Surface market in Europe generated €76.2 billion of revenues in 2003, or 33.7% of the total European logistics market, according to Top 100 der Logistik 2003; and

- Logistics services targeted at a particular industry or customer base using "Special Networks", relying on specialized equipment and know-how. For instance, the garments industry requires the wrinkle-free transport of hanging garments, and the chemicals industry requires service providers who can meet heightened safety specifications. The Special Networks market in Europe generated €26.9 billion of revenues in 2003, or 11.9% of the total European logistics market, according to Top 100 der Logistik 2003.

Warehousing is the second important component of traditional logistics services. Warehousing activities include not only storage and related functions (pick-up and dispatch), but also logistical value-added services, including quality control, labeling and packaging. The Warehousing market in Europe generated €31.4 billion in 2003, or 13.9% of the total European logistics market, according to Top 100 der Logistik 2003.

Contract Logistics

Contract logistics services go beyond traditional transport or warehousing services and are provided on the basis of a medium or long-term relationship. They usually involve the outsourcing of logistics functions and are tailored to the individual customer's needs. Contract logistics service providers assume responsibility for the planning and coordination of logistics functions, including their implementation by transport and warehousing service providers mostly on a subcontracted basis.

Contract logistics services often include a significant component of value-added services. Examples of these value-added services include:

- Goods services, which are rendered before or after the production process. Goods services consist of pre-assembly, packaging and labeling and often include as well inventory management and materials-flow management;

- Quality control of raw materials or intermediate products that are dispatched by or delivered to the customer;

- Environmental management, which can include not only management of waste or hazardous materials but also training of customers' employees, monitoring regulatory compliance for customers and preparing registers of hazardous materials used by a customer;

- Administrative services, which encompasses order processing, obtaining approvals, customs clearance and consultancy services for projects; and

- Information and financial services (for example, receivables management).

The market for Supply Chain Management (which is a key component of contract logistics) generated €20.0 billion in Europe in 2003, or 8.9% of the total European logistics market, and the overall contract logistics in Germany generated €11.0 billion in 2003, according to Top 100 der Logistik 2003.

Contract logistics providers are organized under various business models. Providers of industry-specific solutions often combine expertise in supply-chain management with the specialized offerings of a special transport network or warehousing solution. Other providers focus on the needs of companies who wish to outsource the entirety of their logistics functions to a single provider. Providers of in-house logistics take over responsibility for internal organizational or management functions, including responsibility for production supply, disposal of production waste, warehousing and inventory management. In addition, the assets (for example, warehouses) and the personnel/employees are transferred to the logistics service provider in co-sourcing. Others focus on a particular point of a customer's supply chain independent from contract logistics based on specialized expertise in this particular area, such as procurement, production (including implementing just-in-time and just-in-sequence warehousing and delivery processes) and distribution.

Market Environment

The European market for outsourced logistics services generated revenues of €225.8 billion in 2003, according to Top 100 der Logistik 2003, of which €55.9 billion is accounted for by Germany, one of our core markets.

The logistics industry has traditionally been dependent on general economic developments, especially in the consumer market. In the recent past, the market for logistics services has been characterized by the following:

- Globalization of production, with supplies, intermediate products and final products traveling over ever-greater distances;

- A shift in customer requirements toward more extensive value-added products and more complex logistics processes (such as "on-demand" and "one face to the customer");

- Formation of company networks (for example, collaboration between OEM and first-tier suppliers in the automotive industry);

- Intensified competition between logistics service providers resulting in consolidation pressure and polarization of competition for logistics services;

- Shorter product life cycles and, therefore, a growing emphasis on service speed and delivery on demand; and

- Focus on core competencies by customers in all industry sectors. This can result in a greater reliance by customers on outsourcing of logistics functions. It can also result in manufacturers focusing on a particular point on the value chain, resulting in a heightened need for highly coordinated supply of materials and delivery of finished products.

These developments have had two main impacts on the logistics industry:

- First, with manufacturing and retail processes becoming more and more complex, markets are characterized by an increasing degree of specialization. We believe that this specialization offers opportunities for logistics companies that provide contract logistics services to certain industry sectors. These companies are trying to generate competitive advantages by achieving a high degree of specialization in selected markets with tailor-made solutions, where needed on a global scale. Medium-sized logistics providers tend to focus more heavily on specialization than on size, resulting in a competition for know-how rather than volumes. The focus on industry-specific understanding of the respective customer business generates a trend towards specialization and eventually the establishment of special networks. The accumulation of industry-specific know-how allows logistics service providers to gain true supply-chain-management competence and thus to operate deeply integrated into the customer's operations; and

- Second, increasing competition and market transparency have forced industrial and commercial companies continuously to cut costs, organize their production processes more efficiently, concentrate on their core competencies and, in particular for industrial companies, reduce their vertical range of manufacture. These developments have fostered a continuing trend towards the outsourcing of logistics functions to lead logistics providers and offer growth opportunities for companies operating in these markets, especially contract logistics services. In recent years, the logistics market has grown stronger and more stable than the overall economy. This growth was mainly driven by value-added services (for example, contract logistics) with average growth rates above 10%. Other logistics markets averaging a growth above overall GDP levels include Air & Ocean and CEP and international surface transports, while national transports and groupage grew at overall GDP growth rates, according to Top 100 der Logistik 2003 and Excellence in Logistics 2004.

Notwithstanding a general trend toward consolidation, the market for logistics services in Germany and in Europe generally continues to be fragmented and characterized by a large number of small to medium-sized logistics companies operating on a regional basis or in specific industries. The ten largest logistics service providers by revenue in Germany held a cumulative market share of 12% of the total German market for logistics services in 2002 and 2003, according to Top 100 der Logistik 2003. We compete in the broadly defined logistics market with global companies (all of which maintain their own national or international networks), including the German companies Deutsche Post with DHL and Deutsche Bahn with Schenker, the British companies Exel, Hays, Tibbett & Britten and Salvesen, the Dutch company TPG, the French company Geodis, the Swiss companies Kühne & Nagel and Panalpina. In the German market, other large competitors include Rhenus, Dachser and contract logistics providers, such as Fiege. In addition, a large number of regional and national logistics service providers compete with us in contract logistics services in the media, fashion, furniture and automotive industry sectors as well as on a regional basis.

BUSINESS

Our Operations

We are a medium-sized provider of logistics services that is active principally in central and eastern European countries, principally German-speaking countries and is also active in Asia. We specialize in providing entire logistics solutions and provide logistics services throughout the customer's supply chain. We strive to take advantage of the increasing trend towards outsourcing of contract logistics services. Within our strategic focus, we coordinate overland road, rail, air and sea freight services, as well as warehousing and supply chain management activities and the design and execution of customized logistics solutions. We had net sales of €1.7 billion in 2003 and €1.3 billion for the first nine months of 2004, and we currently employ over 9,200 people at approximately 350 sites in more than 40 countries.

We provide logistics services to our customers through our three business segments:

Industry Solutions. We provide tailored contract logistics services to manufacturers and retailers in specific industries that combine industry-specific know-how and special networks. Industry Solutions frequently cover a manufacturer's entire value chain and often present the opportunity of delivering services with higher added value than traditional transportation services. At present, the industries covered our Industry Solutions segment consists of the following business units:

- **THIEL Automotive** specializes in contract logistics for the automotive industry with a focus on outsourcing entire logistics functions and also operates warehouses and offers pre-assembly and quality-control services to automobile manufacturers.

- **THIEL FashionLifestyle** coordinates the warehousing and distribution of fashion goods to wholesalers and retailers, including the garment-on-hangers network throughout Germany and between Germany and Asia. Thiel FashionLifestyle is the German market leader in hanging-garment logistics. This business unit also offers logistics services to the lifestyle sector by organizing the delivery of cosmetics, fashion accessories and other products to retailers.

- **THIEL Media** is a market leader in Germany for specialized logistics services for print media, including press products, books, inserts and catalogues. This business unit offers services throughout the entire supply chain, from procurement for paper mills to retail distribution of print products, as well as value-added services such as labelling and packaging.

- **THIEL Furniture** is a market leader in new furniture distribution in Germany and offers specialized logistics solutions, transport and other logistics services to manufacturers, suppliers and retailers of new furniture.

We also operate a fresh-foods division that provides produce and related supplies to fast-food chains and similar convenience outlets as a potential business unit in our Industry Solutions segment.

For the first nine months of 2004, Industry Solutions accounted for 35.3% of our total net sales.

Air & Ocean. We offer tailored air and ocean transportation services, related warehousing, value-added services and freight management to our mainly medium-sized business customers. Our Air & Ocean division operates under the brand name "Birkart Globistics". Birkart Globistics supplements the services offered by our other business segments with intercontinental capabilities. Thiel operates its own global network of branch offices and strategic partnerships for specific regions, with a focus on transportation between Germany and Asia. For the first nine months of 2004, Air & Ocean accounted for 17.9% of our total net sales.

Regional Logistics Services. We operate three transport and contract logistics providers that have a longstanding reputation and specific regional strengths. We enjoy strong brand recognition and command strong market positions in some of our regional focus areas. Our business units in this business segment include:

- **Quehenberger** in Austria and eastern Europe;

- **Südkraft** in southern Germany; and

- **Delacher** in western and central Europe, especially western Austria, Switzerland, France and the Benelux countries.

For the first nine months of 2004, Regional Logistics Services accounted for 46.7% of our total net sales.

Our Key Strengths

We see our key strengths as including the following:

- ***Focused market approach and strong market position.*** Our services are targeted to specific customer industries and regions, allowing us to offer logistics solutions tailored to the needs our existing and potential customers. We command leading market positions in many sub-sectors of our chosen customer industries and geographical focus areas. In addition, we believe that the market segments and geographic regions in which we are active offer significant growth potential, as companies increasingly outsource logistics to service providers and international trade volumes increase.

- ***Balanced portfolio across services, customers and geographies.*** We offer a full range of services that include shipping, freight forwarding, contract logistics, outsourcing and value-added services. Our customer base is diversified, with no customer accounting for more than 4% of our net sales. Our services are provided by a number of operationally independent subsidiaries, which are grouped into our three business segments, none of which generates more than half of our consolidated net sales. Although some of our activities are seasonal or cyclical, the diversified nature of our business has a stabilizing effect on our financial results.

- ***Flexible cost structure.*** Our businesses focus on the provision of contract logistics services, and purchase the majority of commoditized shipping services from third parties. The base shipping capacity we maintain in-house is partly leased under operating leases with short maturities. In addition, our contracts with customers generally allow us to pass on certain key costs, such as fuel and labor. As a result, we have a cost structure that allows us to respond to changes in demand in a particular market or in the world-wide markets.

- ***Strong potential for increased cross-selling opportunities.*** Our business combines expertise in supply chain management with expertise in traditional transportation and warehouse logistics. We have long-term, sometimes exclusive, relationships with leading companies. We seek to leverage on these relationships to provide a wider range of logistics services to those customers. As a result of our comprehensive understanding of our customers' logistics needs, our clients sometimes choose to outsource their entire logistics functions to us. Our business portfolio allows us to share process expertise and networks across our business segments and creates opportunities to cross-sell logistics solutions. In addition, the focus on supply chain management and tailor-made client solutions leads to flexible services and asset requirements.

- ***New, experienced management team.*** Our current management team was appointed in mid-2003 and immediately undertook a thorough restructuring, which has returned our company to positive net income for the first nine months of 2004. Going forward, our management team plans to pursue a strategy of careful, profitable growth, as described below.

Our Strategy

We aim to retain or attain leading market positions in certain targeted industries and geographical regions by developing and implementing new services and expanding existing services and our customer base in these sectors and regions. We plan to focus on providing an integrated offering of contract logistics services and to maintain our strategic focus on the Industry Solutions, Regional Logistics Services and Air & Ocean segments.

Our strategy going forward is to increase profitability through further streamlining of our operations and through careful and focused growth in response to specific opportunities. In particular, we intend to:

- ***Continue to focus on our specialized, value-added "Industry Solutions" segment.*** We believe that, as manufacturing and retail become increasingly sophisticated, complex and globalized, there will be an increasing reliance on services providers that can meet the specialized logistics needs of particular industries. We intend to maintain our focus on this segment and to seek out further opportunities for growth in this segment. In addition, we may develop Industry Solutions for additional industries from existing customer relationships in our Regional Logistics Services segment.

- ***Round out our service offerings and reduce costs through strategic alliances.*** Forming strategic alliances can serve as a hedge against increasing competition. Among other things, our strategic alliances allow us to increase the range of services we offer at lower costs than we could offer those services on our own. Through the selective establishment of further strategic alliances, we seek to increase our profitability by reducing infrastructure costs and/or generating additional volumes.

- ***Expand further in key growth markets, particularly China and eastern Europe.*** We have recently been awarded a Class-A License for wholly owned foreign enterprises in the People's Republic of China. This permits us to become fully operational in China without the involvement of a Chinese joint-venture partner. We view China as an important growth market. In addition, we believe that the recent accession of many eastern European countries to the European Union will result in a growth of manufacturing operations in those countries. A key element of our strategy thus includes expanding our operations in those markets.

- ***Further reduce costs through more complete integration of acquired companies and through a more efficient structure at our individual business units.*** We have been successful within the past year at establishing a clear organizational and corporate structure. We believe, however, that there is additional potential to streamline management and operations at the business units level and at each individual company within our segments and to simplify our legal structure.

- ***Increase cross-selling among our business units.*** Prior to the appointment of our new management team in mid-2003, many of our subsidiary companies operated fully independently, did not fully exploit all opportunities of membership in the Group and often did not offer services from other group companies to their customers. A key purpose of our new management information systems is to give each business unit a full view of the services offered by and capacities of other units, thus allowing for better exploitation of the synergetic potential of the Group.

These strategies could involve the targeted acquisition of further operations or companies. We intend to approach any such opportunities very cautiously.

Business Segments

With the exception of CEP services, we offer most of the logistics services described under "The Logistics Industry" above, including both traditional and contract logistics services, through our three business segments: "Industry Solutions", "Air & Ocean" and "Regional Logistics Services". We provide logistics services mainly for certain defined industry sectors. In addition, we offer transport and contract logistics services through regional logistics service providers and through our business segment "Air & Ocean". For a large number of transport services offered, we engage subcontractors, in particular other freight carriers. Business activities which today form part of Regional Logistics Services are constantly monitored as to their growth and profitability, potential and possible qualification as a Industry Solutions business.

Within our business segments, we have designated certain subsidiaries as lead companies for their respective business units. The lead companies are responsible for the respective market segments, customers, sales, service level and quality management, financial results and the further completion of integration within the group. Management incentivation at the lead company level and within the operating units is based on jointly defined goals, with particular emphasis on sales and value contribution. In some cases, a company assigned to a specific business unit may also be engaged in business activities of other units and reporting lines may differ from actual legal structures.

Industry Solutions

We provide contract logistics units for specific industry sectors in which we have developed particular specialized expertise (for example automotive processing standards), networks and optimized client solutions that cover various points along the supply chain. Logistics services carried out in our business segment "Industry Solutions" accounted for €622.6 million or 37.4% of our net sales in 2003. The lead companies of the Industry Solutions segment are: Microlog for THIEL Automotive; Birkart Globistics for THIEL FashionLifestyle; Overbruck for THIEL Media, and LOG for THIEL Furniture. For these core sectors, we have developed Industry Solutions based on contract logistics solutions which have already been implemented for customers on an individual and long-term basis. Our customers determine industry standards. This creates innovative solutions and co-sourcing models with customers in order to realize integrated outsourcing. The Industry Solutions segment is set up in a way as to exploit internal synergies from the application of relevant industry expertise and economies of scale.

We focus on Industry Solutions for the automotive, fashion, media and furniture industries. This focus is due in part to our historical development, and in particular our acquisition of logistics service providers specializing in these sectors. We intend to exploit opportunities to offer our services in other selected sectors in which, in the past, we have developed industry expertise and rendered contract logistics services for individual customers and where the market for contract logistics services offers growth potential ("Potential Core Sector") in particular, the promotion of potential industry solutions by Südkraft and Quehenberger in the chemical industry. At present, THIEL FreshNet is our single Potential Core Sector. The managing company for our Potential Core Sector THIEL FreshNet is THIEL FreshNet GmbH.

As at September 30, 2004, our Industry Solutions business segment had approximately 4,400 employees at more than 120 sites.

The following table shows our net sales in Industry Solutions in 2003 and for the nine months ended September 30, 2004:

	Year ended December 31, 2003		Nine months ended September 30, 2004	
	(reclassified)		(unaudited)	
	(thousands of € and as percentage of net sales)			
THIEL Automotive	220,787	35.5%	157,056	34.0%
THIEL FashionLifestyle	228,118	36.6%	172,360	37.3%
THIEL Media	116,104	18.6%	90,274	19.5%
THIEL Furniture	49,121	7.9%	35,096	7.6%
Potential Industry Solution – THIEL FreshNet	8,425	1.4%	7,286	1.6%
Total	**622,555**	**100%**	**462,072**	**100%**

THIEL Automotive. Our main activity in this sector is the provision of procurement and production logistics services for selected manufacturers and of procurement and distribution logistics services for suppliers. In this sector, we specialize in contract logistics. This business unit also operates warehouses and offers basic assembling and quality control services. THIEL Automotive has more than 1,400 employees at 27 domestic and 13 international sites.

Our lead company for THIEL Automotive is Microlog, a company that is listed on the Frankfurt Stock Exchange. We acquired a 97.2% equity interest in Microlog in 2002 and 2003, thereby gaining specialized knowledge and expertise in the area of contract logistics for this sector. See "Principal Shareholders and Related Party Transactions".

THIEL Automotive provides services to both manufacturers and suppliers. It offers regional groupage services (area contract freight forwarding), as well as procurement and production logistics. It operates warehouses in the immediate vicinity of production sites to ensure just-in-time and just-in-sequence delivery and organizes the distribution of automotive components to manufacturers and the delivery of spare parts from manufacturers to retailers. THIEL Automotive also offers basic assembling services and quality controls which are sometimes performed at the production site of the supplier or the manufacturer. Microlog's subsidiary Locton Gesellschaft für Logistik-Systeme mbH, as freight forwarder, organizes transport services from suppliers to manufacturers as well as between production sites (factory-to-factory transport) by subcontracting to third-party carriers. PD Logistics GmbH ("PD Logistics") covers the entire logistics processes of FAG Kugelfischer AG ("FAG"). PD Logistics is a joint venture with FAG, in which Microlog holds a 70% equity interest. In 2002, Microlog entered into a profit-and-loss pooling agreement with PD Logistics that provides for an annual compensation payment of not less than €650,000 to FAG, which may be increased in certain circumstances and which is due irrespective of whether or not PD Logistics is generating profits. Since the acquisition of GST Plateforme Européenne S. A. in 2001, we also have minor activities in the French, Spanish and Italian markets for automotive logistics.

THIEL Automotive supports the supply-chain integration between manufacturers and smaller suppliers by means of IT and logistics concepts. THIEL Automotive has developed a Industry Solutions covering a large number of the logistics services required in the automotive sector including supply chain management. In general, THIEL Automotive subcontracts its transport services offered to third-party carriers. In addition, with its first-class customer base (for example, BMW, FAG and Hirschmann), THIEL Automotive creates intelligent business models (customer integration) due to its planning and co-outsourcing expertise.

The European automotive sector is dominated by a small number of manufacturers which source their materials from a larger number of suppliers. The intense competition between manufacturers and suppliers, combined with an ongoing consolidation among suppliers and the substantial pressure to minimize costs, has resulted in a decreasing number of automotive suppliers, some of which with global operations. In order for both suppliers and manufacturers to realize cost savings with respect to warehousing, just-in-time and just-in-sequence delivery has become increasingly important. Since the quality of sourced components is critical to automotive manufacturers, logistics services usually enhance quality control in order to reduce costs and time by preventing the delivery and return of defective goods. Despite the tendency towards global operations of both automotive manufacturers and suppliers, logistics services are often assigned and provided on a regional basis at the respective production sites.

The German market for logistics services in the automotive sector is characterized by a large number of competitors. In this sector, THIEL Automotive as a medium-size logistics service provider competes with large logistics companies such as Schenker, Fiege, Exel, Wincanton, the BLG Logistics Group, Schnellecke and D. Logistics. Other competitors in this sector are Rhenus, the Rudolph Logistik Gruppe, Stute (a subsidiary of Kühne & Nagel) and Steinle.

Market studies estimate that the overall market volume of the German market for logistics services in the automotive sector, including logistics services not yet outsourced to third-party logistics service providers, accounts for up to €7.9 billion, according to Top 100 der Logistik.

Shorter product life cycles and an increasing variety of models and configurations have resulted in a growing demand for logistics services in this sector. Due to the competition between manufacturers and substantial pressure on suppliers and manufacturers to reduce costs, we believe that the outsourcing of logistics functions will continue to characterize the market for logistics services in the automotive sector. In addition, we focus on complex logistics packages instead of offering "commodity" services (transport and storage), and broaden our offerings to include value-added services (for example, pre-assembly and certain financial services).

THIEL FashionLifestyle. THIEL FashionLifestyle coordinates the warehousing and distribution of fashion goods to wholesalers and retailers, including the hanging transportation of garments throughout Germany and between Germany and Asia. This business unit also offers logistics services to the lifestyle sector by organizing the delivery of lifestyle products to retail outlets.

Our lead company for the fashion sector is Birkart Globistics which is, with its brand dks DEUTSCHE KLEIDERSPEDITION (“dks”), a leading logistics service provider in the sub-segment for hanging garment transport in Europe. Most of its activities, however, are focused on the provision of logistics services for clients in the German fashion market. We acquired Birkart Globistics in 2002. THIEL FashionLifestyle operates 32 sites in nine countries with more than 1,500 employees.

The activities of THIEL FashionLifestyle include: THIEL Lifestyle Logistics Services which focuses on optimizing the customer’s supply chain; garment-on-hangers Network dks with its specialized equipment focuses on warehouse logistics and transport services of garment on hangers; Logistics with its owned and leased warehouse operations and its network for subcontracted services in the textile industry with organization and execution processing activities, mainly in northern Africa and eastern Europe.

THIEL FashionLifestyle provides coordination and value-added services predominantly for German retailers, both domestically and in the producting countries. It runs its own warehouses with appropriate capacities for peak seasons, which are partly adapted to customers’ requirements, and performs value-added services such as quality control and the preparation and labeling of textiles with its own employees. After the arrival of the goods in Germany, THIEL FashionLifestyle coordinates the warehousing and distribution of the goods to wholesalers and retailers throughout the country. Transport services are mainly subcontracted. THIEL FashionLifestyle has designed a special reusable container for the transport of hanging garments that allows optimal usage of freight capacities and, due to the manner in which the garments are hung, eliminates certain steps in the retailer’s workflow such as ironing. THIEL FashionLifestyle offers a comprehensive service package for the transportation and storage of hanging garments that covers all order processing stages, including order recording, address checking, pick-up of goods from the sender and distribution to the retailer. In order to consolidate goods flows, THIEL FashionLifestyle has designed and established decentralized textile distribution centers and warehouses with an international presence in manufacturing countries allowing retailers to reduce their on-site inventories by guaranteeing delivery of goods to the point of sale within 24 hours of the customer’s request (“never out of stock”).

In addition, THIEL FashionLifestyle offers logistics services to the lifestyle sector by distributing or organizing the distribution of cosmetics, fashion accessories and other products to retailers. These services complement THIEL FashionLifestyle’s services in the fashion sector. Since both drug and fashion stores served by THIEL FashionLifestyle are located in city centers and pedestrian areas and therefore in close proximity to each other, THIEL FashionLifestyle exploits excess capacities in its transport vehicles.

The market for logistics services in the fashion sector is characterized by a declining fashion market and structural excess capacities. Excess logistics capacities of manufacturers and logistics service providers in the fashion sector are due in part to the declining fashion market in general, the fashion market’s heavy dependency on the economic climate and its cyclicality as well as seasonal fluctuations which require logistics service providers to maintain maximum capacities for peak seasons. Traditional apparel retailers and department stores are facing increasing competition from discounters with different supply chain concepts (for example, Aldi, Tesco and Tchibo).

The textile and fashion industry includes the manufacturers of raw materials, the producers that process these materials, end manufacturers, wholesalers and retailers. A growing number of companies in the fashion industry are manufacturing in low-wage economies, from where the goods must be delivered to sales markets. This requires global logistics chains and a harmonization of organizational measures, physical transports and data flows along the entire value chain. As a result of particularly short product lifecycles in the fashion and textile industry, delivery times play a critical role. Increasing price pressure has strengthened the trend among manufacturers towards the outsourcing of entire service areas. The services required from logistics companies in this regard therefore extend to the provision of value-added services.

Despite this trend, we believe the textile and fashion industry will remain a key sector in Germany and the rest of Europe. Despite the difficult market environment and excess logistics capacities, we believe there continues to be demand for the outsourcing of logistics functions and therefore opportunities for logistics service providers in the area of contract logistics. We also believe that we can exploit the ongoing demand for outsourcing of logistics due to retailers' need to realize logistics cost savings to compensate for weak consumer demand. The market study Top 100 der Logistik 2003 estimates that the volume of the German market for hanging garment logistics accounts for a total of €0.7 billion, of which an estimated €0.5 billion is outsourced to third-party logistics service providers.

According to the same study, THIEL FashionLifestyle is, through dks, the market leader in the hanging garment sub-segment in Germany. The most important competitors in this sub-segment include Deutsche Textillogistik ("DTL") together with its two shareholders Meyer & Meyer and Barth & Co., MGL Logistik (a subsidiary of Metro), and Optimus Logistics (a subsidiary of KarstadtQuelle).

THIEL Media. THIEL Media is a market leader in Germany for specialized logistics services for print media, including press products, books, inserts and catalogues. This business unit offers services throughout the entire supply chain, from procurement for paper mills to retail distribution of print products, as well as value-added services such as labelling and packaging. THIEL Media regionally focuses on Germany and neighbouring European countries and also serves distinct global markets via airfreight.

Our lead company for the media sector is Overbruck which we acquired from German publisher Axel Springer AG in 2003. THIEL Media operates in 18 sites with 249 employees. Overbruck has been included in our consolidated financial statements since April 1, 2003. Overbruck has been active in press logistics and paper transport since 1955 and is, given Axel Springer AG's strong market position in the media sector, currently the market leader in this sector in Germany, together with its subsidiary Z. Z. Verlagsservice Eichberg GmbH & Co. KG ("Eichberg"). Overbruck and Eichberg develop logistics solutions for the punctual delivery of press products to their recipients as well as for the transport of paper products from the producers to the printing houses. We have entered into a long-term agreement with Axel Springer AG which grants Overbruck, under certain circumstances, the right to provide press logistics services on an exclusive basis to Axel Springer AG and its subsidiaries until December 31, 2007. Under this agreement, Overbruck is also permitted to offer its services to other customers. Press product distribution on Sundays may, however, be offered to other customers only with the prior approval of Axel Springer AG.

THIEL Media organizes the distribution of German press products, predominantly products of Axel Springer AG and its subsidiaries, by subcontractors to distribution points and wholesalers mainly throughout Germany, but also throughout the rest of Europe and the world, and offers value-added services such as labeling, packaging and package inserts. It assumes responsibility for the punctual delivery of press products, principally magazines, from the printing house to airports, train stations and local distribution points from which wholesalers then transport the products to retailers. Through Overbruck's subsidiary Eichberg, THIEL Media also focuses on the distribution of newspapers. Due to the particular importance of rapid and punctual delivery in the newspaper sector, Eichberg organizes and manages the transport of newspapers from the printer directly to retailers. Eichberg also provides services to publishing houses other than Axel Springer AG and distributes certain other newspapers in addition to the newspapers produced by Axel Springer Verlag and its subsidiaries.

THIEL Media has begun to complement its logistics services in this sector with the distribution of telephone directories, catalogues and advertising materials. Today, THIEL Media distributes such products together with the relevant press products along identical distribution lines to the extent this is feasible. Furthermore, THIEL Media maintains business links with printing houses and, as an outsourcing partner, manages their dispatching and warehousing operations and ensures that newspapers and other press products are delivered on time, as well as, cooperations with competitors such as Fiege.

The logistics market in the media sector can principally be divided into logistics for print products (press products, books and various other print products including inserts and catalogues, etc.) and paper.

Rapid and punctual delivery is crucial for the customers in the press logistics segment. Avoiding warehousing costs and achieving just-in-time delivery are the principal demands of customers in the media transport segment.

The overall market for press products in Germany is stagnant and there is a significant downturn in the media business due to reduction of advertisements, customer abstinence and competition from the Internet. The producers of press products and other mass media are therefore under considerable pressure to reduce costs and increase efficiency. Furthermore, many publishing houses still conduct most of their required logistics services internally without subcontracting a third-party logistics service provider.

The German logistics market in the media sector with a market size of approximately €250 million is dominated by a small number of large logistics service providers and is characterized by high entry barriers due to long-standing customer relationships. Through our subsidiary Overbruck, we consider ourselves to be the market leader in the sub-segment of press logistics. The only large logistics service provider organizationally independent of any publishing house is the Ohl Group, with its subsidiary International Media Transport and Distribution ("IMD") being our main competitor in the press logistics segment.

We believe that, notwithstanding excess capacity in the press logistics market, the necessity of increasing the efficiency of logistics functions will result in an increasing demand for the outsourcing of logistics functions and for contract logistics services in this sector. In addition, publishers' high portion of in-house logistics offers outsourcing potential.

THIEL Furniture. We consider THIEL Furniture to be the market leader in new furniture distribution in Germany. THIEL Furniture offers specialized logistics solutions, transport and other logistics services to manufacturers, suppliers and retailers of new furniture.

The market environment of the furniture industry is characterized by adverse market conditions in general, a large number of suppliers, fragmentation among manufacturers and a trend towards consolidation among retailers. The fragmentation of the furniture manufacturing industry, the sector's seasonal nature and shorter product lifecycles have resulted in considerable pressure to minimize costs and to relocate production facilities to low-wage economies such as eastern Europe. In addition, logistics functions in the furniture industry are mostly provided internally, thus creating excess capacities. Outsourcing can reduce costs, while allowing manufacturers and retailers to deal with logistics processes more efficiently and to concentrate on their core competencies.

The large number of suppliers, manufacturers and retailers, that usually handle deliveries and related logistics among themselves individually, require IT-based logistics management systems, adequate warehousing resources and transport capacities. In addition, the nature of the goods being delivered prevents the use of standardized packaging or handling equipment and places particular demands on the logistics infrastructure. These sector-specific requirements result in high logistics costs and long delivery times. We estimate that logistics costs account for about 40% of total costs in the furniture industry, compared with an average of about 30% in other industries.

In Germany, the market for logistics services in this sector is fragmented, and no competitor has a dominant market position. Competitors of THIEL Furniture that focus on furniture and that have traditionally also enjoyed strong customer relationships include Röhr, Schnaus and Steinhoff Logistics.

THIEL Furniture is the smallest business unit within Industry Solutions in terms of net sales. Our lead company in the furniture sector is LOG, a joint venture with Schieder Möbel Gruppe. Of LOG's share capital, 74.9% is owned by THIEL Logistik A.G., while the remainder is held by the shareholders of Schieder Möbel Holding GmbH, one of the major European furniture manufacturers with production sites in Germany, Poland, Romania and other European countries. Schieder Möbel Holding GmbH is currently our most important customer in this industry sector, accounting for the majority of our sales in this sector in 2003.

In addition to providing transport and other logistics services for manufacturers, suppliers and retailers, THIEL Furniture has developed an industry solution for Schieder Möbel Gruppe that is tailored to the industry-specific needs and allows the client to reduce delivery times, inventory levels and distribution costs. THIEL Furniture operates a platform for suppliers, manufacturers and retailers with the intention of reducing warehousing and transport capacities and shortening delivery times. The goal is to minimize inventory costs and the cost of capital employed by centrally recording the materials and fabrics required and delivering them to the manufacturers in accordance with the just-in-time principle as well as delivering the products on demand directly to retailers and, in part, to retail customers. In Germany, THIEL Furniture subcontracts transport services to third party carriers. In Poland, THIEL Furniture itself acts as carrier, mainly using its own freight vehicles.

A large number of logistics services in the furniture sector are currently not outsourced to third-party logistics service providers and are characterized by relatively low capacity utilization and efficiency. Due to a difficult market environment, the furniture industry is under substantial pressure to reduce costs and increase efficiency. We believe that this pressure should result in an increased demand for the outsourcing of logistics services.

We believe that the usage of return transports to eastern Europe for forwarding of other products would improve utilization and reduce costs. In addition, we believe that alliances and cooperations will create further transport synergies.

Air & Ocean

In our second business segment, we bundle our air and ocean transport activities that complement our regional transport networks and our services offered in "Industry Solutions". Logistics services carried out in our Air & Ocean segment accounted for €281.1 million or 16.9% of our net sales in 2003. Our lead company in this business segment is Birkart Globistics which also manages THIEL FashionLifestyle. Birkart Globistics supplements the services offered by our Industry Solutions, especially industrial goods, automotive, textiles and consumer goods.

Through our Air & Ocean segment, we are active in the area of intercontinental logistics services, specializing in Air and Sea transport services but also offering contract logistics services such as value added services, SCM and freight management. When acting as agent for freight capacities, Air & Ocean provides its mostly medium-sized clients with access to intercontinental Air and Sea transport services. Air & Ocean operates its own global network of branch offices and strategic partnerships for specific regions, with a focus on transportation between Germany and Asia. Utilizing our recently awarded Class-A license for China, we plan to increase our representation in this region by expanding our network of offices and services delivered. Birkart Globistics is a founding member of the exclusive alliances Future Group (air freight) and Group 99 (LCL sea freight) to bundle purchasing power and to cooperate in IT technology, handling services and capacity planning. It cooperates with ventures overseas and enters into cooperation agreements with other transport providers in order to increase freight capacities and thus obtain competitive prices for such capacities. As at September 30, 2004, the companies in the Air & Ocean segment had approximately 1,200 employees located in 70 offices in more than 30 countries.

The German market for air and ocean transport services is divided into a small number of large intercontinental groups that operate their own networks, some medium-sized logistics service providers and several small companies which are active in the import and export business. The overall market is generally characterized with low margins and price pressure due to high market transparency, an increased importance of air-freight due to specific performance characteristics (for example, short lead-times) and also high importance of ocean-freight, especially container shipping for international cargo transportation.

According to the study Top 100 der Logistik 2003, market leading operators of intercontinental logistics in Germany by revenue are Kühne & Nagel, Panalpina, Schenker, DHL and Exel.

As a result of increased globalization and the continued removal of trade barriers, we expect there to be an increase in the international exchange of goods and therefore growth in the market for Air and Sea transport services and in particular for transport-related value-added services.

Regional Logistics Services

Logistics services carried out in our business segment "Regional Logistics Services" accounted for €758.6 million, or 45.6% of our net sales in the nine-month period ended September 30, 2004. Our subsidiaries included in this business segment provide logistics services on a regional basis with a focus on central and eastern Europe. Logistics services offered range from transport services to contract logistics, including supply-chain management. Our lead companies in this business segment are delacher Logistics AG + Co KG for Delacher, Quehenberger Logistik AG & Co KG for Quehenberger and KVB for Südkraft. Our subsidiaries in this business segment operate primarily in the southern part of Germany and in Austria, with traditional client relationships in their respective regions that make them particularly sensitive to their customers' needs. Even though operating in part locally, our regional service providers are able to offer their mostly medium-sized regional customers better access to transport platforms for national and international Surface, Air and Sea transport services through our Air & Ocean segment. Regional logistics services provide a platform for existing and prospective Industry Solutions.

As at September 30, 2004, our organization in this segment comprised over 150 sites and approximately 4,300 employees.

The following table shows our net sales in Regional Logistics Services in 2003 and for the first nine months of 2004:

	Year ended December 31, 2003		Nine months ended September 30, 2004	
	(reclassified)		(unaudited)	
	(thousands of € and as percentage of net sales)			
Quehenberger	319,268	42.1%	279,442	45.7%
Südkraft	227,076	29.9%	167,735	27.5%
Delacher	212,242	28.0%	163,654	26.8%
	758,586	**100.0%**	**610,831**	**100.0%**

Quehenberger. Quehenberger is one of the leading logistics services providers in Austria and possesses a strong central and eastern European network. Quehenberger is a full service provider with specific competencies in the chemical ("Logochem") and high tech industries ("Logotec"). It provides freight forwarding services, in particular groupage services, as well as contract logistics services including outsourcing projects, in particular for clients in the chemical and technical sector. In addition, Quehenberger carries out the entire logistics functions for a major Austrian beverage producer and operates its own warehouses, some of which are located at the production sites of its customers.

Quehenberger operates one of the largest eastern European networks. As at September 30, 2004, Quehenberger operated 35 Austrian branches and more than 45 locations in 13 eastern European countries, and had approximately 1,300 employees. We believe that we can further expand our operations, in particular in entering new markets, especially eastern Europe and central and south Asia.

Quehenberger's main competitors in its Austrian and central and eastern European markets are Schenker, DHL, Gebrüder Weiss, Kühne & Nagel, and in Austria additionally Schachinger, Jöbstl and Lagermax. In addition, Quehenberger competes in regional markets with a large number of small or medium-sized regional and local logistics companies.

Südkraft. Südkraft is a logistics service provider and freight forwarder with regional focus on Germany, where it is well positioned in a number of regional markets. It offers contract logistics, including value-added services, as well as national and international transport services combining road transport with shipment by rail and waterway using swap bodies, containers, trailers or entire truck trailers. Südkraft provides its transport services in cooperation with network partners. It acts as freight forwarder as well as carrier. Its services are focused on the automotive, beverage, construction materials, minerals and chemical sectors. Südkraft provides transport services between production sites and between suppliers and the production facilities of a major German car manufacturer and a major German pharmaceutical company (factory-to-factory transport) as well as certain value-added services, including basic assembling services.

Südkraft operates its own and leased warehouses, some of which are located at its clients' production sites. As at September 30, 2004, Südkraft maintained approximately 40 sites in Germany, had approximately 2,100 employees and operated more than 800 vehicles including silo carriers, tankers, bulk vehicles, flat loading, covered and dump trucks.

Südkraft competes with large and medium-sized logistics companies such as DHL, Schenker, Kühne & Nagel, Dachser and ABX Logistics as well as with a number of smaller logistics companies on a regional and local basis.

Delacher. Delacher logistics group is a logistics service provider and freight forwarder offering general land-based transport services, temperature-controlled transports and Industry Solutions. Delacher is mainly active in Vorarlberg (Austria), Switzerland, France, Belgium and the Benelux as well as in Hungary, Greece and Turkey. Delacher offers warehousing and international transport services and provides combined road-rail transport services. Delacher operates two terminals for the handling of goods from road to rail and vice versa in Vorarlberg and on the Swiss-Austrian border. Delacher acts almost exclusively as freight forwarder, subcontracting the vast majority of its transport services to third-party carriers. As at September 30, 2004, Delacher and the other companies in this business unit employed approximately 850 employees in 14 locations in seven countries, primarily in Austria, Switzerland, Hungary, France and The Netherlands.

In its regional and national markets, Delacher competes with large logistics companies such as DHL, Schenker, Panalpina, Danzas and Kühne & Nagel, in western Austria additionally with Gebrüder Weiss and Dachser, as well as with a large number of regional and local logistics service providers.

We believe that increasing concentration on core competencies (contract logistics, overland transport and tank silo) and the increasing demand for client specific logistics services solutions will enhance our position in the market. We also believe that further access to local markets and the product and service development in existing markets will enhance our position in the market.

Supplier and Customer Relationships

Our companies frequently engage subcontractors to perform certain logistics services. These services usually comprise individual components along the logistics value chain, particularly transport services, which are carried out by specialized (sub)contractors and freight carriers on an individual basis or within the framework of medium- or long-term framework agreements, depending on our needs and the respective contractor's or freight carrier's capacity. This reduces the capacity-utilization risk we bear by lowering fixed costs for personnel and the vehicle fleet and reduces the capital employed. Moreover, an optimized logistics schedule can be generated and tailored to the customer's needs as well as to the type of goods being transported, since we can select the most suitable subcontractor in each case. Due to the high degree of fragmentation in the market for freight carriers, we are currently not dependent on any single subcontractor.

We have a balanced customer portfolio; none of our customers accounted for more than 4% of our consolidated net sales. We are therefore not dependent on a single customer. Our five largest customers account for approximately 15% of our sales, and certain of our subsidiaries generate a substantial portion of their sales with a single customer and are therefore dependent on single customers. A number of these frequently long-term relationships helped to develop specialized and value-added solutions (for example C&A, BMW, ZF and Otto). Joint ventures and outsourcing contracts (long-term) are an important foundation for the development of new solutions and the development of new markets (for example Schieder, FAG and Axel Springer).

Real Property, Freight and Warehouse Capacities

As at September 30, 2004, we owned real property with a total area of approximately 600,000 square meters and usable space (warehouses and office premises) of around 250,000 square meters, the vast majority of which consists of warehouses. Our remaining real property comprises land and office buildings at our corporate headquarters in Grevenmacher, Luxembourg, and at the respective sites of our subsidiaries. The book value of the real property ("land and buildings", not including finance lease objects) we own totaled €177,576 as at September 30, 2004. We have rented additional premises at our various business locations. In total, we manage over 1.2 million square meters of warehouses and office space.

Real property and buildings – for office or warehousing – are either owned by us or operated under short- or long-term leases. As of September 30, 2004, we owned approximately 20% of the facilities used in our operations.

A significant part of the services we offer involves the provision of logistics infrastructure and equipment. For this purpose, we operate approximately 200 warehousing facilities with over 1 million square meters of warehousing space in 32 countries and some 1,100 trucks, 1,600 trailers and some 2,200 swap containers as of September 30, 2004. Furthermore, we operate freight equipment, such as containers for shipments, and other freight handling equipment, such as fork lifts.

Our trucks, trailers and other freight equipment are owned or operated under leasing arrangements. However, the majority of our transportation services are subcontracted to third parties, in almost all cases on an ad-hoc basis.

Sales and Marketing

Our business units are responsible for customer relationships with their respective clients. This decentralized organization allows sales activities to be adapted to specific regional or industry-specific needs. In addition, decentralization helps our marketing and sales teams to build strong, personal relationships with local customers. In carrying out their sales activities, our companies are supported by our central sales and marketing resources and have access to our resource network, including group-wide electronic databases, thus allowing for an intensified customer relationship management. We support the decentralized sales activities of our individual operating companies by centrally coordinating them and in some cases (for example larger tenders) by the provision of additional resources.

Our new corporate strategy is reflected in our branding: industry solutions have been rebranded, while strong brand names (Quehenberger, Delacher) will be advanced. Through our central marketing department we intended to strengthen our corporate identity while at the same time supporting the subsidiaries' regional or industry-specific marketing activities. As a result of this allocation of marketing duties among the Group and the individual operating subsidiaries, marketing activities can be tailored to the particularities of the respective sectors or regions while also taking into account each subsidiary's specific customer portfolio. Even though we plan to reduce the number of brand names and corporate logos used within our group, we intend to continue using our best-known brand names, generally with the suffix "A THIEL Group company".

Our marketing activities include advertising campaigns, sales promotions, mailing activities, press releases, our website, and the websites of our subsidiaries, as well as the attendance of trade fairs and conferences. Our group-wide expenses for sales and marketing activities (selling costs) amounted to €34.0 million in 2003 and €25.3 million for the first nine months of 2004.

Trademarks, Patents and Licenses

Our companies have protected or applied for protection under trademark law for most of their trademarks owned in Germany and in other countries where they run business operations. The trademarks protected include, in particular, the following: THIEL Logistics, THIEL Logistik A.G., THIEL Logistik, THIEL FreshNet Logistics + Services, THIEL Furniture Logistics + Services, THIEL Lifestyle Logistics + Services, THIEL Media Logistics + Services, Leave it to us, Wir machen das, Birkart Globistics, dks and Microlog.

We do not maintain a research and development department, since we usually outsource activities, such as the development of specific software to third-party providers. To the extent our companies provide a customer with software, THIEL Logistik or our relevant company holds a license from the owner and is authorized to grant sublicenses to use this software. Software we require for our own purposes was either developed internally prior to or during 2001 (so that THIEL Logistik holds the respective intellectual property rights) or is licensed from third parties.

With the exception of the above-mentioned software property rights, we do not consider ourselves to be materially dependent on any patents, licenses or new production methods due to the nature of our business activities.

Investments

The investments we made in 2002 and 2003 and in the first nine months of 2004 are presented in the following overview:

	2002	2003	Nine months ended September 30, 2004
	(reclassified and restated)[2] (unaudited)	(reclassified)[2]	(unaudited)
		(thousands of €)	
Intangible assets	7,637	3,852	2,860
Property, plant and equipment			
Equipment and machinery	20,274	14,431	6,218
Land and buildings	35,595	10,622	10,408
Tools, fixtures, furniture, and office equipment	12,384	9,186	4,896
Total property, plant and equipment	68,253	34,239	21,522
Total investments[1]	**76,890**	**38,091**	**24,382**

Notes:

(1) The numbers do not include investments by companies classified as discontinued operations.

(2) For the reclassifications and the restatement made, see "Management's Discussion and Analysis of Financial Conditions and Results of Operations – Additional Financial Presentation Matters – Reclassifications and Restatement".

Insurance

We believe we have adequate insurance coverage for our business profile. This is arranged and adjusted as needed by the various operating companies or the respective holding companies. At present, a D&O (Directors' and Officers' Liability) insurance policy for the management of our entire group and a transport liability insurance policy for goods to be transported have been concluded at the group level. A master agreement exists between THIEL Logistik and several insurers with regard to vehicle insurance policies and to property and liability insurance. Under these agreements, our various subsidiaries can conclude individual policies on standard conditions as needed. In individual cases, particularly in order to fulfill regulatory requirements, specific insurance policies are concluded locally.

Environmental Matters

Our operations are partly subject to certain environmental and occupational health and safety laws and regulations in each of the jurisdictions in which we operate. Among other things, these laws and regulations affect the transportation and storage of hazardous substances and the cleanup of contaminated properties. The violation of such laws and regulations may lead to significant fines or civil or criminal sanctions.

Our logistics services in the chemicals and other industries involving hazardous substances may result in the contamination of sites operated by us. In this case, some jurisdictions in which we are active can impose broad liability for activities that are hazardous to the environment, in part without regard to fault or the lawfulness of the original activity. We believe that we have taken the necessary measures to comply with the relevant laws and regulations.

Government Regulation

Our operations are to a certain extent subject to government regulation. Some countries in which THIEL operates require the company to hold a permit or a license to carry out transportation services. Transborder activities require an additional license. In addition, some jurisdictions restrict overland road transportation services on Sundays and public holidays, however granting various exemptions. Similar, the 24-hour-operation of logistics facilities are subject to specific labor and other governmental regulations.

Overland road transport services are in most of the countries in which we operate liable to highway tolls or fees. This does not apply to German highways which so far have been toll free. However, the German government intends to pass a new law to be effective January 1, 2005, which will impose significant tolls on certain freight vehicles for the use of federal highways. In addition, we will be required under this law to install electronic toll measuring devices in each freight vehicle resulting in further significant costs. If we are unable to pass on such additional costs to our customers this will have an immediate adverse effect on our business and results of operations. See "Risk Factors – Our business is subject to macroeconomic and other factors beyond our control".

Employees

As at September 30, 2004, the total number of employees in our group was 9,239, of which 448 were trainees. As at December 31, 2003, the total number of employees was 10,872 and the average number of employees in 2003 was 10,898 (employed in consolidated companies and discontinued operations); in 2002 the average number was 9,966.

Litigation and Legal Proceedings

With the exception of the disputes described below, we are not involved in any legal or arbitration proceedings that could have a material adverse effect on our financial position. Other than those described below, to the best of THIEL Logistik's knowledge, no such proceedings are pending or threatened at present.

THIEL Logistik cannot predict the ultimate outcome of the legal proceedings described below. Liabilities arising from these proceedings could substantially exceed the provisions established for this purpose (if any), or potential liabilities the realization of which THIEL Logistik currently considers to be unlikely could actually materialize. As a result, these actions could have a material adverse effect on our business, results of operations and financial condition.

Federal Cartel Office v. Birkart Globistics

Birkart Globistics is subject to an investigation by the German Federal Cartel Office (*Bundeskartellamt*) in connection with alleged price fixing of forwarding services provided by Birkart Globistics to the U.S. Army and an alleged boycott to the detriment of two U.S. freight forwarders. The Federal Cartel Office alleges that Birkart Globistics entered into a cartel fixing of prices for moving services to the detriment of the U.S. Army and the respective U.S. forwarders, hence violating Sections 1 and 21 of the Law against Restraints on Competition (*Gesetz gegen Wettbewerbsbeschränkungen,* or "GWB"). Intentional or negligent violations of Sections 1 and 21 of the GWB may result in third parties being entitled to damages incurred due to the violation. The intentional or negligent violation of Sections 1 and 21 of the GWB constitutes an administrative offence, and a fine may be imposed on Birkart Globistics by the Federal Cartel Office. Birkart Globistics contends that it was forced to act in the alleged manner as a consequence of economic circumstances, in particular the guidelines set out by the U.S. Government for the bidding procedure for contracts in connection with the furniture transport business for members of the U.S. Army.

The investigations cover a period from May 1995 until mid-year 2003. We believe that we have an indemnification claim against the former owner of Birkart Globistics under an indemnity letter by Birkart Vermögensverwaltungs GmbH dated June 18, 2004 and the representations and warranties agreed in the agreement between us and the vendor dated December 31, 2001. Under this agreement, the vendor represented that as of December 31, 2001 Birkart Globistics or its legal predecessor and all Birkart Globistics Group companies had been in compliance with all applicable laws and regulations since January 1, 1996 and did not violate any rights of third parties. Enforcement of this indemnification claim may, however, take time and its success may be uncertain and the indemnity may not cover all time periods which are the subject of the investigations. According to a decision of the German Federal Cartel Office dated November 15, 2004, the proceedings against Birkart Globistics will be continued and the Federal Cartel Office intends to impose a fine. The decision sets out the potential maximum amount of such fine at €2.5 million and the intent of the Federal Cartel Office to consider certain grounds that would permit a reduction of such a fine. THIEL Logistik has not established provisions in connection with this matter in its consolidated financial statements as at December 31, 2003 or subsequent reporting periods.

U.S. Department of Justice v. Birkart Globistics

The U.S. Department of Justice, Antitrust Division, notified Birkart Globistics in a letter dated December 19, 2003 of a federal grand jury investigation being pursued in the Eastern District of Virginia in relation to suspected conspiratorial activity to restrain trade and defraud in the United States in violation of U.S. criminal antitrust and fraud statutes. According to the letter, the charges relate to the transportation of military household goods (moving services for members of the U.S. Army) in the summers of 2001 and 2002. The letter described Birkart as a target of the investigation and potential defendant and stated the grand jury might be asked to consider charges against it. So far as we know, Birkart's status remains as described in that letter, with no formal proceeding yet commenced, but other companies involved in these moves have been indicted, have in some cases settled agreeing to pay fines as high as $6 million and/or in some cases are still litigating legal theories of liability on appeal.

Charges and fines imposed under U.S. law may be significantly higher than those under German law. For a criminal antitrust count, fines of up to $10 million, twice a defendant's gain or twice the victim's loss from the conduct, whichever is greater, may be assessed. A criminal fraud count (as an alternative theory of liability) could result in a fine of up to $500,000 or twice the defendant's gain or twice the victim's loss, whichever is greater. Further, additional charges may arise that have not been identified at present. In addition to criminal liability, the victims of such conduct can sue under a variety of legal theories. Thus, for example, the U. S. government as the party paying rates allegedly inflated by virtue of an unlawful conspiracy, in addition to having possible civil claims for any inflation of rates founded in common law fraud for actual and punitive damages, alternatively could recover treble those damages and attorneys fees under the antitrust law or under the U. S. False Claims Act (which additionally allows for a further fine of up to $10,000 for each false claim presented). A civil plaintiff also can elect which alleged co-conspirators to sue, and all co-conspirators are jointly and severally liable for the full amount of the inflation caused by the conspiracy with no right of contribution among each other and any set-off for compensatory damages collected from another defendant to occur only after trebling. Additionally, U.S. government agencies may, at their internal discretion, decide to disqualify a convicted company and, potentially, its affiliates, from future business with the U.S. government for such period of time as they may determine but generally no more than three years.

At the current stage of the proceedings, no prediction of the outcome is possible and to assess the maximum amount of potential fines or civil claims would be hypothetical and speculative. We believe we have the right to be indemnified against a potential fine or civil claim by the former owner of Birkart Globistics under an indemnity letter by Birkart Vermögensverwaltungs GmbH dated June 18, 2004, and the representations and warranties with respect to compliance with all applicable laws and regulations as of December 31, 2001 and since January 1, 1996 agreed in the agreement between us and the vendor dated December 31, 2001. See "– Federal Cartel Office v. Birkart Globistics". We have not established provisions in connection with this matter in our financial statements as at December 31, 2003 or subsequent reporting periods. If potential fines and/or claims exceed any indemnification or if the indemnification agreement proves to be unenforceable, this could have a material adverse effect on our business, financial condition and results of operations.

DFDS Transport Group A/S v. Quehenberger Logistik AG & Co KG

In 1999, Quehenberger and DFDS Dan Transport Group A/S ("DFDS"), the legal predecessor of DFDS Transport Group A/S, entered into a cooperation agreement. In this cooperation agreement, the parties, *inter alia*, guaranteed each other exclusivity for the regions where they conduct their business. The cooperation agreement provides for a change of control clause giving a party the right to terminate the agreement if a competitor acquires a majority interest in respect of the other. In addition, the cooperation agreement provides for a penalty for breach of contract in the amount of €1.5 million.

After we acquired a majority interest in Quehenberger in June 2000, DFDS claimed that Quehenberger had violated the exclusivity clause and was therefore in breach of the cooperation agreement, stating that our companies are active in the region exclusively assigned to DFDS. In addition, DFDS asserted that our acquisition of a majority interest in Quehenberger constitutes a change of control under the cooperation agreement and that we are a competitor of DFDS. DFDS therefore asserted its right to terminate the agreement, withdrew from the cooperation agreement and claimed payment of the contractual penalty in the amount of €1.5 million. Quehenberger denied any breach of contract and change of control and has requested the continuation of the cooperation agreement.

In a letter dated December 30, 2002, Quehenberger initiated arbitration proceedings claiming payment of the contractual penalty in the amount of €1.5 million as well as damages in the amount of €250,000 for losses suffered when DFDS withdrew from the cooperation agreement. By a letter dated January 6, 2004, DFDS in turn claims payment of the contractual penalty in the amount of €1.5 million, citing the contractual breaches outlined above. Quehenberger rejects the claims of DFDS, stating that THIEL Logistik is a mere holding company and therefore not a competitor of DFDS. Quehenberger therefore claims that DFDS had no right to withdraw from the agreement, its actual withdrawal consequently triggering the contractual penalty in the amount of €1.5 million in favor of Quehenberger.

By letter dated September 9, 2004, the arbitrator in the proceeding requested further explanation of the change of control clause by the parties. It indicated that the parties, in said clause, may have provided an independent guarantee that their shareholders will not sell their interests.

The arbitration proceedings are currently pending. The outcome of this dispute is uncertain and will ultimately depend on whether the arbitrator considers THIEL Logistik to be a competitor of DFDS or not.

Neighbor v. Birkart Globistics

A neighbor of Birkart Globistics' site in Hanau, Germany, has raised an objection against the building permit that includes the operation permission for the northern part of the site. The objection asserts that Birkart Globistics exceeds the maximum number of movements of trucks set forth in an operation description forming part of the building permit. Birkart Globistics is of the view that it is not limited to the maximum number of movements set forth in the operation description, but instead only has to comply with the maximum noise level expressly forming an obligation under the building permit. It has obtained an expert opinion confirming that these maximum noise levels are not exceeded. A withdrawal of the building permit or a limitation on the number of movements of trucks imposed on Birkart Globistics would have a material adverse effect on the operation of the site. Birkart Globistics has, however, only recently obtained an additional building permit including an operation permission for the eastern or southern parts of the site. It is of the opinion that this new permit replaces the challenged building permit.

SOWA AG v. FABLog GmbH

By purchase agreement dated January 12, 2001, FABLog GmbH ("FABLog"), a former subsidiary of Microlog, acquired certain business activities from SOWA AG ("SOWA"). Under this agreement, SOWA guaranteed the continued existence of the value of equity and certain assets as recorded in the December 21, 1999 financial statements. FABLog has withheld €1.3 million of the purchase price claiming repayment of a loan granted to SOWA in the amount of €332,339 and, based on an expert's opinion of Arthur Andersen, compensation for a decrease in the value of equity and certain assets as recorded in the

December 31, 2000 financial statements compared to the December 31, 1999 financial statements. SOWA has sued FABLog claiming full payment of the purchase price. Pursuant to a judgment dated June 18, 2003, the district court of Berlin partially ruled in favor of FABLog. However, the court reduced FABlog's compensation claim by the amount of €922,841 holding that FABLog has failed to prove a decrease in the value of assets in this amount and that it had waived its rights under the loan agreement.

The parties have appealed against this judgment. The hearing before the court of appeals of Berlin (*Kammergericht*) is scheduled for December 9, 2004. With effect from June 30, 2003, Microlog sold FABLog pursuant to a management buy-out. Microlog has agreed, however, to pursue the lawsuit on behalf of FABLog and to indemnify FABLog from any claims of SOWA in connection with this lawsuit. FABLog is likely to be required to make a deposit in the amount of €725,000 plus accrued interest pursuant to the purchase agreement of 2001.

Delacher + Co. Transport Szállítmáyozó Kft. v. Henkell & Söhnlein Hungaria Kft.

Delacher + Co. Transport Szállítmáyozó Kft. ("Delacher Hungary") has sued Henkell & Söhnlein Hungaria Kft. ("Henkell Söhnlein") before the metropolitan court in Budapest (*Fóvárosi Biróság*) for the amount of €1.2 million. The claim is based on the allegation that Henkell Söhnlein improperly terminated an exclusive logistics agreement with Delacher Hungary, in violation of a duty of cooperation, because it did not disclose to Delacher Hungary its intention to terminate the exclusive agreement with Delacher Hungary when negotiating an amendment to the agreement. The amendment provided, among other things, for shorter period of notice for termination of the agreement. The metropolitan court in Budapest has scheduled a further hearing for March 31, 2005.

MANAGEMENT

Board of Directors and Executive Board

In accordance with Luxembourg law, THIEL Logistik is managed by its Board of Directors (*Verwaltungsrat*). Under its Articles of Association, THIEL Logistik has also established an Executive Board (*Direktionskomitee* or *Vorstand*). The Executive Board is not a statutory body of THIEL Logistik. It is responsible for the day-to-day management of THIEL Logistik, reports to and is supervised by the Board of Directors and must obtain the Board of Directors' prior consent for transactions of material importance for our group. In addition, the Board of Directors has established a number of committees.

Board of Directors (Verwaltungsrat)

The following table shows the current members of our Board of Directors, the years in which they were first elected to the Board of Directors and the end of their terms:

Name	Year first appointed
Berndt-Michael Winter (Chairman)	2002
Dr. Antonius Wagner (Deputy Chairman)	2002
Dr. Klaus Eierhoff	2003
Prof. Dr. Werner Delfmann	2002
Dr. Yves Prussen	2002

The Board of Directors is responsible for the management of THIEL Logistik and the supervision of the Executive Board. See "– Board of Directors and Executive Board – Executive Board". It consists of at least three members, who are not required to be shareholders of THIEL Logistik. The members of the Board of Directors are elected by the general meeting for a term not exceeding six years, and may be dismissed by the general meeting at any time. In case of a vacancy in any position of director, the remaining directors can temporarily fill such vacancy by a majority vote and the next general meeting would be asked to ratify such election. There is no restriction on the number of times a director may be reappointed to the Board of Directors. The Board of Directors elects a Chairperson and a Deputy Chairperson from among its members.

Furthermore, the Board of Directors appoints the members of the Executive Board. Members of the Board of Directors may be appointed members of the Executive Board upon prior approval of the general meeting. At present, Dr. Klaus Eierhoff is a member of both the Board of Directors and the Executive Board. If no Executive Board is appointed, the Board of Directors assumes responsibility for the day-to-day management and external representation of THIEL Logistik. The Executive Board's powers of representation are determined by the Board of Directors. In addition, two members of the Board of Directors may represent THIEL Logistik vis-à-vis third parties by their joint signature, provided that at least one of the signatories is not simultaneously a member of the Executive Board.

The Rules of Procedure (*Geschäftsordnung*) for the Board of Directors stipulate that the Board of Directors must form a Finance Committee, a Personnel Committee and an Audit Committee. These committees represent the Board of Directors in its areas of responsibility assigned to the respective committee by the Rules of Procedure or by a resolution of the Board of Directors. Each of these committees supervises the Executive Board within its area of responsibility, and is to this extent competent to grant approval on key issues at the request of the Executive Board. The members of the committees may, but are not required to, simultaneously be members of the Board of Directors. The members of the Personnel Committee and of the Audit Committee may only be non-executive members of the Board of Directors. Each committee consists of at least three members. According to the Articles of Association, however, the Chairperson and the Deputy Chairperson of the Board of Directors are mandatory members of the Finance, Personnel and Audit Committees. Furthermore, one non-executive member of the Board of Directors shall also be appointed member of the Personnel and Audit Committees. If the Chairperson of the Executive Board is simultaneously a member of the Board of Directors, he will be member of the Finance Committee. Members of the Executive Board, however, who are at the same time members of the

Board of Directors may not simultaneously be members of the Personnel or Audit Committees. At present, there is a Finance, Personnel and Audit Committee.

The Board of Directors is responsible for the management of THIEL Logistik and the supervision of the Executive Board. Therefore, the members of the Board of Directors must inform each other or be informed by the Executive Board about all events and transactions which could be of material importance to THIEL Logistik and our group. Transactions of fundamental nature or of material financial importance to THIEL Logistik or one of its subsidiaries, require the approval of the Board of Directors, unless the Rules of Procedure of the Board of Directors delegate such competence to a specific committee. This approval requires a simple majority of the votes cast; in the event of a tie, the Chairperson casts the deciding vote. The Personnel Committee resolves on the contracts between THIEL Logistik and the members of the Board of Directors and the Executive Board, and the allocation of stock options to these persons.

The following paragraphs contain summary biographical information for each board member.

Berndt-Michael Winter, born in 1954, was elected Chairman of the Board of Directors on October 30, 2002. In addition, Mr. Winter is chief executive officer of the management board of DELTON and the chairman of the supervisory boards of DELTON Vermögensverwaltung Aktiengesellschaft and CEAG AG, as well as a member of the board of directors of CeDo Household Products Ltd., Telford, UK and a member of the supervisory board of MAST-JÄGERMEISTER AG, Wolfenbüttel, Germany. After studying business administration at the University of Cologne, he began his career at Klöckner & Co. KGaA, Duisburg, Germany in 1981, working firstly as an assistant to the personally liable partner and later becoming deputy head of corporate planning. In 1988, he joined MAST-JÄGERMEISTER AG, Wolfenbüttel, Germany, where he became as chief financial officer a member of the management board in 1989. From 1995 to 1999, he as chief financial officer was a member of the management board of Lafarge Braas GmbH, Oberursel, Germany, before joining the management board of DELTON as chief executive officer in May 1999.

Dr. Antonius Wagner, born in 1961, was elected Deputy Chairman of the Board of Directors on October 30, 2002. In addition, Dr. Wagner is as chief financial officer a member of the management board of DELTON, sole member of the management board of DELTON Vermögensverwaltung Aktiengesellschaft, a member of the supervisory board of CEAG AG and a member of the board of directors of CeDo Household Products Ltd., Telford, UK. After studying business administration at the University of Münster, Germany and obtaining a doctorate (*Dr. rer. pol.*), he began his career at Robert Bosch GmbH, Stuttgart, Germany, in 1990, where his last position was as financial director of Bosch Diesel, Jihlava, Czech Republic. From 1995 to 1997, he worked for McKinsey as a consultant. In 1997, Dr. Wagner joined the Lafarge Braas Group as head of group controlling. From 1999 to 2002, he was as chief financial officer a member of the management board of Lafarge Dachsysteme, Oberursel, Germany. Since February 2002, Dr. Wagner is a member of the management board of DELTON as chief financial officer. Dr. Wagner is a member of the supervisory board of KVB.

Dr. Klaus Eierhoff, born in 1953, was elected to the Board of Directors on April 9, 2003 and was appointed Chairman of the Executive Board on April 1, 2003. After studying business administration in Göttingen, Dr. Eierhoff began his career at Nixdorf Computer AG, Paderborn, Germany, as product manager from 1981 to 1984. He was a member of management, and later the managing director at Bertelsmann Distribution GmbH, Gütersloh, Germany, from 1984 to 1990. From 1990 to 1997 Dr. Eierhoff was member of the management board of Karstadt AG, Essen, Germany, being responsible for logistics, organizational and information systems/IT and the small- and medium-sized warehouse sector. Most recently, he was member of the management board of Bertelsmann AG, Gütersloh, Germany, where he was head of IT/multimedia and, from 2001, the music and book clubs. Dr. Eierhoff is chairman of the supervisory boards of Microlog and KVB and a member of the advisory board (*Beirat*) of LOG.

Prof. Dr. Dr. h. c. Werner Delfmann, born in 1949, was elected to the Board of Directors on October 30, 2002. Prof. Delfmann studied business administration and mathematics at the University of Münster, graduating with a degree in mathematics (*Dipl.–Math.*). From 1974 to 1985, he was a research and teaching assistant at the Institute for Industrial Corporate Planning at the University of Münster. He obtained his doctorate (*Dr. rer. pol.*) in 1976, and became a professor of business administration in 1982. Since 1985, Prof. Delfmann has held professorships at the Universities of Münster, Osnabrück, Frankfurt/Main and Cologne. He has been the director of the Department of Business Administration, Corporate Planning and Logistics at the University of Cologne since 1988. Among other things, Prof. Delfmann is the chairman of the supervisory board of KNOWTICE AG, Frankfurt/Main, Germany, chairman of the managing board of the Arbeitsgemeinschaft Verpackung und Umwelt (AGVU), Berlin, Germany, and has been a member of the board of directors of the European Business Forum, Ltd., London, UK, and Chairman of the Community of European Management Schools (CEMS), Paris, France until December 2003.

Dr. Yves Prussen, born in 1947, was elected to the Board of Directors on October 30, 2002. After studying at the Faculté de Droit et des Sciences Economiques and the Institut d'Etudes Politiques at the University of Grenoble, France, Dr. Prussen obtained a "Docteur en Droit" in 1971 and a diploma of the Institut d'Etudes Politiques, Section Economique et Financière. Dr. Prussen has been admitted as a lawyer in Luxembourg since 1971, and became a partner in the law firm now known as Elvinger, Hoss & Prussen in 1975. He is a member of various associations and committees, and has published in the areas of tax, securities and company law. Dr. Prussen is, *inter alia,* a member of the board of directors of the following companies: Banque Degroof Luxembourg S. A., R&R Holding S. A., Richemont Finance S. A., Alliance Capital (Luxembourg) S. A., ACM International Healthcare Fund, ACM International Technology Fund, The Asian Technology Fund, New Star Global Fund and Robert Fleming (Luxembourg) S.à r.l.

The members of the Board of Directors may be reached at THIEL Logistik's address.

Executive Board

The following table shows the current members of our Executive Board, including the year in which they were appointed and the end of their term:

Name	Year first appointed
Dr. Klaus Eierhoff	2003
Martin Löffler	2003
Stefan Delacher	2002

The Board of Directors has established an Executive Board (*Direktionskomitee* or *Vorstand*) in accordance with the Articles of Association. Under Luxembourg law, the Executive Board does not form a statutory executive body of a corporation. The Executive Board is appointed by the Board of Directors and consists of at least two members. It is responsible for the day-to-day management within the areas assigned to it by the Board of Directors. Each member of the Executive Board conducts THIEL Logistik's day-to-day management within the areas of responsibility assigned to the respective individual member. As determined by the Board of Directors, a member of the Executive Board may represent THIEL Logistik jointly with another member of the Executive Board or an authorized signatory *Prokurist* vis-à-vis third parties.

The Board of Directors may appoint and dismiss the members of the Executive Board.

The Executive Board is only to a limited extent comparable to the managing board (*Vorstand*) of a German stock corporation (*Aktiengesellschaft*). In contrast to the managing board of a German stock corporation the Executive Board of THIEL Logistik is bound by the instructions of the Board of Directors.

In accordance with the Rules of Procedure of the Executive Board, the Board of Directors is responsible for deciding on the following matters, among others:

- on corporate policy, as well as strategic objectives and the definition of THIEL Logistik business activities;

- on investments and divestitures in excess of €40 million;

- on loan agreements in excess of €30 million; such competence may, however, be delegated to the Finance Committee;

- in the event of disagreement between members of the Executive Board on matters relating to the different areas of responsibility of the respective Executive Board members;

- on the submission of the annual financial statements and the consolidated financial statements for approval by the general meeting;

- on the introduction or amendment of existing stock option plans or other such employee compensation plans for THIEL Logistik or its subsidiaries;

- on strategic planning; and

- on the annual budget for THIEL Logistik and our group.

In addition, the Rules of Procedure of the Executive Board stipulate that the respective committee of the Board of Directors decides, among others:

- on all contracts concluded between THIEL Logistik and members of the Executive Board;

- on the appointment and dismissal of, as well as the conclusion of contracts with, the CEOs and CFOs of our companies whose (consolidated) revenues exceeded €200 million in the preceding fiscal year;

- on the granting of stock options to members of the Executive Board;

- on the appointment of the auditors for our companies;

- investments and divestments in excess of €20 million;

- on the acquisition of direct and indirect equity status in target companies whose total assets exceed five percent of our consolidated total assets;

- on loans to and transactions with members of the executive bodies of our companies; and

- on warranties, guarantees and similar obligations in excess of €5 million, unless the beneficiary is a wholly-owned subsidiary of THIEL Logistik.

The following paragraphs contain summary biographical information for each executive board member.

Dr. Klaus Eierhoff was appointed Chairman of the Executive Board and Chief Executive Officer on April 1, 2003. See "– Board of Directors and Executive Board – Board of Directors".

Martin Löffler, born in 1960, was appointed Chief Financial Officer of THIEL Logistik effective June 1, 2003. After studying business administration with an emphasis on transportation management (logistics) in Heilbronn, Germany, and later obtaining an MBA in the USA, Martin Löffler held leading positions at an international air freight company and subsequently worked at several retail and service companies. He was head of controlling at Computer 2000 AG, Munich, Germany, from 1995 through 1999, and managing director of its subsidiary, Tech Data Deutschland GmbH, Munich, Germany, from 2000 until 2003. Mr. Löffler is a member of the supervisory board of Microlog.

Stefan Delacher, born in 1961, has been the Chief Marketing Officer of THIEL Logistik since April 2002, and was a member of the Board of Directors from April to October 2002. Mr. Delacher studied business administration at Claremont Colleges in California, USA, then trained as a logistics specialist for two years at the Delacher group. After obtaining an MBA at the European University in

Paris, France, in 1989, Mr. Delacher worked as a project manager for management consulting at AWT in Vienna, Austria, for two years. He joined the Delacher group in 1993 and became managing director in 1995. Mr. Delacher is chairman of the supervisory board of delacher Logistics AG, Wolfurt, Austria, and of the board of directors of Delacher + Co. Transport AG, Switzerland, and a member of the supervisory boards of Microlog and Quehenberger Logistik AG. In addition, Mr. Delacher is managing director of THIEL Holding GmbH, THIEL Logistik Management GmbH and Delacher Internationale Holding GmbH.

The members of the Executive Board may be reached at THIEL Logistik's address.

Remuneration, Loans Granted to and Shares Held by the Members of the Board of Directors

The total remuneration for the non-executive members of the Board of Directors for 2003 equaled €270,000. The total remuneration paid to members of the Board of Directors by our other group companies in 2003 equaled €18,231. These amounts do not include the remuneration paid to Dr. Klaus Eierhoff and the former members of the Board of Directors and the Executive Board Günther Thiel and Christian Fürstaller. For the remuneration paid to these persons, see "– Remuneration, Loans Granted to and Shares Held by the Members of the Executive Board". The amounts with respect to 2004 have not yet been determined.

The Company has not granted any loans to members of the Board of Directors and the Executive Board, nor has it assumed any warranties, guarantees or similar obligations on behalf of these individuals.

With the exception of Dr. Klaus Eierhoff, the members of the Board of Directors hold no shares of THIEL Logistik and no options for the subscription of shares of THIEL Logistik. For the shares held by Dr. Klaus Eierhoff, see "– Remuneration, Loans Granted to and Shares Held by the Members of the Executive Board".

Remuneration, Loans Granted to and Shares Held by the Members of the Executive Board

The total remuneration of the members of the Executive Board paid by the Company for 2003 amounted to €2,383,536. The total remuneration paid to members of the Executive Board by our other group companies for 2003 amounted to €580,024. These amounts include the remunerations paid to Dr. Klaus Eierhoff and the former members of the Board of Directors and the Executive Board, Günther Thiel and Christian Fürstaller. The amounts with respect to 2004 have not yet been determined.

THIEL Logistik has not granted any loans to members of the Executive Board, nor has it assumed any warranties, guarantees or similar obligations on behalf of these individuals.

Dr. Klaus Eierhoff holds 15,000 shares of THIEL Logistik and Stefan Delacher holds a total of 8,000 options for the subscription of THIEL Logistik shares.

General Meeting

THIEL Logistik's Annual general meeting is held at THIEL Logistik's registered seat or at another location in Luxembourg as published in the invitation every year on the second Wednesday of April at 10 a. m. Should this day coincide with a public holiday, the general meeting is convened for the same time on the following business day.

The shareholders' notification of any general meeting must be announced twice in the Official Gazette of the Grand Duchy of Luxembourg "Mémorial C" as well as in a daily newspaper in Luxembourg (usually *the Luxemburger Wort*) and in an official stock exchange gazette in Germany (*Börsenpflichtblatt*) stating the agenda for the general meeting. There must be a period of eight days between each announcement, and the last announcement must be published eight days before the general meeting. In addition, holders of registered shares must be informed by registered mail eight days prior to the general meeting.

To attend the general meeting, shareholders must deposit their share certificates at THIEL Logistik's registered seat or at any of the financial institutions mentioned in the invitation no later than five days prior to the date of the general meeting. Each share entitles its holder to one vote at the general meeting.

The Board of Directors is responsible for convening the ordinary and extraordinary general meetings. A general meeting must be convened if shareholders whose combined shareholdings represent one-fifth or more of the subscribed share capital submit a corresponding written proposal, giving details of the agenda. Shareholders may appoint a proxy to vote on their behalf. The proxy is not required to be a shareholder of THIEL Logistik.

The Annual general meeting adopts resolutions on the approval of the annual financial statements and the appropriation of profits. 5% of the net retained profits must be appropriated in full to the legal reserves until this amount reaches 10% of the subscribed share capital. Upon request of the members of the Board of Directors, the general meeting also resolves to discharge the members of the Board of Directors.

The announcement of a general meeting amending the Articles of Association must contain proposed amendments of the Articles of Association including information on the proposed amendments as well as all other planned measures that may alter the purpose or the legal form of THIEL Logistik. Resolutions on amendments to the Articles of Association require a quorum of at least 50% of the share capital present or represented in the respective general meeting and a qualified majority of two thirds of the votes cast. In this case, the meeting must be held in the presence of a notary.

In the absence of such quorum, a further meeting may be convened. This meeting must be announced twice in the Memorial C and in two Luxembourg newspapers; the period between publications must be at least 15 days in this case, with the last publication being made 15 days before the meeting. These announcements must include the agenda, the date of the new meeting and the results of the previous meeting. A quorum is no longer necessary at this second meeting; however, a two-thirds majority of the shareholders either represented or present in person is still required to pass an amendment to the Articles of Association.

In the event of a loss of 50% of THIEL Logistik's subscribed share capital, the Board of Directors must convene a general meeting which may resolve to dissolve THIEL Logistik, subject to the same voting conditions required to change THIEL Logistik's Articles of Association. The meeting must take place no later than two months after the loss was or should have been ascertained by the Board of Directors.

The same procedures apply in the event of a loss of three-quarters of THIEL Logistik's share capital. In this case, THIEL Logistik may be dissolved with the approval of at least one quarter of the votes cast at the general meeting.

Pursuant to Article 85 of the Luxembourg Company Act of 1915, as amended (*Loi du 10 Août 1915 sur les sociétés commerciales, telle que modifiée*), noteholders are entitled to speak but not to vote at the general meeting. Further, according to Article 67-1 of the Luxembourg Company Act of 1915 the change of nationality and the commitments of the shareholders require the unanimous consent of the shareholders at an extraordinary general meeting at which the noteholders are entitled to vote. Any amendments concerning the corporate purpose or form of the company must be approved by the noteholders, except in the event of a merger, division or other corporate action assimilated thereto, pursuant to Articles 284 and 308 of the Luxembourg Company Act of 1915.

Stock Option Plan

Prior to THIEL Logistik's initial public offering, a stock option plan was adopted by the Extraordinary general meeting on February 10, 2000. The purpose of this plan is to grant stock options to managers of our group as a component of their performance-related compensation. By resolution of the Extraordinary general meeting on March 14, 2001, the authorized capital necessary to service these stock options was increased by €2.0 million to €8.0 million, divided into 6,400,000 shares. Shareholders' pre-emptive rights for this authorized capital were excluded. The beneficiaries include the members of the

Board of Directors, who are each entitled to purchase stock options to subscribe for up to 20,000 shares each year; our senior executives, who are each entitled to purchase stock options to subscribe for up to 8,000 shares each year; managers of wholly owned subsidiaries of THIEL Logistik, who are each entitled to purchase stock options to subscribe for up to 4,000 shares every year; and authorized signatories of our group, who are each entitled to purchase stock options to subscribe for up to 2,000 shares each year. The exact number of stock options the respective managers are entitled to purchase in one year is set out in individual agreements in accordance with the respective resolution of the Board of Directors. Multiple stock options for managers who are active for more than one of our group companies are excluded.

The members of the Board of Directors may only exercise their stock options after a vesting period of five years, the remaining beneficiaries only after a vesting period of three years, beginning from the date on which the stock options were purchased. The strike price for the respective stock options equals the average closing price of THIEL Logistik shares in Deutsche Börse AG's Xetra trading during the ten trading days prior to the grant of the stock options. The stock options may only be exercised within a ten days period after each general meeting, publication of the annual financial statements and the reports on the first six months and the first nine months of the year. In each case, the ten days limit begins one day after the respective event. The stock options expire if they are not exercised within two years following the expiration of the vesting period. The Extraordinary general meeting dated October 30, 2002 authorized the Board of Directors to change the stock option plan. On the basis of this authorization, the Board of Directors resolved on April 8, 2003 to restrict the free transferability of the stock options. The Board of Directors intends to approve the transfer of options to a third party only in exceptional cases, such as to avoid tax disadvantages.

We have elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related interpretations in accounting for our employee stock options. No compensation expense is recognized under APB 25, because the exercise price of our employee stock options exceeded the market price of the underlying shares on the date of the grant.

The following table shows the number and weighted-average exercise prices of stock options outstanding in the years ended December 31, 2003 and 2002:

	Number of stock options	Weighted average exercise price
Outstanding as at January 1, 2002	796,000	€21.10
Granted during the year	318,000	€17.95
Exercised during the year	–	–
Forfeited during the year	–	–
Outstanding as at December 31, 2002	1,114,000	€20.20
Granted during the year	–	–
Exercised during the year	–	–
Forfeited during the year	(722,000)	€19.81
Outstanding as at December 31, 2003	392,000	€20.92

Corporate Governance

The Company strives to comply with the principles of responsible corporate management. Even though the Company, as a Luxembourg company listed on a German exchange, is not subject to the Corporate Governance Code adopted by the Federal Government commission on the German code of corporate governance (*Regierungskommission deutscher Corporate Governance Kodex*) (the "Code"), our Executive Board and Board of Directors have decided to align the Company's corporate governance principles on a voluntary basis with the Code. The Code aims, in particular, at making German corporate governance more transparent, clarifying shareholder interests, strengthening co-operation between the boards, improving internal reporting and improving auditor independence.

The Code mainly contains recommendations from which companies can deviate, if they disclose the deviation. Furthermore, the Code contains suggestions which can be deviated from without disclosure. Pursuant to the German Stock Corporation Act, the executive and the supervisory boards of listed companies are required to verify annually whether and to what extent the recommendations set forth in the

Code have been complied with. If a company has failed or will fail to comply with one or several recommendations of the Code, it must disclose with which of the recommendations it has not complied or will not comply.

The principal recommendations of the Code include:

- specification of the executive board's information and reporting duties by the supervisory board;

- composition of the remuneration of the members of the executive board of fixed and business performance related components, providing for an appropriate cap on and reporting of the individual remuneration of each member of the executive board in the notes to the consolidated financial statements;

- disclosure of conflicts of interest of members of the executive board to the supervisory board;

- composition of the remuneration of the members of the supervisory board of fixed and performance-related components and reporting of this remuneration in the notes to the consolidated financial statements;

- establishment of supervisory board committees, in particular setting up of an audit committee which handles issues of accounting and risk management, the independence required for the auditor, the issuing of the audit mandate to the auditor and the determination of auditing focal points and the fee arrangements;

- limitation of the number of former members of the executive board on the supervisory board and of the holding of directorships or similar positions or undertaking of advisory tasks for important competitors of the group by supervisory board members;

- transparency vis-à-vis shareholders, including use of suitable communication media such as the Internet, publication of essential dates of regular shareholder communication sufficiently in advance, additional use of the English language on the website and issuing of interim financial reports;

- timely publication of financial statements;

- disclosure of related-party transactions in the notes to the financial statements;

- issuance of a statement of independence by the auditors prior to granting of mandate and regular reporting as to auditor independence; and

- reporting by the auditors to the audit committee, including misstatements by the executive board and supervisory board on the Code.

The suggestions and recommendations of the Code have been discussed and, with certain exceptions, implemented by our Executive Board and Supervisory Board. In accordance with Section 161 of the German Stock Corporation Act, the Executive Board and the Supervisory Board of the Company issued the following declaration:

"The Company complies with the recommendations of the Code with the following exceptions:

- Section 3.8 of the Code

The Company's existing D&O policy does not cover any intentional breach of duty. To the extent insurance coverage exists, deductibles do not apply for members of the Executive Board or for members of the Board of Directors. Contrary to the recommendation of the Code, deductibles for D&O insurance has not been uniformly applied for corporate board members of listed companies. The Company, therefore, refuses to impose a deductible at this time but will review this position during 2004.

- Section 4.2.2, para. 1 of the Code

The recommendation to have compensation of the members of the Executive Board determined by the entire Board of Directors does not appropriately reflect the corporate governance structure of a Luxembourg company with executive members and non-executive members on the Board of Directors and an Executive Board. It seems therefore appropriate that the compensation of the executive members of the Board of Directors and the members of the Executive Board is determined solely by the Personnel Committee, which is composed of non-executive members of the Board of Directors only.

- Section 4.2.4, sentence 2 of the Code

Based on privacy protection concerns, individual compensation data for the members of the Executive Board or executive members of the Board of Directors are not disclosed.

- Section 5.4.5, para. 2 of the Code

The members of the Board of Directors are entitled to stock options based on the existing Stock Option Plan. The Stock Option Plan specifies the maximum number of the stock options for the relevant group of eligible participants but is not designed as performance-related compensation.

- Section 5.4.5, para. 3 of the Code

Based on privacy protection concerns, individual compensation data for non-executive members of the Board of Directors are not disclosed.

- Section 7.1.4 of the Code

All information has been disclosed with respect to the list of companies in which the Company holds an investment that is not of minor importance to the group, with the exception of information in relation to the results of such companies. We expect to include such information in future."

PRINCIPAL SHAREHOLDER AND RELATED PARTY TRANSACTIONS

Principal Shareholder and Shareholder Structure

In October 2002, DELTON became the majority shareholder of the Company through its wholly owned subsidiary DELTON Vermögensverwaltung Aktiengesellschaft. DELTON is a strategic management holding company holding participations in the areas of pharmaceuticals, household products, power supply and logistics. All shares in DELTON are held by Mr. Stefan Quandt. Mr. Stefan Quandt is a shareholder and deputy chairman of the supervisory board of Bayerische Motoren Werke Aktiengesellschaft (or "BMW"). He is a related party to BMW as defined by Statement of Financial Accounting Standards ("SFAS") No. 57 "Related Party Disclosures".

DELTON acquired the majority of the shares of the Company by a series of on- and off-market purchases by DELTON Vermögensverwaltung Aktiengesellschaft, including purchases from a former member of the Company's Board of Directors, as well as by contributing 3,950,667 shares in Microlog to the Company. As consideration for the contribution of the 3,950,667 shares in Microlog, DELTON received 12,444,601 no-par value bearer shares, corresponding to 14.51% of the subscribed share capital of the Company. By such contribution and the purchase of approximately 150,000 additional shares in Microlog from DELTON, the Company initially acquired 67.84% of Microlog's share capital. The Company then extended a public offer to all shareholders of Microlog. Following completion of the public offer in January 2003, it held 97.23% of the shares of Microlog.

Following the implementation of the capital increase resolved on April 20, 2004, the Company has a stated share capital of €139,343,733.75 divided into 111,474,987 no-par value bearer shares issued and outstanding. According to information furnished to the Company by DELTON and DELTON Vermögensverwaltung Aktiengesellschaft, DELTON Vermögensverwaltung Aktiengesellschaft currently holds 56,028,591 shares or 50.26% of the subscribed share capital of the Company. The voting rights associated with such 56,028,591 shares are attributable to DELTON and Mr. Stefan Quandt under the German Securities Trading Act (*Wertpapierhandelsgesetz*). The remaining 55,446,396 shares or 49.74% of the subscribed share capital are held in free float. No other shareholder has notified the Company that he or she holds 5% or more of the Company's share capital and voting rights.

DELTON and DELTON Vermögensverwaltung Aktiengesellschaft are therefore able to exercise a controlling influence over the Company in all matters the resolution of which requires a simple majority at the general meeting as well as potentially – given the typical attendance at general meetings – a qualified majority at the general meeting.

Related Party Transactions

In the course of their business activities, certain companies of our group render services to DELTON group companies. Such DELTON group companies also deliver goods or render services to our group companies as part of their business activities. These transactions are executed on an arm's length basis and have included the provision of freight forwarding services by Microlog to group companies of DELTON's wholly-owned subsidiaries Ergo-Pharm Beteiligungsgesellschaft mbH and CeDo Haushaltsprodukte Holding GmbH and the sublease of office space and the sale of office fixtures by Microlog to CeDo Haushaltsprodukte Holding GmbH. These companies paid an aggregate amount of €1.3 million for these services and transactions in 2003 and €910,000 during the first nine months of 2004. In addition, Microlog was charged €713,000 by Seedamm-Versicherungsgesellschaft mbH, a 50%-owned subsidiary of DELTON acting as insurance broker, for insurance premiums in 2003 and €454,000 during the first nine months of 2004. DELTON Vermögensverwaltung Aktiengesellschaft has charged €326,000 for the lending of personnel and the provision of consulting services in 2003 and €85,000 for the first nine months of 2004. DELTON has made disbursements on behalf of THIEL Logistik in the amount of €137,000 in 2003 and €20,000 during the first nine months of 2004. Seedamm Industriedienst GmbH, a company controlled by Mr. Stefan Quandt, has invoiced us €48,150 for services rendered in connection with human resources-related services and €21,000 for the first nine months of 2004.

We generated net sales from transactions with BMW in the amount of €47.5 million in 2003 and €44.9 million in the first nine months of 2004. Receivables from BMW amounted to €631,953 as at December 31, 2003 and €615,169 as at September 30, 2004. In addition, our group companies have purchased/leased vehicles from BMW. These transactions have been concluded at arm's length.

One member of the Board of Directors, Dr. Yves Prussen, is a partner of the law firm Elvinger, Hoss & Prussen. Elvinger, Hoss & Prussen has rendered legal advice in different matters for THIEL Logistik since 2002. Elvinger, Hoss & Prussen has charged us fees for legal services rendered including office expenses and value-added tax in the amount of €77,202 in 2003 and €0 in the first nine months of 2004.

In 2003, DELTON granted guarantees, indemnities and other security to certain lenders of THIEL Logistik and other parties *inter alia* in connection with various financing agreements entered into between us and our lenders. Most of these financing agreements have been concluded in connection with the acquisition of Overbruck from Axel Springer AG. As consideration for the guarantees and other security granted, DELTON charged an annual fee of 0.75% of the amount guaranteed, which amounted to €344,000 in 2003 and €251,071 in the first nine months of 2004. All these guarantees, indemnities and any related security arrangements have been terminated except for one indemnity in an amount of approximately €3 million.

DESCRIPTION OF OTHER INDEBTEDNESS

We will use the net proceeds of the Notes to repay a substantial portion of our outstanding indebtedness, as set forth in "Use of Proceeds" and "Capitalization". This will include all indebtedness with significant covenants that could materially restrict the conduct of our business. Following this offering, we expect to have 91 outstanding bank facilities in an aggregate amount of €60.3 million. None of these bank facilities will have an outstanding amount immediately after the offering in excess of €5 million.

Under the covenants set out in the indenture for the Notes, we are allowed to incur an unlimited amount of bank indebtedness that is senior to the Notes so long as we are, at the moment of each incurrence, in compliance with the Consolidated Coverage Ratio described under "Description of the Notes". In addition, we are permitted to incur up to €150 million of additional senior bank indebtedness even if we are not in compliance with the Consolidated Coverage Ratio.

DESCRIPTION OF THE NOTES

The Company will issue the Notes under the Indenture (the "Indenture") among itself, the Subsidiary Guarantors and Deutsche Trustee Company Limited, as trustee (the "Trustee"). The Indenture is unlimited in aggregate principal amount, although the issuance of notes in this offering will be limited to €130 million. We may issue an unlimited principal amount of additional notes having identical terms and conditions as the Notes (the "Additional Notes"). We will only be permitted to issue such Additional Notes if at the time of such issuance we were in compliance with the covenants contained in the Indenture and if such Additional Notes and the previously outstanding Notes constitute the same issue for United States federal income tax purposes. Any Additional Notes will be part of the same issue as the Notes that we are currently offering and will vote on all matters with the holders of the Notes.

This description of the Notes is intended to be a useful overview of the material provisions of the Notes and the Indenture. Since this description of the Notes is only a summary, you should refer to the Indenture for a complete description of the obligations of the Company, its subsidiaries and the Subsidiary Guarantors and your rights.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies.

Copies of the Indenture are available upon request and, for so long as the Notes are listed on the Luxembourg Stock Exchange, at the office of the Paying Agent in Luxembourg.

You will find the definitions of capitalized terms used in this description under the heading "Certain definitions." For purposes of this description, references to the "Company" refer only to THIEL Logistik A.G. and not to its subsidiaries.

General

The Notes

The Notes:

- are general unsecured obligations of the Company;
- are subordinated in right of payment to all existing and future Senior Indebtedness of the Company;
- are unconditionally guaranteed on a senior subordinated basis by certain Subsidiaries of the Company referred to herein as the Subsidiary Guarantors, as described under "Subsidiary Guarantees" and "Ranking of the Notes and the Subsidiary Guarantees; Subordination";
- are limited to an aggregate principal amount of €130 million, subject to our ability to issue Additional Notes;
- mature on December 15, 2012;
- will be issued in denominations of €1,000 and integral multiples of €1,000;
- will be represented by one or more registered Notes in global form, but in certain circumstances may be represented by Notes in definitive form. See "Book-Entry, Delivery and Form"; and
- will be governed by New York law.

Interest

- Interest on the Notes will compound semi annually;
- accrue at the rate of 8% per annum;
- accrue from the date of original issuance or, if interest has already been paid, from the most recent interest payment date;
- be payable in cash semi annually in arrears on December 15 and June 15, commencing on June 15, 2005; and
- be computed on the basis of a 360 day year comprised of twelve 30 day months.

Methods of Receiving Payments on the Notes; Paying Agent and Registrar

Principal of and premium, if any, and interest on the Notes held in global form will be payable at the office or agency of the Paying Agents maintained for such purpose in Luxembourg and London, except that at the option of the Company payment of premium, if any, and interest on the Notes may be by check mailed to the addresses of the holders of the Notes as such addresses appear on the Notes register. Payment of principal, premium, if any, and interest on the Notes in global form registered in the name of or held by the Common Depositary or its nominee, as the case may be, will be in immediately available funds to the Common Depositary or its nominee, as the case may be, as the registered holder of the Notes in global form. Upon issuance of definitive notes and for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require, the Company will maintain a paying agent and registrar in Luxembourg, which shall initially be Deutsche Bank Luxembourg S.A., and the holders of the Notes will be able to receive principal, premium, if any, and interest on the Notes at the Luxembourg office of the paying agent, subject to the rights of the Company to mail payments in accordance with the terms of the Indenture. Deutsche Bank AG acting through its London branch will be principal paying agent and Deutsche Bank Luxembourg S.A. will be registrar and Luxembourg paying agent for the Notes. We will maintain an office or agency where the Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company and the Subsidiary Guarantors in respect of the Notes and the Indenture may be served in London. We may change the paying agent or registrar without prior notice to the holders of the Notes. In addition, the Company or any of its Restricted Subsidiaries may act as paying agent or registrar. For as long as the Notes are listed on the Luxembourg Stock Exchange, any such change will be published in a leading newspaper having a general circulation in Luxembourg (currently expected to be the *Luxemburger Wort* or the *Tageblatt*).

The Company undertakes that it will ensure that it maintains a paying agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the European Council of Economics and Finance Ministers ("ECOFIN") meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive (the "EU Savings Tax Directive").

Transfer and Exchange

A holder of the Notes may transfer or exchange Notes in accordance with the Indenture. The Registrar and the Trustee may require a holder of a Note, among other things, to furnish appropriate endorsements and transfer documents. No service charge will be imposed by the Company, the Trustee or the Registrar for any registration of transfer or exchange of Notes, but the Company may require a holder of a Note to pay a sum sufficient to cover any transfer tax or other governmental taxes and fees required by law or permitted by the Indenture. The Company is not required to transfer or exchange any Note selected for redemption. Also, the Company is not required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

Ownership of interests in the Notes in global form and interests therein will be subject to restrictions on transfer and certification requirements summarized under "Notice to Investors and Transfer Restrictions" and "Notice to Certain European Investors".

The registered holder of a Note will be treated as the owner of it for all purposes. See "Book-Entry Delivery and Form".

Optional Redemption

Except as described below, the Notes are not redeemable until December 15, 2008. On and after December 15, 2008 the Company may redeem all or, from time to time, a part of the Notes upon not less than 30 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest on the Notes, if any, to the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve month period beginning on December 15 of the years indicated below:

Year	Percentage
2008	104%
2009	102%
2010 and thereafter	100%

Prior to December 15, 2007, the Company may on any one or more occasions redeem up to 35% of the principal amount of the Notes with the Net Cash Proceeds of one or more Public Equity Offerings at a redemption price of 108% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided* that

(1) at least 65% of the original principal amount of the Notes remains outstanding after such redemption; and

(2) the redemption occurs within 90 days after the closing of such Public Equity Offering.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business, on such record date, and no additional interest will be payable to holders whose Notes will be subject to redemption by the Company.

In the case of any partial redemption, selection of the Notes for redemption will be made by the Trustee in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed (as certified to the Trustee by the Company) or, if the Notes are not listed, then on a pro rata basis, by lot or by such other method as the Trustee in its sole discretion will deem to be fair and appropriate, although no Note of €1,000 in original principal amount or less will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note.

In addition prior to December 15, 2008, the Company may redeem all, or from time to time, a part of the Notes upon not less than 30 nor more than 60 days' notice at a redemption price equal to 100% of the principal amount plus the Applicable Premium and accrued and unpaid interest to the date of redemption, (subject to the right of the holders of record on the relevant record date to receive interest due on the relevant interest payment date).

"Applicable Premium" means:

with respect to any Note on any redemption date, the greater of:

(a) 1% of the principal amount of the Note; and

(b) the excess of:

(1) the present value at such redemption date of (i) the redemption price of such Note at December 15, 2008 (such redemption price (expressed in percentage of principal amount) being set forth in the table above under the first paragraph of this section), plus (ii) all required interest payments due on such Note to and including December 15, 2008 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points; over

(2) the outstanding principal amount of such Notes;

as calculated by the Company or on behalf of the Company by such Person as the Company shall designate.

"Bund Rate" means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bunds or Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that have become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Company in good faith)) most nearly equal to the period from the redemption date to December 15, 2008, *provided, however,* that if the period from the redemption date to December 15, 2008 is not equal to the constant maturity of the direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to December 15, 2008 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

The Company is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Optional Tax Redemption

The Company may redeem the Notes, in whole but not in part, at any time, upon giving not less than 30 nor more than 60 days' notice (in accordance with the procedures set forth in "– Notices") to each holder of the Notes (which notice will be irrevocable), at a price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "Tax Redemption Date") (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date) and Additional Amounts (as defined below under "– Payment of Additional Amounts"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if the Company determines that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any change in position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) (each of the foregoing in clauses (1) and (2), a "Change in Tax Law"),

the Company, with respect to the Notes or a Subsidiary Guarantor, with respect to its Subsidiary Guarantee, as the case may be, is, or on the next interest payment date in respect of the Notes would be, required to pay Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Company or such Subsidiary Guarantor, as the case may be. The Change in Tax Law must become effective on or after the date of this offering memorandum or, with respect to a Change in Tax Law affecting a Subsidiary Guarantee that has been issued following the date of this offering memorandum, after the date of such issuance, or in the event of any transaction pursuant to "Certain Covenants – Merger and Consolidation", after the date of such transaction. Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Company or the relevant Subsidiary Guarantor, as the case may be, would be obliged to pay such Additional Amounts if a payment in respect of the Notes or the relevant Subsidiary Guarantee were then due and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect.

Prior to the giving of any notice of redemption pursuant to this provision, the Company will deliver to the Trustee (a) an Officers' Certificate stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Company so to redeem have occurred and (b) an Opinion of independent tax Counsel qualified under the laws of the Relevant Taxing Jurisdiction and reasonably satisfactory to the Trustee to the effect that the Company or the Subsidiary Guarantor, as the case may be, has been or will become obligated to pay such Additional Amounts as a result of a Change in Tax Law.

Payment of Additional Amounts

All payments made by the Company, a Subsidiary Guarantor or a successor of either of them (each, a "Payor") under, or with respect to, the Notes or the Subsidiary Guarantee of such Subsidiary Guarantor will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of any Relevant Taxing Jurisdiction (as defined below) (collectively, "Taxes") imposed or levied by or on behalf of any Relevant Tax Jurisdiction unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) the Grand-Duchy of Luxembourg or any political subdivision or governmental authority of any thereof or therein having power to tax;

(2) any jurisdiction from or through which payment on the Notes or any Subsidiary Guarantee is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which a Payor is organized or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a "Relevant Taxing Jurisdiction"),

will at any time be required from any payments made with respect to the Notes or any Subsidiary Guarantee, including payments of principal, redemption price, interest or premium, the Payor will pay (together with such payments) such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments by each holder of the Notes or the Subsidiary Guarantee, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), equal the amounts which would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however,* that no such Additional Amounts will be payable with respect to:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant holder, if the relevant holder is an estate, nominee, trust or corporation) and the Relevant Taxing Jurisdiction (other than a connection resulting from the mere receipt of such payment or the ownership or holding of or enforcement of rights under such Note or under the Subsidiary Guarantee);

(2) any estate, inheritance, gift, sales, excise, transfer, personal property tax or similar tax, assessment or governmental charge;

(3) any Taxes payable otherwise than by deduction or withholding from payments of principal of, premium, if any, or interest on, such Note;

(4) any Taxes imposed as a result of the presentation of a Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period);

(5) any Taxes imposed on a payment to or for an individual and required to be made pursuant to the EU Savings Tax Directive on the taxation of savings income or any law of the European Union or a non-Member State implementing or complying with, or introduced in order to conform to, such Directive;

(6) any Taxes which could have been avoided by the presentation (where presentation is required) of the relevant Note to another paying agent in a member state of the European Union;

(7) any Taxes that are imposed or withheld as a result of the failure of the holder of the Note or beneficial owner of the Notes to comply with any request, made to that holder at least 90 days before any such withholding or deduction would be payable, by the Company or any of the Subsidiary Guarantors to provide timely or accurate information concerning the nationality, residence or identity of such holder or beneficial owner or to make any valid or timely declaration or similar claim or satisfy any information or reporting requirement, which is required or imposed by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such taxes; or

(8) any combination of the above.

Such Additional Amounts will also not be payable where, had the beneficial owner of the Note been the holder of the Note, it would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (8) inclusive above. The foregoing provisions shall survive any termination or discharge of the Indenture.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies to the Trustee. The Payor will attach to each certified copy a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (y) the amount of such withholding Taxes paid per €1,000 principal amount of the Notes.

At least 30 days prior to each date on which any payment under or with respect to the Notes or a Subsidiary Guarantee, as the case may be, is due and payable (unless such obligation to pay Additional Amounts arises shortly before or after the 30th day prior to such date, in which case it shall be promptly thereafter), if a Payor will be obligated to pay Additional Amounts with respect to such payment, such Payor will deliver to the Trustee an Officers' Certificate stating the fact that such Additional Amounts will be payable, the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to holders of Notes on the payment date. Each such Officers' Certificate shall be relied upon until receipt of a further Officers' Certificate addressing such matters.

The Payor will pay any present or future stamp, court or documentary taxes, or any other excise or property taxes, charges or similar levies which arise in any jurisdiction from the execution, delivery or registration of the Notes or any other document or instrument referred to therein (other than a transfer of the Notes), or the receipt of any payments with respect to the Notes or a Subsidiary Guarantee, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside Luxembourg, the Federal Republic of Germany or any jurisdiction in which a paying agent is located, other than those resulting from, or required to be paid in connection with, the enforcement of the Notes or any Subsidiary

Guarantee or any other such document or instrument following the occurrence of any Event of Default with respect to the Notes.

Whenever in the Indenture, any Subsidiary Guarantee or in this "Description of the Notes" there is mentioned, in any context, the payment of principal, premium, if any, or interest or any other amount payable under or with respect to any Note or any Subsidiary Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Subsidiary Guarantees

The Subsidiary Guarantors will, jointly and severally, unconditionally guarantee, on a senior subordinated basis as described under "– Ranking of the Notes and the Subsidiary Guarantees; Subordination" below, the Company's obligations under the Notes and all obligations under the Indenture.

The Subsidiary Guarantors represented approximately 70.6% of net sales and approximately 80.2% of the EBITDA of the Company and its consolidated subsidiaries in the 12 months ended September 30, 2004 and held approximately 59.8% of the net tangible fixed assets of the Company and its consolidated subsidiaries as of September 30, 2004.

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee will be limited under the relevant laws applicable to such Subsidiary Guarantor (including laws relating to corporate benefit, capital preservation, financial assistance, fraudulent conveyances and transfers or transactions under value) and the granting of such Subsidiary Guarantees to the maximum amount payable such that such Subsidiary Guarantees shall not constitute a fraudulent conveyance, fraudulent transfer, voidable preference, a transaction under value or unlawful financial assistance or otherwise cause the Subsidiary Guarantor to be insolvent or in breach of applicable capital preservation rules under relevant law or such Subsidiary Guarantee to be void, unenforceable or *ultra vires* or cause the directors of such Subsidiary Guarantor to be held in breach of applicable corporate or commercial law for providing such Subsidiary Guarantee. See "Risk Factors – Risks Relating to the Notes – Local law may limit your ability to recover under the guarantees".

The Subsidiary Guarantee of a Subsidiary Guarantor shall be released, automatically and without further action on the part of any holder of the Notes or the Trustee:

(1) in the event that the Subsidiary Guarantor is Disposed of pursuant to the enforcement of a security interest granted in favor of any Bank Indebtedness, if (i)(a) an internationally recognized investment bank, accountancy firm, financial advisory firm or expert valuation firm selected by the Person enforcing such security interest has delivered to the Trustee an opinion that the sale price in such disposal is fair from a financial point of view after taking into account all relevant circumstances including, without limitation, the method of enforcement or (b) in accordance with the provisions of the Indenture, holders of the Notes representing at least 66⅔% of the outstanding principal amount thereof consent to such sale or disposal, (ii) all the obligations of the Subsidiary Guarantor with respect to such Bank Indebtedness (and of any other company sold or disposed of in such transaction), and all security over the Capital Stock or assets of the Subsidiary Guarantor (and of any other company sold or disposed of in such transaction) granted in favor of such Bank Indebtedness terminate unconditionally and irrevocably upon consummation of such sale or disposal (except, in each case, for obligations or security that are no longer recourse to the Company or any Restricted Subsidiary); and (iii) the proceeds obtained in such transaction are applied first to amounts owed in respect of the Senior Indebtedness and related hedging arrangements and then are applied to amounts owed on the Notes and the Subsidiary Guarantee of the Subsidiary Guarantor being Disposed;

(2) in the event that (i) the Subsidiary Guarantor is Disposed of in a manner which is permitted by the Indenture, (ii) the proceeds of such sale or disposition are applied for a purpose permitted

by the Indenture and (iii) the Subsidiary Guarantor is simultaneously and unconditionally released from its obligations in respect of any Bank Indebtedness;

(3) upon legal defeasance or covenant defeasance; or

(4) when the Company designates the Subsidiary Guarantor as an Unrestricted Subsidiary in compliance with the terms of the Indenture.

Additional Subsidiary Guarantees

The Company will not permit any Restricted Subsidiary that is not a Subsidiary Guarantor to Guarantee any Bank Indebtedness or any other Indebtedness with an aggregate principal amount or lending commitment in excess of €500,000 unless

(1) such Indebtedness has been Incurred in accordance with the provisions of the Indenture;

(2) contemporaneously therewith (or prior thereto) such Restricted Subsidiary becomes a Subsidiary Guarantor in accordance with the provisions of the Indenture;

(3) in the event such Indebtedness that is to be Guaranteed by the Restricted Subsidiary is (a) Pari Passu Indebtedness, then the related Guarantee shall rank equally in right of payment to the Subsidiary Guarantee to be given by such Restricted Subsidiary or (b) Subordinated Indebtedness, then the related Guarantee shall be subordinated in the right of payment to the Subsidiary Guarantee to be given by such Restricted Subsidiary at least to the same extent as such Subordinated Indebtedness is subordinated to the Notes; and

(4) such Guarantee is otherwise permitted by the Indenture.

Ranking of the Notes and the Subsidiary Guarantees; Subordination

The Notes

The Notes will:

(1) be the Company's general unsecured obligations;

(2) be subordinated in right of payment to the payment in full in cash of all of the Company's existing and future Senior Indebtedness;

(3) rank equally in right of payment with all of the Company's existing and future Pari Passu Indebtedness;

(4) rank senior in right of payment to any and all of the Company's existing and future Subordinated Indebtedness;

(5) effectively be subordinated in right of payment to all existing and future secured Indebtedness of the Company to the extent of the assets securing such Indebtedness; and

(6) be structurally subordinated in right of payment to all existing and future indebtedness of the Company's subsidiaries that are not Subsidiary Guarantors.

The Subsidiary Guarantees

Each Subsidiary Guarantor's Subsidiary Guarantee will:

(1) be a general unsecured obligation of the Subsidiary Guarantor that granted such Subsidiary Guarantee;

(2) be subordinated in right of payment to the payment in full in cash of all of such Subsidiary Guarantor's existing and future Senior Indebtedness;

(3) rank equally in right of payment with any and all of such Subsidiary Guarantor's existing and future Pari Passu Indebtedness;

(4) rank senior in right of payment to any and all of such Subsidiary Guarantor's existing and future Subordinated Indebtedness;

(5) effectively be subordinated in right of payment to all existing and future secured Indebtedness of such Subsidiary Guarantor to the extent of the assets securing such Indebtedness; and

(6) be structurally subordinated in right of payment to all existing and future Indebtedness of such Subsidiary Guarantor's subsidiaries that are not themselves Subsidiary Guarantors; and

(7) be subject to the restrictions on enforcement described below.

At September 30, 2004, on a pro forma basis after giving effect to the offering of the Notes and the application of the proceeds thereof as described under "Use of Proceeds", and after excluding intercompany balances:

(1) on a consolidated basis, the Company and the Subsidiary Guarantors would have had (a) total Senior Indebtedness of €81.3 million, (b) no Pari Passu Indebtedness and (c) €123.0 million of trade payables and €27.7 million of deferred tax liabilities;

(2) those of the Company's Subsidiaries that are not Subsidiary Guarantors (including any Unrestricted Subsidiaries) would have had (a) total Indebtedness of €48.5 million, (b) none of which would have been subordinated to the Notes or the Subsidiary Guarantees, and €42.6 million of trade payables and €6.6 million of deferred tax liabilities; and

(3) the Unrestricted Subsidiaries would have had total indebtedness of €0 million, €0 million of trade payables and €0 million of deferred tax liabilities.

Although the Indenture contains limitations on the amount of additional Indebtedness that the Company and the Restricted Subsidiaries may incur, the amount of such additional Indebtedness could be substantial. The Indenture permits all Senior Indebtedness to be secured.

As a result of the enforcement standstills and the various subordination provisions described below, in the event of an insolvency, bankruptcy, liquidation or reorganization of the Company or any Subsidiary Guarantor, holders of Notes may recover less, ratably, than other creditors of the Company or the Subsidiary Guarantors (including trade creditors). See "Risk Factors – Risks Relating to the Notes – Your right to receive payments under the Notes and guarantees is subordinated, and your right to receive payments under and take enforcement action with respect to the Notes and the guarantees is limited in certain circumstances".

After all Senior Indebtedness is paid in full and until the Notes are paid in full, holders of Notes will be subrogated to the rights of holders of Senior Indebtedness to receive payments in respect of Senior Indebtedness. Payments to holders of Senior Indebtedness as a result of these provisions do not constitute, as between the Company and the holders of Notes, payments by the Company on the Notes.

These subordination provisions define the relative rights of holders of Notes and holders of Senior Indebtedness and do not impair, as between the Company and holders of Notes, the obligation of the Company, which is absolute and unconditional, to pay principal of and interest on the Notes in accordance with their terms.

Payment Blockage

The Indenture will provide that the Company may not make any payment on the Notes, and that a Subsidiary Guarantor may not make any payment in respect of its Subsidiary Guarantee, if:

(1) a payment default on Designated Senior Indebtedness of the Company or such Subsidiary Guarantor, as applicable, occurs and is continuing; or

(2) any other default occurs and is continuing on any Designated Senior Indebtedness of the Company or such Subsidiary Guarantor, as applicable, that permits (or, with giving of notice or passage of time or satisfaction of other applicable conditions, or combination of the foregoing, would permit) holders of that Designated Senior Indebtedness to accelerate its maturity and the Trustee receives a notice of such default (a "Blockage Notice") from the Company or holders of such Designated Senior Indebtedness.

Payments on the Notes or any such Subsidiary Guarantee may and will be resumed:

(1) in the case of a payment default, upon the date on which such default is cured or waived;

(2) in the case of nonpayment default, upon the earlier of the date on which such nonpayment default is cured or waived or 179 days after the date on which the applicable Blockage Notice is received (a "Payment Blockage Period") unless the maturity of the relevant Designated Senior Indebtedness has been accelerated or clause (1) otherwise applies; or

(3) when such Designated Senior Indebtedness has been repaid in full.

Not more than one Blockage Notice may be given in any consecutive 360-day period, irrespective of the number of defaults with respect to Designated Senior Indebtedness during such period. For purposes of this paragraph, no default or event of default that existed or was continuing on the date of the commencement of any Payment Blockage Period with respect to the Designated Senior Indebtedness initiating such Payment Blockage Period shall be, or be made, the basis of the commencement of a subsequent Payment Blockage Period by the holders of such Designated Senior Indebtedness, unless such default or event of default shall have been cured or waived for a period of not less than 90 consecutive days.

Standstill

Notwithstanding that an event of default under the Indenture shall have occurred, the Indenture will provide that prior to the repayment of all obligations in respect of any Designated Senior Indebtedness of the Company or any Subsidiary Guarantor, neither the Trustee nor a holder of the Notes may take any Enforcement Action against the Company or such Subsidiary Guarantor with respect to the Notes or such Subsidiary Guarantor's Subsidiary Guarantee, as applicable, without the prior consent of the holders of such Designated Senior Indebtedness (or any group or representative thereof authorized to give a consent in accordance with the provisions thereof) until:

(1) an order is made for the winding-up, dissolution, examination or administration of the Company or such Subsidiary Guarantor; or a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, examiner, administrator or similar officer is appointed to the Company or such Subsidiary Guarantor;

(2) a default has occurred under the Notes; and

  (a) a holder of the Notes or the Trustee has notified the holders of such Designated Senior Indebtedness (or any group or representative thereof authorized to receive such notice or give a consent in accordance with the provisions thereof); and

  (b) a period of not less than 90 days (in the case of a payment default under the Notes) or 179 days (in the case of a non-payment default under the Notes) has passed from the date of receipt by the holders of such Designated Senior Indebtedness (or any group or representative thereof authorized to receive such notice or give a consent in accordance with the provisions thereof) of that notice (a "Standstill Period"); and

(c) at the end of the Standstill Period, the default is continuing and has not been waived by the holders of the Notes; or

(3) any Designated Senior Indebtedness of the Company or such Subsidiary Guarantor, as applicable, has been declared to be prematurely due and payable or payable on demand (and demand has been made) as a result of a default or event of default, or any other Enforcement Action is taken against the Company or such Subsidiary Guarantor, as applicable, by the holders of any Designated Senior Indebtedness.

provided however, that if at any time a failure to sue, bring or support proceedings in respect of the Notes or the Subsidiary Guarantee of such Subsidiary Guarantor would subsequently prevent the Trustee or any holder of the Notes from suing, bringing or supporting such proceedings by reason of the expiry of any statutory limitation period, the Trustee or such holder may sue, bring or support such proceedings, but only to the extent necessary to prevent loss of the right to sue, bring or support such proceedings.

Turnover

In the event of:

(1) liquidation or a dissolution of the Company or any Subsidiary Guarantor;

(2) a reorganization, bankruptcy, insolvency, receivership of or similar proceeding relating to the Company or its property or any Subsidiary Guarantor or its property;

(3) an assignment for the benefit of creditors of the Company or any Subsidiary Guarantor; or

(4) a marshaling of the assets and liabilities of the Company or any Subsidiary Guarantor,

the holders of Senior Indebtedness of the Company or such Subsidiary Guarantor, as applicable, will be entitled to receive payment in full in respect of such Senior Indebtedness (including interest accruing after, or which would accrue but for, the commencement of any proceeding described above at the rate specified in the applicable Senior Indebtedness, whether or not a claim for such interest would be allowed) before the holders of the Notes will be entitled to receive any payment or distribution, in the event of any payment or distribution of the assets or securities of the Company or such Subsidiary Guarantor (except that the holders of the Notes may retain payments made from the trust described under "– Defeasance").

In addition, until Senior Indebtedness of the Company or any Subsidiary Guarantor is paid in full, any payment or distribution to which holders of the Notes would be entitled but for the subordination provisions of the Indenture will be made to holders of such Senior Indebtedness as their interests may appear, except that the holders of the Notes may receive (i) Capital Stock of the Company or any parent thereof or Capital Stock of such Subsidiary Guarantor or any parent thereof, as applicable, and (ii) debt securities issued by the Company or any parent thereof or debt securities issued by such Subsidiary Guarantor or any parent thereof, as applicable, that are subordinated to such Senior Indebtedness to at least the same extent as the Notes or the Subsidiary Guarantee of such Subsidiary Guarantor, as applicable.

If a payment or distribution is made to the Trustee or to the holders of the Notes that, due to the subordination provisions of the Indenture, should not have been made to them and the Trustee has actual knowledge that the payment or distribution should not have been made and has not paid that payment or distribution to the holders before it acquired such actual knowledge, then the Trustee or the holders are required to hold it in trust for the holders of the relevant Senior Indebtedness and pay the payment or distribution over to holders of such Senior Indebtedness, as their interests may appear.

Change of Control

If a Change of Control occurs, each holder of the Notes will have the right to require the Company to repurchase all or any part (equal to €1,000 or an integral multiple thereof) of such holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following any Change of Control, the Company will mail a notice (the "Change of Control Offer") to each holder of the Notes, with a copy to the Trustee, stating:

(1) that a Change of Control has occurred and that such holder has the right to require the Company to purchase such holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on a record date to receive interest on the relevant interest payment date) (the "Change of Control Payment");

(2) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Change of Control Payment Date"); and

(3) the procedures determined by the Company, consistent with the Indenture, that a holder must follow in order to have its Notes repurchased.

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes (in integral multiples of €1,000) properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes so tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The paying agent will promptly mail to each holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount of €1,000 or an integral multiple thereof.

If the Change of Control Payment Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest, if any, will be paid to the Person in whose name a Note is registered at the close of business on such interest record date, and no additional interest will be payable to holders who tender pursuant to the Change of Control Offer.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Company will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the U.S. Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described in the Indenture by virtue of the conflict.

The Company's ability to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. Future Indebtedness of the Company and its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the holders of Notes of their right to require the Company to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Company. Finally, the Company's ability to pay cash to the holders of Notes upon a repurchase may be limited by the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

The Change of Control provisions described above may deter certain mergers, tender offers and other takeover attempts involving the Company by increasing the capital required to effectuate such transactions. The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Company and its Restricted Subsidiaries taken as a whole to any Person if the Permitted Holders hold less than a specified percentage of the voting rights in the transferee. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a holder of Notes may require the Company to make an offer to repurchase the Notes as described above.

Certain Covenants

Limitation on Indebtedness

The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness; *provided, however,* that the Company and the Subsidiary Guarantors may Incur Indebtedness if on the date thereof the Consolidated Coverage Ratio for the Company and its Restricted Subsidiaries is at least 2.5 to 1.00.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) (a) Bank Indebtedness of the Company or a Restricted Subsidiary;

(b) Indebtedness of the Company or a Restricted Subsidiary represented by Capitalized Lease Obligations, mortgage financings or purchase money obligations with respect to assets other than Capital Stock or other Investments, in each case Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvements of property used in the business of the Company or such Restricted Subsidiary; and

(c) Indebtedness Incurred by a Receivables Subsidiary pursuant to a Receivables Program;

in an aggregate principal amount for items (a), (b) and (c) taken together at any time outstanding not to exceed €150 million, minus the amount of any permanent repayments or prepayments of such Bank Indebtedness with the proceeds of Asset Dispositions made in accordance with "– Limitation on Sales of Assets and Subsidiary Stock" (but only to the extent of any corresponding commitment reduction if such Bank Indebtedness is revolving credit borrowings).

(2) Indebtedness represented by the Subsidiary Guarantees and other Guarantees by the Subsidiary Guarantors of Indebtedness Incurred in accordance with the provisions of the Indenture; provided that in the event such Indebtedness that is being Guaranteed by the Subsidiary Guarantor is (a) Pari Passu Indebtedness, then the related Guarantee shall rank equally in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or (b) Subordinated Indebtedness, then the related Guarantee shall be subordinated in the right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor at least to the same extent as such Subordinated Indebtedness is subordinated to the Notes;

(3) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any other Restricted Subsidiary; *provided, however,*

(a) if the Company is the obligor on such Indebtedness and the payee is not a Subsidiary Guarantor, such Indebtedness is expressly subordinated to the prior payment in full in cash of all obligations with respect to the Notes;

(b) if a Subsidiary Guarantor is the obligor on such Indebtedness and the payee is not the Company or another Subsidiary Guarantor, such Indebtedness is expressly subordinated to the prior payment in full in cash of all obligations with respect to the Subsidiary Guarantee of such Subsidiary Guarantor; and

(c) (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary; and

(ii) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary,

shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be.

(4) Indebtedness of the Company for cash actually received from the issuance and sale of Shareholder Debt;

(5) Indebtedness represented by (a) the Notes issued on the Issue Date, or (b) any Indebtedness (other than Indebtedness described in clauses (1), (2), (3), (4), (8), (9), (11), (12) or (14)) outstanding on the Issue Date ;

(6) Refinancing Indebtedness Incurred in respect of any Indebtedness described in clause (5), this clause (6) or clause (7) or Incurred pursuant to the first paragraph of this covenant;

(7) Indebtedness of a Restricted Subsidiary Incurred and outstanding on the date on which such Restricted Subsidiary was acquired by the Company (other than Indebtedness Incurred (a) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was otherwise acquired by the Company or (b) otherwise in connection with, or in contemplation of, such acquisition); *provided, however,* that at the time such Restricted Subsidiary is acquired by the Company, the Company would have been able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the Incurrence of such Indebtedness pursuant to this clause (7);

(8) Indebtedness under Currency Agreements and Interest Rate Agreements entered into in the ordinary course of business for bona fide hedging purposes of the Company or its Restricted Subsidiaries;

(9) Indebtedness in respect of workers' compensation claims, self insurance obligations, performance, appeal, surety and similar bonds and completion guarantees, or obligations in respect of letter of credit related thereto, in each case to the extent incurred by the Company or a Restricted Subsidiary in the ordinary course of business;

(10) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or Capital Stock of a Restricted Subsidiary, *provided* that the maximum aggregate liability (other than title, environmental or tax warranties) in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(11) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business, *provided, however,* that such Indebtedness is extinguished within ten business days of Incurrence;

(12) Indebtedness owed on a short-term basis to banks and similar financial institutions or Unrestricted Subsidiaries and incurred by the Company or any Restricted Subsidiary in the ordinary course of business in connection with the ordinary cash management arrangements of the Company and its Restricted Subsidiaries, *provided, however,* that such Indebtedness is extinguished within ten business days of Incurrence;

(13) Indebtedness arising from customer deposits and advance payments received from customers for goods and services purchased in the ordinary course of business; and

(14) in addition to the items referred to in clauses (1) through (13) above, Indebtedness of the Company or a Restricted Subsidiary in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (14) and then outstanding, will not exceed €20 million at any time outstanding.

No Restricted Subsidiary that is not Subsidiary Guarantor may Incur any Indebtedness if the proceeds thereof are used, directly or indirectly, to refinance Indebtedness of the Company.

In the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Company, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness on the date of Incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses.

Accrual of interest, accrual of dividends, the accretion of accreted value, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be (i) the amount of liability in respect thereof determined in accordance with IFRS in the case of any Indebtedness issued with original issue discount and (ii) the principal amount or liquidation preference thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

In addition, the Company will not permit any of its Unrestricted Subsidiaries to Incur any Indebtedness or issue any shares of Disqualified Stock, other than Non-Recourse Debt, unless the Company or a Restricted Subsidiary could have Incurred such Indebtedness directly and such Indebtedness is treated as being Incurred by the Company or a Restricted Subsidiary, as the case may be. If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under this "Limitation on Indebtedness" covenant, the Company shall be in Default of this covenant).

For purposes of determining compliance with any Euro-denominated restriction on the Incurrence of Indebtedness, the Euro-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date of such determination; *provided* that if any such Indebtedness denominated in a foreign currency is subject to a Currency Agreement (with repect to Euros) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in Euros will be adjusted to take into account the effect of such agreement; and *provided* that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable Euro-dominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Euro-dominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Layering

The Company will not Incur any Indebtedness if such Indebtedness is subordinate or junior in right of payment to any Senior Indebtedness of the Company unless such Indebtedness is pari passu with, or is contractually subordinated in right of payment to, the Notes. No Subsidiary Guarantor will incur any Indebtedness if such Indebtedness is subordinate or junior in right of payment to any Senior Indebtedness of such Subsidiary Guarantor unless such Indebtedness is pari passu with, or is contractually subordinated in right of payment to, the Subsidiary Guarantee of such Subsidiary Guarantor.

Limitation on Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Capital Stock of the Company or a Restricted Subsidiary (including any payment in connection with any merger or consolidation involving any Restricted Subsidiary) except:

(a) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company; and

(b) dividends or distributions payable to the Company or a Restricted Subsidiary (and if such Restricted Subsidiary is not a Wholly-Owned Subsidiary, to its other holders of common Capital Stock on a pro rata basis);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any Restricted Subsidiary or any direct or indirect parent of the Company held by Persons other than the Company or a Restricted Subsidiary (other than in exchange for Capital Stock of the Company (other than Disqualified Stock));

(3) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, or make any principal payment on or with respect to, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than Indebtedness owed by a Restricted Subsidiary entirely to the Company or a Subsidiary Guarantor or the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement); or

(4) make any Restricted Investment in any Person;

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) shall be referred to herein as a "Restricted Payment"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would result therefrom); or

(b) the Company is not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph under the "Limitation on Indebtedness" covenant after giving effect, on a pro forma basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments declared or made subsequent to the Issue Date would exceed the sum of:

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which financial statements are in existence (or, in case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds received by the Company subsequent to the Issue Date from the issue or sale of its Capital Stock (other than Disqualified Stock) or other capital contributions, excluding, in each case, Net Cash Proceeds received from a Subsidiary of the Company or financed, directly or indirectly, by loans from or Guaranteed by the Company or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination;

(iii) the amount by which Indebtedness of the Company or its Restricted Subsidiaries is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Issue Date of any Indebtedness of the Company or its Restricted Subsidiaries convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the fair market value of any other property, distributed by the Company upon such conversion or exchange); and

(iv) the amount equal to the net reduction in Restricted Investments made by the Company or any of its Restricted Subsidiaries in any Person resulting from:

(A) repurchases or redemptions of such Restricted Investments by such Person, proceeds realized upon the sale of such Restricted Investment to an unaffiliated purchaser, repayments of loans or advances or other transfers of assets (including by way of dividend or distribution) by such Person to the Company or any Restricted Subsidiary; or

(B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued in each case as provided in the definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Company or any Restricted Subsidiary in such Unrestricted Subsidiary,

which amount in each case under this clause (iv) was included in the calculation of the amount of Restricted Payments; provided, however, that no amount will be included under this clause (iv) to the extent it is already included in Consolidated Net Income.

The provisions of the preceding paragraph will not prohibit:

(1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock or Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock or proceeds received from a Subsidiary of the Company or financed, directly or indirectly, by loans from or Guaranteed by the Company or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination); *provided, however,* that (a) such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments and (b) the Net Cash Proceeds from such sale of Capital Stock will be excluded from clause (c)(ii) of the preceding paragraph;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Subordinated Indebtedness that are permitted to be Incurred pursuant to the covenant described under "Limitation on Indebtedness" and that constitute Refinancing Indebtedness; *provided, however,* that such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock of the Company or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Disqualified Stock of the Company or such Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "Limitation on Indebtedness" and that in each case constitutes Refinancing Indebtedness; *provided, however,* that such purchase, repurchase, redemption, defeasance, acquisition or retirement will be excluded in subsequent calculations of the amount of Restricted Payments;

(4) dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this provision; *provided, however,* that such dividends will be included in subsequent calculations of the amount of Restricted Payments;

(5) so long as no Default or Event of Default has occurred and is continuing,

(a) the purchase, redemption or other acquisition, cancellation or retirement for value of Capital Stock, or options, warrants, equity appreciation rights or other rights to purchase or acquire Capital Stock of the Company or any Restricted Subsidiary or any parent of the Company held by any existing or former employees or management of the Company or any Subsidiary of the Company or their assigns, estates or heirs, in each case in connection with the repurchase provisions under employee stock option or stock purchase agreements or other agreements to compensate management employees; *provided* that such redemptions or repurchases pursuant to this clause will not exceed €1.5 million in the aggregate during any calendar year; *provided, however,* that the amount of any such repurchase or redemption will be included in subsequent calculations of the amount of Restricted Payments; and

(a) loans or advances to employees or directors of the Company or any Subsidiary of the Company the proceeds of which are used to purchase Capital Stock of the Company, in an aggregate amount not in excess of €1.5 million at any one time outstanding; provided, however, that the amount of such loans and advances will be included in subsequent calculations of the amount of Restricted Payments;

(6) repurchases of Capital Stock deemed to occur upon the exercise of stock options, warrants or other convertible securities if such Capital Stock represents a portion of the exercise price thereof; *provided, however,* that such repurchases will be excluded from subsequent calculations of the amount of Restricted Payments;

(7) preferred dividends, guaranteed dividends, or other distributions payable to holders of Capital Stock of a Restricted Subsidiary (other than the Company or another Restricted Subsidiary) on Preferred Stock or pursuant to any articles of incorporation, partnership agreement, shareholders' agreement, profit sharing agreement, domination and profit and loss pooling agreement or similar arrangement, in an aggregate amount for all such payments not to exceed €2 million during any calendar year; *provided, however,* that the amount of such payments will be excluded from subsequent calculations of the amount of Restricted Payments;

(8) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Indebtedness (i) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness in the event of a Change of Control in accordance with provisions no more favorable to the holders thereof than "– Change of Control" covenant or (ii) at a purchase price not greater than 100% of the principal amount thereof in accordance with provisions no more favorable to the holders thereof than the "– Limitation on Sales of Assets and Subsidiary Stock" covenant; *provided* that, prior to or simultaneously with such purchase, repurchase, redemption, defeasance or other acquisition or retirement, the Company has made the Change of Control Offer or Asset Disposition Offer (as defined under "Limitation on Sales of Assets and Subsidiary Stock"), as applicable, as provided in such covenant with respect to the Notes and has completed the repurchase or redemption of all Notes validly tendered for payment in connection with such Change of Control Offer or Asset Disposition Offer *provided, however,* that such purchase or other acquisition or retirement for value shall be excluded from subsequent calculations of the amount of Restricted Payment; and

(9) Restricted Payments in an amount not to exceed €15 million; *provided, however,* that the amount of such Restricted Payments will be included in the calculation of the amount of Restricted Payments.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount and any non-cash Restricted Payment shall be determined conclusively by the Executive Board acting in good faith whose resolution with respect thereto shall be delivered to the Trustee, such determination to be approved by the Board of Directors acting in good faith if such fair market value is estimated in good faith by the Executive Board to exceed €5 million. Not later than the date of making any Restricted Payment, the Company shall deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by the covenant "Limitations on Restricted Payments" were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Liens

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, assume, create, Incur or suffer to exist any Lien (other than Permitted Liens) upon any of its property or assets (including Capital Stock of Restricted Subsidiaries), whether owned on the date of the Indenture or acquired after that date, which Lien is securing any Indebtedness or other obligations that are pari passu with or subordinated in right of payment to the Notes or the Subsidiary Guarantees, unless contemporaneously with the Incurrence of such Liens effective provision is made to secure the Indebtedness due under the Indenture, the Notes or in respect of Liens on any Restricted Subsidiary's property or assets, any Subsidiary Guarantee of such Restricted Subsidiary, equally and ratably with (or prior to in the case of Liens with respect to obligations subordinated in right of payment to the Notes or any Subsidiary Guarantee, as the case may be) the Indebtedness secured by such Lien for so long as such Indebtedness or other obligation is so secured.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale/Leaseback Transaction with respect to any property or assets (whether now owned or hereafter acquired), unless:

(a) the sale or transfer of such property or assets to be leased is treated as an Asset Disposition and the "Limitation on Sales of Assets and Subsidiary Stocks" covenant is complied with, including the provisions concerning the application of Net Cash Proceeds (treating the net consideration received in such Sale/Leaseback Transaction as Net Cash Proceeds for the purposes of such covenant);

(b) the Company or such Restricted Subsidiary, as applicable, would be permitted to Incur Indebtedness under the "Limitation on Indebtedness" covenant in the amount of the Attributable Indebtedness incurred in respect of such Sale/Leaseback Transaction, in which case such Attributable Indebtedness will be deemed Incurred pursuant to that provision;

(c) the Company or such Restricted Subsidiary, as applicable, would be permitted to grant a Lien to secure Indebtedness under the "Limitation on Liens" covenant in the amount of the Attributable Indebtedness in respect of such Sale/Leaseback Transaction, in which case a corresponding Lien will be deemed granted pursuant to that provision; and

(d) in the case of any sale and leaseback transaction having a fair market value greater than €5 million, the gross cash proceeds of that Sale/Leaseback Transaction are at least equal to the fair market value, as determined in good faith by the Company's Executive Board and set out in an Officer's Certificate delivered to the Trustee, of the property that is the subject of such Sale/Leaseback Transaction.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Company or any Restricted Subsidiary (it being understood that the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock shall not be deemed a restriction on the ability to make distributions on Capital Stock);

(2) make any loans or advances to the Company or any Restricted Subsidiary (it being understood that the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances); or

(3) transfer any of its property or assets to the Company or any Restricted Subsidiary.

The preceding provisions will not prohibit:

(i) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the date of the Indenture;

(ii) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement relating to any Capital Stock or Indebtedness Incurred by a Restricted Subsidiary on or before the date on which such Restricted Subsidiary was acquired by the Company (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was acquired by the Company or in contemplation of the transaction) and outstanding on such date *provided,* that any such encumbrance or restriction shall not extend to any assets or property of the Company or any other Restricted Subsidiary other than the assets and property so acquired;

(iii) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement effecting a refunding, replacement or refinancing of Indebtedness Incurred pursuant to an agreement referred to in clause (i) or (ii) of this paragraph or this clause (iii) or contained in any amendment to an agreement referred to in clause (i) or (ii) of this paragraph or this clause (iii); *provided, however,* that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement are no less favorable in any material respect to the holders of the Notes than the encumbrances and restrictions contained in such agreements referred to in clauses (i) or (ii) of this paragraph on the Issue Date or the date such Restricted Subsidiary became a Restricted Subsidiary, whichever is applicable;

(iv) in the case of clause (3) of the first paragraph of this covenant, any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any such lease, license or other contract;

(b) contained in mortgages, pledges or other security agreements permitted under the Indenture securing Indebtedness of the Company or a Restricted Subsidiary to the extent such encumbrances or restrictions restrict the transfer of the property subject to such mortgages, pledges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(v) (a) purchase money obligations for property acquired in the ordinary course of business; and

(b) Capitalized Lease Obligations permitted under the Indenture,

in each case, that impose encumbrances or restrictions of the nature described in clause (3) of the first paragraph of this covenant on the property so acquired;

(vi) any restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(vii) Liens permitted to be incurred under the provisions of the covenant described above under "Limitation on Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;

(viii) any customary encumbrances or restrictions pursuant to an agreement or instrument relating to any Bank Indebtedness or other Designated Senior Indebtedness Incurred subsequent to the date of the Indenture in accordance with the provisions of the covenant described under "Limitation on Indebtedness"; provided that such agreement or instrument does not prohibit the payment of interest or principal with respect to the Notes or the Subsidiary Guarantees absent a default or event of default under such agreement or instrument;

(ix) encumbrances or restrictions with respect to any Receivables Program; provided that such encumbrances or restrictions are customarily required by the institutional sponsor or arranger of such Receivables Program in similar types of documents relating to the purchase of similar receivables in connection with the financing thereof;

(x) restrictions on cash or other deposits or net worth provisions in leases and other agreements entered into by the Company or any Restricted Subsidiary in the ordinary course of business; and

(xi) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation, order license, concession or permit.

Limitation on Sales of Assets and Subsidiary Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition *unless*:

(1) the Company or such Restricted Subsidiary, as the case may be, receives consideration at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Executive Board (including as to the value of all non-cash consideration), of the shares and assets subject to such Asset Disposition;

(2) at least 75% of the consideration from such Asset Disposition received by the Company or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents received at closing; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company or such Restricted Subsidiary, as the case may be, within 360 days from the later of the date of such Asset Disposition or the receipt of such Net Available Cash, at its option:

(a) to prepay, repay or purchase Indebtedness (other than any Disqualified Stock or Subordinated Indebtedness including Shareholder Debt) (in each case other than Indebtedness owed to the Company or an Affiliate of the Company); *provided, however,* that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), the Company or Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased;

(b) to invest in Additional Assets; or

(c) any combination of (a) and (b);

provided that pending the final application of any such Net Available Cash in accordance with clauses (a), (b) or (c) above, the Company and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that is not applied or invested as provided in the preceding paragraph will be deemed to constitute "Excess Proceeds". On the 361st day after an Asset Disposition, if the aggregate amount of Excess Proceeds exceeds €10 million, the Company will be required to make an offer ("Asset Disposition Offer") to all holders of Notes and to the extent required by the terms of other Indebtedness ranking pari passu with the Notes, to all holders of such other Indebtedness outstanding with similar provisions requiring the Company to make an offer to purchase such other Indebtedness with the proceeds from any Asset Disposition ("Pari Passu Notes"), to purchase the maximum principal amount of Notes and any such Pari Passu Notes to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount of the Notes and Pari Passu Notes plus accrued and unpaid interest to the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Notes, as applicable, in each case in integral multiples of €1,000. To the extent that the aggregate amount of Notes and Pari Passu Notes so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of Notes surrendered by holders thereof and other Pari Passu Notes surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and Pari Passu Notes to be purchased on a pro rata basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Notes. Upon completion of such Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

The Asset Disposition Offer will remain open for a period of 20 Business Days following its commencement, except to the extent that a longer period is required by applicable law (the "Asset Disposition Offer Period"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "Asset Disposition Purchase Date"), the Company will purchase the principal amount of Notes and Pari Passu Notes required to be purchased pursuant to this covenant (the "Asset Disposition Offer Amount") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Notes validly tendered in response to the Asset Disposition Offer.

If the Asset Disposition Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest will be paid to the Person in whose name a Note is registered at the close of business on such interest record date, and no additional interest will be payable to holders who tender Notes pursuant to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Company will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Notes or portions of Notes and Pari Passu Notes so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Notes so validly tendered and not properly withdrawn, in each case in integral multiples of €1,000. The Company will deliver to the Trustee an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this covenant and, in addition, the Company will deliver all certificates and notes required, if any, by the agreements governing the Pari Passu Notes. The Company or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering holder of Notes or holder or lender of Pari Passu Notes, as the case may be, an amount equal to the purchase price of the Notes or Pari Passu Notes so validly tendered and not properly withdrawn by such holder or lender, as the case may be, and accepted by the Company for purchase, and the Company will promptly issue a new Note, and the Trustee, upon delivery of an Officers' Certificate from the Company, will authenticate and mail or deliver such new Note to such holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount of €1,000 or an integral multiple of €1,000. In addition, the Company will take any and all other actions required by the agreements governing the Pari Passu Notes. The Company will publicly announce the results of the Asset Disposition Offer on the Asset Disposition Purchase Date.

For the purposes of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness (other than Subordinated Indebtedness or Disqualified Stock) of the Company or a Restricted Subsidiary and the release of the Company or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition (in which case the Company will, without further action, be deemed to have applied such deemed cash to Indebtedness in accordance with clause (a) above);

(2) securities, notes or other obligations received by the Company or any Restricted Subsidiary from the transferee that are promptly converted by the Company or such Restricted Subsidiary into cash within 30 days following the closing of the applicable Asset Disposition; and

(3) Additional Assets.

Limitation on Affiliate Transactions

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or a series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate of the Company (an "Affiliate Transaction") unless:

(1) the terms of such Affiliate Transaction are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction in arm's-length dealings with a Person who is not such an Affiliate;

(2) in the event such Affiliate Transaction involves an aggregate consideration in excess of €5 million, the terms of such transaction have been approved by a majority of the members of the Executive Board and by a majority of the members of such Board having no personal stake in such transaction, if any (and such majority or majorities, as the case may be, determines that such Affiliate Transaction satisfies the criteria in clause (1) above); and

(3) in the event such Affiliate Transaction involves an aggregate consideration in excess of €15 million, the Company has received a written opinion from an independent investment banking, accounting or appraisal firm of internationally recognized standing that such Affiliate Transaction is fair from a financial point of view to the Company or such Restricted Subsidiary and is not on terms materially less favorable than those that might reasonably have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an Affiliate.

The preceding paragraph will not apply to:

(1) any Restricted Payment (other than a Restricted Investment) permitted to be made pursuant to the covenant described under "Limitation on Restricted Payments" or any Permitted Investment;

(2) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment agreements and other compensation arrangements, options to purchase Capital Stock of the Company, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits plans and/or indemnity provided on behalf of officers and employees approved by the Executive Board;

(3) loans or advances to employees, officers or directors in the ordinary course of business, of the Company or any of its Restricted Subsidiaries but in any event not to exceed €1 million in the aggregate outstanding at any one time with respect to all loans or advances made since the Issue Date;

(4) any transaction between the Company and a Restricted Subsidiary or between Restricted Subsidiaries;

(5) Guarantees issued by the Company or a Restricted Subsidiary for the benefit of the Company or a Restricted Subsidiary, as the case may be, in accordance with "Certain Covenants – Limitations on Indebtedness";

(6) the payment of reasonable and customary fees paid to, and indemnity provided on behalf of, directors of the Company or any Restricted Subsidiary;

(7) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture, which are fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Executive Board or the senior management of the Company or the relevant Restricted Subsidiary, as applicable, or are the result of an open bidding process or other arm's length negotiation process;

(8) any issuance or sale of Capital Stock of the Company (other than Disqualified Stock) to Affiliates of the Company;

(9) sales or other transfers or dispositions of Receivables and Related Assets to a Receivables Subsidiary and acquisitions of related Permitted Investments in connection with a Receivables Program; and

(10) the performance of obligations of the Company or any of its Restricted Subsidiaries under the terms of any agreement to which the Company or any of its Restricted Subsidiaries is a party as of or on the Issue Date, as these agreements may be amended, modified, supplemented, extended or renewed from time to time; provided, however, that any future amendment, modification, supplement, extension or renewal entered into after the Issue Date will be permitted to the extent that its terms are not more disadvantageous to the holders of the Notes than the terms of the agreements in effect on the Issue Date and that in the case of any transaction having a fair market value of greater than €5 million any such amendment, modification, supplement, extension or renewal is approved by the Executive Board.

Limitation on Sale of Capital Stock of Restricted Subsidiaries

The Company will not, and will not permit any Restricted Subsidiary to, transfer, convey, sell, lease or otherwise dispose of any Capital Stock of any Restricted Subsidiary or to issue any of the Capital Stock of a Restricted Subsidiary to any Person (other than, if necessary, shares of its Capital Stock constituting directors' qualifying shares), *unless*:

(1) to the Company or a Restricted Subsidiary at least 90% of whose Common Stock is owned, directly or indirectly, by the Company; or

(2) in compliance with the covenant described under "– Limitation on Sales of Assets and Subsidiary Stock" and immediately after giving effect to such issuance or sale, such Restricted Subsidiary would continue to be a Restricted Subsidiary.

Notwithstanding the preceding paragraph, the Company may sell all the Capital Stock of a Restricted Subsidiary as long as the Company complies with the terms of the covenant described under "– Limitation on Sales of Assets and Subsidiary Stock".

Reports

For so long as any Notes are outstanding, the Company will provide the Trustee and the holders of the Notes and shall make available to potential investors:

(1) within 120 days after the end of the Company's fiscal year, an annual report, which shall contain information substantially similar in scope to the information included in this offering memorandum under the captions entitled "Selected Financial Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Business", "Management", "Principal Shareholder and Related Party Transactions" and "Description of Other Indebtedness"; consolidated audited statements of income, consolidated audited balance sheets and consolidated audited cash flow statements and the related notes thereto as of and

for the two most recent fiscal years prepared in accordance with IFRS (*provided* that for the fiscal year ending December 31, 2004 and prior periods such financial statements may be provided in accordance with U.S. GAAP and *provided further* that for the fiscal year ending December 31, 2005 such financial statements shall include comparative information on the basis of IFRS for the previous year), together with a report thereon by the Company's certified independent accountants; information with respect to any Change of Control and any material acquisition or disposition during the most recent fiscal year (including pro forma financial data with respect to any acqusition or disposal representing more than 20% of the consolidated assets or Consolidated EBITDA of the Company and its Restricted Subsidiaries);

(2) within 60 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, quarterly reports which shall contain information including unaudited consolidated financial statements (including unaudited consolidated statements of income, balance sheet, cash flow and shareholders' equity prepared in accordance with IFRS, including comparative information on the basis of IFRS for the corresponding period or period end in the previous year) for such period; a financial review of such period (including a comparison against the prior year's comparable period), consisting of a discussion of (A) the financial condition and results of operations of the Company on a consolidated basis, and material changes between the current period and the period of the prior year, (B) material developments in the business of the Company and its Restricted Subsidiaries, (C) financial developments and trends in the business in which the Company and its Restricted Subsidiaries is engaged; information with respect to any Change of Control that has occurred in the period; and any material acquisition or disposition that has occurred in the period (including pro forma financial data with respect to any acquisition or representing more than 20% of the consolidated assets or Consolidated EBITDA of the Company and its Restricted Subsidiaries) during the period; and

(3) promptly from time to time after the occurrence of any of the events listed in (A) to (F) of this paragraph information with respect to (A) any change in the independent accountants of the Company or any of its Restricted Subsidiaries, (B) resignation of any member of the Executive Board or Board of Directors (C) any acquisition or disposal, (D) any material development in the business of the Company and its Restricted Subsidiaries, (E) any change in the fiscal year of the Company or its Restricted Subsidiaries, and (F) any information that the Company is required to make publicly available under the requirements of the German Securities Trading Act (*Wertpapierhandelsgesetz*).

If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries constitute Significant Subsidiaries of the Company, then the annual and quarterly information required by the first two clauses of this covenant shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of such Unrestricted Subsidiaries of the Company.

In addition, so long as the Notes remain outstanding and during any period during which the Company is not subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company shall furnish to the holders of the Notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

The Company will also make copies of all reports furnished to the Trustee available on the Company's website and so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require, copies of such reports furnished to the Trustee will be also made available at the specified office of the paying agent in Luxembourg.

Merger and Consolidation

The Company will not in a single transaction or through a series of transactions, consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its assets to, any Person, *unless*:

(1) the resulting, surviving or transferee Person (the "Successor Company") will be a corporation, partnership, trust or limited liability company organized and existing under the laws of any member state of the European Union, as of January 1, 2004 or the United States of America, any State of the United States or the District of Columbia and the Successor Company (if not the Company) will expressly assume, by supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Company under the Notes and the Indenture;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, the Successor Company would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the "Limitation on Indebtedness" covenant;

(4) each Subsidiary Guarantor (unless it is the other party to the transactions above, in which case clause (1) shall apply) shall have by supplemental indenture confirmed that its Subsidiary Guarantee shall apply to such Person's obligations in respect of the Indenture and the Notes;

(5) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Company, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture, but, in the case of a lease of all or substantially all its assets, the predecessor Company will not be released from the obligation to pay the principal of and interest on the Notes.

Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Notwithstanding the preceding clause (3), (a) any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Company and (b) the Company may merge with an Affiliate incorporated solely for the purpose of reincorporating the Company in another jurisdiction to realize tax benefits; *provided* that, in the case of a Restricted Subsidiary that merges into the Company, the Company will not be required to comply with the preceding clause (4).

In addition, the Company will not permit any Subsidiary Guarantor to, in a single transaction or through a series of transactions, consolidate with or merge with or into or convey, transfer or lease all or substantially all of its assets to any person (other than another Subsidiary Guarantor) and will not permit the conveyance, transfer or lease of substantially all of the assets of any Subsidiary Guarantor *unless*:

(1) (a) the resulting, surviving or transferee Person will be a corporation, partnership, trust or limited liability company organized and existing under the laws of any member state of the European Union as of January 1, 2004, or of the United States of America, any State of the United States or the District of Columbia and such Person (if not a Subsidiary Guarantor) will expressly assume, by execution of supplemental Indenture, as applicable, executed and delivered to the Trustee, all the obligations of such Subsidiary Guarantor under the Indenture, as applicable; (b) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the resulting, surviving or transferee Person or any Restricted Subsidiary as a result of such transaction as having been Incurred by such Person or such Restricted Subsidiary at the time of such transaction), no Default of Event of Default shall have occurred and be continuing; and (c) the Company will have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture comply with the Indenture; or

(2) the transaction is made in compliance with the covenant described under "– Limitation on Sales of Assets and Subsidiary Stock".

Limitation on Lines of Business

The Company will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Related Business except to such extent as would not be material to the Company and the Restricted Subsidiaries, taken as a whole.

Suspension of Covenants when Notes Rated Investment Grade

The Indenture will provide that during any period of time (the "Suspension Period") that (i) the Notes have Investment Grade Ratings from both Rating Agencies and (ii) no Default or Event of Default has occurred and is continuing (each of (i) and (ii), a "Suspension Condition"), the Company and the Restricted Subsidiaries will not be subject to the covenants summarized under the following captions:

(1) "– Limitation on Indebtedness";

(2) "– Limitation on Sale and Leaseback Transactions";

(3) "– Limitation on Restricted Payments";

(4) "– Limitation on Sales of Assets and Subsidiary Stock";

(5) "– Limitation on Restrictions on Distributions from Restricted Subsidiaries";

(6) "– Limitation on Affiliate Transactions"; and

(7) "– Limitation on Sale of Capital Stock of Restricted Subsidiaries".

(collectively, the "Suspended Covenants"). In the event that during a Suspension Period any of the Suspension Conditions are not met because either of the Rating Agencies withdraws its rating or downgrades the rating assigned to the Notes below the required Investment Grade Rating or a Default or an Event of Default occurs and is continuing, then the Company and the Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants with respect to such Notes.

No Default or Event of Default will be deemed to have occurred with respect to the Suspended Covenants during the Suspension Period solely as a result of the Company's or any Restricted Subsidiary's non-compliance with the Suspended Covenants during such Suspension Period. The Company will provide the Trustee with an Officers' Certificate setting out the basis for any Suspension Period.

Events Of Default

Each of the following is an Event of Default:

(1) default in any payment of interest or other amounts when due on any Note, continued for 30 days, whether or not such payment is prohibited by the provisions described under "– Ranking and Subordination";

(2) default in the payment of principal of or premium, if any, on any Note when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise, whether or not such payment is prohibited by the provisions described under "– Ranking and Subordination";

(3) failure by the Company or any Subsidiary Guarantor to comply with its obligations under "Certain Covenants – Merger and Consolidation";

(4) failure by the Company or any of its Restricted Subsidiaries to comply for 30 days after notice with any of its obligations under the covenants described under "Change of Control" above or under the covenants described under "Certain Covenants" above (in each case, other than a failure to purchase Notes which will constitute an Event of Default under clause (2) above and other than a failure to comply with "Certain Covenants – Merger and Consolidation" which is covered by clause (3));

(5) failure by the Company or any of its Restricted Subsidiaries to comply for 60 days after notice with its other agreements contained in the Indenture;

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), other than Indebtedness owed to the Company or a Restricted Subsidiary, whether such Indebtedness or guarantee now exists, or is created after the date of the Indenture, which default:

  (a) is caused by a failure to pay principal of such Indebtedness prior to the expiration of the grace period provided in such Indebtedness ("payment default"); or

  (b) results in the acceleration of such Indebtedness prior to its maturity (the "cross acceleration provision");

  and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €20 million or more;

(7) certain events of bankruptcy, insolvency or reorganization of the Company or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the "bankruptcy provisions");

(8) failure by the Company or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €15 million (net of any amounts that a reputable and creditworthy insurance company has acknowledged liability for in writing), which judgments are not paid, discharged or stayed for a period of 60 days (the "judgment default provision");

(9) any Subsidiary Guarantee ceases to be in full force and effect in accordance with its terms or is declared null and void in a judicial proceeding or any Subsidiary Guarantor denies or disaffirms its obligations under the Indenture or the Subsidiary Guarantee.

However, a default under clauses (4) and (5) of this paragraph will not constitute an Event of Default until the Trustee or the holders of 25% in principal amount of the outstanding Notes notify the Company of the default and the Company does not cure such default within the time specified in clauses (4) and (5) of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (7) above) occurs and is continuing, the Trustee by notice to the Company, or the holders of at least 25% in principal amount of the outstanding Notes by notice to the Company and the Trustee, may, and the Trustee at the request of such holders of the Notes shall, declare the principal of, premium, if any, and accrued and unpaid interest, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (6) under "Events of Default" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (6) shall be remedied or cured by the Company or a Restricted Subsidiary or waived by the holders of the relevant Indebtedness within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived. If an Event of Default described in clause (7) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders. The holders of a majority in principal amount of the outstanding Notes may waive all past defaults (except with respect to nonpayment of principal, premium or interest) and rescind any such acceleration with respect to the Notes and its consequences if (1) rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the holders of the Notes unless such holders have offered to the Trustee indemnity or security satisfactory to it in its sole discretion against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest, no holder of the Notes may pursue any remedy with respect to the Indenture or the Notes *unless*:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such holders have offered the Trustee reasonable security or indemnity against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) the holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60 day period.

Subject to certain restrictions, the holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture provides that in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The Indenture provides that if a Default occurs and is continuing and is known to the Trustee, the Trustee must mail to each holder of the Notes notice of the Default within 90 days after it occurs. Except in the case of a Default in the payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the holders of the Notes. In addition, the Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Company is also required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events which would constitute certain Defaults, their status and what action the Company is taking or proposing to take in respect thereof.

Amendments and Waivers

Subject to certain exceptions, the Indenture and the Notes may be amended or supplemented with the consent of the holders of a majority in principal amount of the Notes then outstanding (including without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any past default or compliance with any provisions may be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). However, without the consent of each holder of an outstanding Note affected, no amendment or waiver may, among other things:

(1) reduce the amount of Notes whose holders must consent to an amendment or waiver;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption or repurchase of any Note or change the time at which any Note may be redeemed or repurchased as described above under "Optional Redemption", "Change of Control" or "Certain Covenants – Limitation on Sales of Assets and Subsidiary Stock" whether through an amendment or waiver of provisions in the covenants, definitions or otherwise;

(5) make any Note payable in money other than that stated in the Note;

(6) impair the right of any holder of the Notes to receive payment of, premium, if any, principal, interest, and Additional Amounts, if any, on such holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's Notes; or

(7) release any Subsidiary Guarantor from any of its obligations under its Subsidiary Guarantee or the Indenture, except in accordance with the terms of the Indenture;

(8) make any change or amendments to or waivers of the subordination provisions of the Indenture that would adversely affect the rights of any holder of Notes;

(9) modify the payment or enforcement terms of any Subsidiary Guarantee in any manner adverse to the holders of the Note; or

(10) make any change in the preceding amendment or waiver provisions.

Notwithstanding the foregoing, without the consent of any holder, the Company and the Trustee may amend the Indenture, the Notes and any Guarantee of the Notes to:

(1) cure any ambiguity, omission, defect or inconsistency;

(2) provide for the assumption by a successor corporation of the obligations of the Company or any Restricted Subsidiary under the Indenture;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f) (2) (B) of the Code);

(4) add Guarantees with respect to the Notes;

(5) secure the Notes;

(6) add to the covenants of the Company or its Restricted Subsidiaries for the benefit of the holders of the Notes or surrender any right or power conferred upon the Company and its Restricted Subsidiaries; or

(7) make any change that does not adversely affect the rights of any holder of the Notes.

The consent of the holders of the Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any holder of Notes given in connection with a tender of such holder's Notes will not be rendered invalid by such tender. After an amendment under the Indenture becomes effective, the Company is required to mail to the holders of the Notes a notice briefly describing such amendment. However, the failure to give such notice to all the holders, or any defect in the notice will not impair or affect the validity of the amendment.

Defeasance

The Company may at any time terminate all its obligations under the Notes and the Indenture ("legal defeasance"), except for certain obligations, including those respecting the defeasance trust (as defined below) and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of the Notes.

In addition, the Company may at any time terminate its obligations under covenants described under "Certain covenants" (other than "Merger and consolidation"), the operation of the cross default upon a payment default, cross acceleration provisions, the bankruptcy provisions with respect to Significant Subsidiaries, the judgment default provision and the Subsidiary Guarantee provision described under "Events of Default" above and the limitations contained in clause (3) under "Certain covenants – Merger and consolidation" above ("covenant defeasance").

The Company may exercise its legal defeasance option notwithstanding the prior exercise of the covenant defeasance option. If the Company exercises the legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Company exercises the covenant defeasance option, payment of the Notes may not be accelerated because of an Event of Default specified in clause (4), (5), (6), (7) (with respect only to Significant Subsidiaries), (8) or (9) under "Events of Default" above or because of the failure of the Company to comply with clause (3) under "Certain Covenants – Merger and Consolidation" above.

In order to exercise either defeasance option, the Company must irrevocably deposit in trust (the "defeasance trust") with the Trustee money or Government Obligations or a combination thereof for the payment of principal, premium, if any, interest and Additional Amounts, if any, on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of an Opinion of Counsel (subject to customary exceptions and exclusions) to the effect that holders of the Notes will not recognize income, gain or loss for U.S. Federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. Federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the Internal Revenue Service or other change in applicable U.S. Federal income tax law.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

The Euro is the sole currency of account and payment for all sums payable by the Company and the Subsidiary Guarantors under or in connection with the Notes and the Subsidiary Guarantees and the Indenture including damages. Any amount received or recovered in a currency other than Euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Company or otherwise, by any holder of a Note or by the Trustee in respect of any sum expressed to be due to it from the Company or a Subsidiary Guarantor will only constitute a discharge to the Company or the Subsidiary Guarantor to the extent of the Euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If a Euro amount is less than the Euro amount expressed to be due to the recipient under any Note or the Indenture, the Company and the Subsidiary Guarantor will indemnify such recipient against any loss sustained by such recipient as a result. In any event, the Company and the Subsidiary Guarantors will indemnify the recipient against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be sufficient for the holder of a Note or the Trustee to certify in a satisfactory manner (indicating the sources of information used) that it would have suffered a loss had an actual purchase of Euro been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of Euro on such date had not been practicable, on the first date on which it would have been practicable, it being required that the need for a change of date be certified in the manner mentioned above). This indemnity constitutes a separate and independent obligation from the Company's and Subsidiary Guarantor's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any holder of a Note or the Trustee and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any Euro denominated restriction herein, the Euro equivalent amount for purposes hereof that is denominated in non Euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non Euro amount is incurred or made, as the case may be.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Company or any Subsidiary Guarantor, as such, shall have any liability for any obligations of the Company or any Subsidiary Guarantor under the Notes, the Indenture or the Subsidiary Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the US federal securities laws or any other and it is the view of the SEC that such a waiver is against public policy.

Notices

Notices regarding the Notes will be published in a leading newspaper having a general circulation in New York or London (which is expected to be *The Financial Times*). Notices to holders of the Notes will be validly given if mailed to them at their respective addressed in the register of the holder of such Notes, if any, maintained by the Registrar. In addition, so long as any of the Notes are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require, notices will be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or the *Tageblatt*) or, if in the opinion of the Trustee such publication is not practicable, in an English language newspaper having general circulation in Europe. Each such notice is deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. For so long as any Notes are represented by Global Notes, all notices to holders of the Notes will be delivered to Euroclear and Clearstream, each of which will give notice of such notice to the holders of the Book-Entry Interests. Any notice or communication mailed to a holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to him if so mailed within the time prescribed. Failure to mail a notice or communication to a holder or any defect in it shall not affect its sufficiency with respect to other holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it. If and so long as the Notes are listed on any other securities exchange, notices will also be given in accordance with any applicable requirements of such securities exchange.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture, the Notes and the Subsidiary Guarantees, the Company and the Subsidiary Guarantors will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in The City of New York, County and State of New York, United States of America.

Concerning the Trustee

Deutsche Trustee Company Limited will be the Trustee under the Indenture and Deutsche Bank AG acting through its London branch will be the Principal Paying Agent and Deutsche Bank Luxembourg S.A. will be Registrar and Luxembourg Paying Agent with regard to the Notes.

Subject to the provisions of the Indenture, the Company may remove the Trustee if:

(i) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any bankruptcy law;

(ii) a receiver or other public officer takes charge of the Trustee or its respective property; or

(iii) the Trustee becomes incapable of acting with respect to its duties under the Identure.

Governing Law

The Indenture will provide that it, the Notes and the Subsidiary Guarantees will be governed by, and construed in accordance with, the laws of the State of New York.

Certain Definitions

"Additional Assets" means:

(1) any property or assets (other than Indebtedness and Capital Stock) to be used by the Company or a Restricted Subsidiary in a Related Business;

(2) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or a Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary;

provided, however, that, in the case of clauses (2) and (3), such Restricted Subsidiary is primarily engaged in a Related Business.

"Affiliate" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person and any Related Person of such specified Person or such other Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Asset Disposition" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases, transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Company or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction.

Notwithstanding the preceding, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary, *provided* that in the case of a sale by a Restricted Subsidiary to another Restricted Subsidiary, the Company directly or indirectly owns either (x) an equal or greater percentage of the Common Stock of the transferee than of the transferor or (y) at least 90% of the Common Stock of the transferee;

(2) the sale of Cash Equivalents in the ordinary course of business;

(3) any sale of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(4) a disposition of inventory in the ordinary course of business;

(5) a disposition of obsolete or worn out equipment or equipment that is no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries and that is disposed of in each case in the ordinary course of business;

(6) transactions permitted under "Certain Covenants – Merger and Consolidation";

(7) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to a Restricted Subsidiary at least 90% of whose Common Stock is owned, directly or indirectly, by the Company;

(8) for purposes of "Certain covenants – Limitation on Sales of Assets and Subsidiary Stock" only, the making of a Permitted Investment or a disposition subject to "Certain covenants – Limitation on Restricted Payments";

(9) dispositions of assets in a single transaction or series of related transactions with an aggregate fair market value in any calendar year of less than €5 million;

(10) dispositions in connection with Permitted Liens;

(11) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(12) sales or other transfers or dispositions of Receivables and Related Assets to a Receivables Subsidiary in connection with a Receivables Program;

(13) the licensing or sublicensing of intellectual property or other general intangibles and licenses, leases or subleases of other property; and

(14) foreclosure on assets.

"Attributable Indebtedness" in respect of a Sale/Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate borne by the Notes, compounded semi annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended).

"Average Life" means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing (1) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment by (2) the sum of all such payments.

"Bank Indebtedness" means the obligations (in the form of loan agreements, revolving credit agreements, overdraft facility agreements, working capital facilities, syndicated credit facilities, letter of credit facilities and other facilities provided by commercial banks and other financial institutions) of the Company and its Restricted Subsidiaries owed to commercial banks and other financial institutions, and Bank Indebtedness of a Person shall be the obligations of that Person in respect of Bank Indebtedness.

"Board of Directors" means the board of directors (*Verwaltungsrat*) of the Company or any committee thereof duly authorized to act on behalf of such board.

"Business Day" means each day that is not a Saturday, Sunday or other day on which banking institutions in Frankfurt, Federal Republic of Germany; London, United Kingdom; Luxembourg City, Luxembourg; and New York, New York are authorized or required by law to close.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"Capitalized Lease Obligations" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with IFRS, and the amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined in accordance with IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"Cash Equivalents" means:

(1) securities issued or directly and fully guaranteed or insured by the United States Government or the Federal Republic of Germany or any member state of the European Union as of January 1, 2004 (each a "Qualified Country") any political subdivision of any agency or any instrumentality thereof (provided that the full faith and credit of such Qualified Country is pledged in support thereof) maturing within one year from the date of acquisition and, at the time of acquisition, having a credit rating of "A" or better from either Standard & Poor's Ratings Services or Moody's Investors Service, Inc.;

(2) marketable general obligations issued or by any political sub-division of any Qualified Country or any public instrumentality thereof maturing within one year from the date of acquisition and, at the time of acquisition, having a credit rating of "A" or better from either Standard & Poor's Ratings Services or Moody's Investors Service, Inc.;

(3) certificates of deposit, Euro or dollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any commercial bank the long term debt of which is rated at the time of acquisition thereof at least "A" or the equivalent thereof by Standard & Poor's Ratings Services, or "A" or the equivalent thereof by Moody's Investors Service, Inc., and having combined capital and surplus in excess of €500 million;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (1), (2) and (3) entered into with any bank meeting the qualifications specified in clause (3) above;

(5) commercial paper rated at the time of acquisition thereof at least "A 2" or the equivalent thereof by Standard & Poor's Ratings Services or "P 2" or the equivalent thereof by Moody's Investors Service, Inc., or carrying an equivalent rating by an internationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of investments, and in any case maturing within one year after the date of acquisition thereof; and

(6) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (5) above.

"Change of Control" means:

(1) any "person" or "group" of related persons, other than one or more Permitted Holders, is or becomes the beneficial owner, directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company;

(2) the merger or consolidation of the Company with or into another Person or the merger of another Person with or into the Company or the merger of any Person with or into a Subsidiary of the Company if Capital Stock of the Company is issued in connection therewith, or the sale of all or substantially all the assets of the Company to another Person, in each case, if any "person" or "group" of related persons, other than one or more Permitted Holders, is, or as a result of such transaction becomes, the beneficial owner, directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the surviving or transferee Person; or

(3) the adoption by the stockholders of the Company of a plan or proposal for the liquidation or dissolution of the Company.

For the purposes of this definition, (a) "person" and "group" have the meanings they have in Sections 13(d) and 14(d) of the U.S. Exchange Act; (b) "beneficial owner" is used as defined in Rules 13(d) and 13d-5 under the U.S. Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all shares that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time; and (c) a person will be deemed to beneficially own any Voting Stock of an entity held by a parent entity, if such person is the beneficial owner, directly or indirectly, of more than 50% of the total voting power of the Voting Stock of such parent entity.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Stock" means with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or nonvoting) of such Person's common stock whether or not outstanding on the Issue Date, and includes, without limitation, all series and classes of such common stock.

"Consolidated Coverage Ratio" means as of any date of determination, with respect to any Person, the ratio of (x) the aggregate amount of Consolidated EBITDA of such Person for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which financial statements are in existence to (y) Consolidated Interest Expense for such four fiscal quarters, provided, however, that if, since the beginning of such period, the Company or any Restricted Subsidiary (or any

Person that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary)

(1) (a) has Incurred any Indebtedness since the beginning of such period that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is an Incurrence of Indebtedness, Consolidated EBITDA and Consolidated Interest Expense for such period will be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the date of such calculation will be deemed to be (i) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such facility was outstanding or (ii) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation) and the discharge of any other Indebtedness repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Indebtedness as if such discharge had occurred on the first day of such period; or

(b) has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of the period that is no longer outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio involves a discharge of Indebtedness (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and the related commitment terminated), Consolidated EBITDA and Consolidated Interest Expense for such period will be calculated after giving effect on a pro forma basis to such discharge of such Indebtedness, including with the proceeds of any new Indebtedness, as if such discharge had occurred on the first day of such period;

(2) will have made any Asset Disposition or disposed of any company, division, operating unit, segment, business or line of business or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is such a disposition:

(a) the Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) directly attributable to the assets which are the subject of such Asset Disposition for such period or increased by an amount equal to the Consolidated EBITDA (if negative) directly attributable thereto for such period; and

(b) Consolidated Interest Expense for such period will be reduced by an amount equal to the Consolidated Interest Expense directly attributable to any Indebtedness of the Company or any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Company and its continuing Restricted Subsidiaries in connection with such Asset Disposition for such period (or, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Interest Expense for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent the Company and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such sale); and

(3) will have made (by merger or otherwise) an Investment in any Restricted Subsidiary (or any Person which becomes a Restricted Subsidiary or is merged with or into the Company) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of a company, division, operating unit, segment, business or line of business, or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is such an Investment or acquisition, Consolidated EBITDA and Consolidated Interest Expense for such period will be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness) as if such Investment or acquisition occurred on the first day of such period.

In addition, in making the foregoing calculation, pro forma effect will be given to:

(1) the classification of any assets or operations as discontinued operations, as determined in accordance with IFRS, but, in the case of Consolidated Interest Expense, only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of such Person or any of its Restricted Subsidiaries following the date as of which the calculation is made; and

(2) the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries that have occurred or are to occur since the beginning of such four quarter period and on or prior to the date as of which this calculation is made as if such events had occurred, and, in the case of any disposition, the proceeds thereof applied, on the first day of the reference period.

For purposes of this definition, whenever pro forma effect is to be given to any Indebtedness:

(1) the interest expense on floating rate Indebtedness will be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months); and

(2) for Indebtedness that bears an interest rate at the option of the Company, the interest rate shall be calculated by applying such optional rate chosen by the Company.

For purposes of this definition, the pro forma calculations will be determined in good faith by a responsible financial or accounting officer of the Company (including pro forma expense and cost reductions).

"Consolidated EBITDA" for any period means, without duplication, the Consolidated Net Income for such period, (x) *plus* the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization expense or impairment charges recorded in accordance with IFRS;

(5) other non-cash charges reducing Consolidated Net Income (excluding any such non-cash charge to the extent it represents an accrual of or reserve for cash charges in any future period or amortization of a prepaid cash expense that was paid in a prior period not included in the calculation);

(y) *minus* non-cash items increasing Consolidated Net Income.

Notwithstanding the preceding sentence, clauses (2) through (5) relating to amounts of a Restricted Subsidiary of a Person will be added to Consolidated Net Income to compute Consolidated EBITDA of such Person only to the extent (and in the same proportion) that the net income (loss) of such Restricted Subsidiary was included in calculating the Consolidated Net Income of such Person and, to the extent the amounts set forth in clauses (2) through (5) are in excess of those necessary to offset a net loss of such Restricted Subsidiary or if such Restricted Subsidiary has net income for such period included in Consolidated Net Income, only if a corresponding amount would be permitted at the date of determination to be dividended to the Company by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its stockholders.

"Consolidated Income Taxes" means, with respect to any Person for any period, taxes imposed upon, or other payments required to be made by, such Person and its Restricted Subsidiaries by any domestic or foreign federal, state or local governmental authority which taxes or other payments are calculated by reference to the income or profits of such Person or its Restricted Subsidiaries to the extent such income or profits were included in computing Consolidated Net Income for such period.

"Consolidated Interest Expense" means, for any period, the total interest expense of the Company and its consolidated Restricted Subsidiaries, whether paid or accrued, plus, to the extent not included in such interest expense:

(1) interest expense attributable to Capitalized Lease Obligations and the interest portion of rent expense associated with Attributable Indebtedness in respect of the relevant lease giving rise thereto, determined as if such lease were a capitalized lease in accordance with IFRS, and the interest component of any deferred payment obligations;

(2) amortization of debt discount and debt issuance cost (*provided* that any amortization of bond premium will be credited to reduce Consolidated Interest Expense unless, pursuant to IFRS, such amortization of bond premium has otherwise reduced Consolidated Interest Expense);

(3) non-cash interest expense;

(4) commissions, discounts and other fees and charges owed with respect to letters of credit, surety and performance bonds and bankers' acceptance financing;

(5) the interest actually paid on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries (whether or not such Guarantee or Lien is called upon);

(6) costs associated with Hedging Obligations (including amortization of fees); *provided, however,* that if Hedging Obligations result in net benefits rather than costs, such benefits shall be credited to reduce Consolidated Interest Expense unless, pursuant to IFRS, such net benefits are otherwise reflected in Consolidated Net Income;

(7) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period;

(8) all dividends paid or payable, in cash, Cash Equivalents or Indebtedness or accrued during such period on any series of Disqualified Stock of such Person or on Preferred Stock of its Restricted Subsidiaries payable to a party other than the Company or a Restricted Subsidiary; and

(9) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest or fees to any Person (other than the Company and its Restricted Subsidiaries) in connection with Indebtedness Incurred by such plan or trust.

For the purpose of calculating the Consolidated Coverage Ratio in connection with the Incurrence of any Indebtedness described in the final paragraph of the definition of "Indebtedness", the calculation of Consolidated Interest Expense shall include all interest expense (including any amounts described in clauses (1) through (9) above) relating to any Indebtedness of the Company or any Restricted Subsidiary described in the final paragraph of the definition of "Indebtedness".

Notwithstanding anything to the contrary contained herein, commissions, discounts, yield and other fees and charges Incurred in connection with any transaction pursuant to which the Company or its Restricted Subsidiaries may sell, convey or otherwise transfer or grant a security interest in any accounts receivable or related assets shall be included in Consolidated Interest Expense.

"Consolidated Net Income" means, for any period, the net income (loss) of the Company and its consolidated Restricted Subsidiaries determined in accordance with IFRS; provided, however, that there will not be included in such Consolidated Net Income:

(1) any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except to the extent of:

(a) subject to the limitations contained in clauses (3), (4) and (5) below, the lesser of (x) the Company's equity in the net income of any such Person for such period and (y) the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in clause (2) below); and

(b) the Company's equity in a net loss of any such Person (other than an Unrestricted Subsidiary) for such period to the extent such loss has been funded with cash from the Company or a Restricted Subsidiary;

(2) any net income (but not loss) of any Restricted Subsidiary if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company, except that:

(a) subject to the limitations contained in clauses (3), (4) and (5) below, the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause); and

(b) the Company's equity in a net loss of any such Restricted Subsidiary for such period will be included in determining such Consolidated Net Income;

(3) any net gain (loss) realized upon the sale or other disposition of any property, plant or equipment of the Company or its consolidated Restricted Subsidiaries (including pursuant to any Sale/Leaseback Transaction) which is not sold or otherwise disposed of in the ordinary course of business and any gain (loss) realized upon the sale or other disposition of any Capital Stock of any Person;

(4) any extraordinary gain or loss;

(5) the cumulative effect of a change in accounting principles; and

(6) any non-cash compensation charge realized for grants of performance shares, stock options, restricted stock or other rights to officers, directors and employees of the Company or any Restricted Subsidiary, provided that such shares, options, stock or other rights can be redeemed at the option of the holder only for the Capital Stock of the Company (other than Disqualified Stock).

"Currency Agreement" means in respect of a Person any foreign exchange contract, currency swap agreement, futures contract, option contract or other similar agreement as to which such Person is a party or a beneficiary.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Designated Senior Indebtedness" means (1) Bank Indebtedness (to the extent such Bank Indebtedness constitutes Senior Indebtedness) and (2) any other Senior Indebtedness which, at the date of determination, has an aggregate principal amount outstanding of, or under which, at the date of determination, the holders thereof are committed to lend up to, at least €500,000 and is specifically designated in the instrument evidencing or governing such Senior Indebtedness as "Designated Senior Indebtedness" for purposes of the Indenture.

"Disposed" means, in respect of a Person, the sale or disposal of such company (whether by merger, consolidation, the sale of its Capital Stock or the sale of all or substantially all of its assets (other than by way of lease)) to a person other than a Subsidiary Guarantor or the Company.

"Disqualified Stock" means with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable by the issuer thereof pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Company or a Restricted Subsidiary); or

(3) is redeemable at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the later of (a) the date of the Stated Maturity of the Notes and (b) the date on which there are no Notes outstanding, *provided* that only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock; *provided, further* that any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the repurchase of such Capital Stock upon the occurrence of a change of control or asset sale (each defined in a way no more favorable to the holders thereof than the corresponding definitions in the Indenture) shall not constitute Disqualified Stock if the terms of such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) provide that the Company may not repurchase or redeem any such Capital Stock (and all such securities into which it is convertible or for which it is ratable or exchangeable) pursuant to such provision prior to compliance by the Company, as the case may be, with the provisions of the Indenture described under the captions "Change of control" and "Limitation on Sales of Assets and Subsidiary Stock".

"Enforcement Action" means, in relation to any Indebtedness of any Person, any action (whether taken by the relevant creditor or creditors or an agent or trustee on its or their behalf) to:

(1) demand payment, declare prematurely due and payable or otherwise seek to accelerate payment of all or any part of such Indebtedness;

(2) recover all or any part of such Indebtedness (including, by exercising any rights of set-off or combination of accounts);

(3) exercise or enforce any rights under or pursuant to any guarantee or other assurance given by such Person in respect of such Indebtedness;

(4) exercise or enforce any rights under any security interest whatsoever which secures such Indebtedness;

(5) commence legal proceedings against such Person; or

(6) commence, or take any other steps which could lead to the commencement of, any

(a) insolvency, liquidation, dissolution, winding-up, administration, receivership, compulsory merger or judicial re-organization of such Person;

(b) the appointment of a trustee in bankruptcy, or insolvency conciliator, ad hoc official, judicial administrator, a liquidator or other similar officer in respect of such Person; or

any other similar process or appointment.

"Executive Board" means the executive board (*Vorstand*) of the Company or any committee thereof duly authorized to act on behalf of such board.

"Government Obligations" means direct non-callable and non-redeemable obligations (in each case with respect to the Company thereof) of any member state of the European Union as of January 1, 2004 the payment of which is secured by full faith and credit of the applicable member state.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep well, to purchase assets, goods, securities or services, to take or pay, or to maintain financial statement conditions or otherwise); or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided, however,* that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement.

"holder" means a Person in whose name a Note is registered on the Registrar's books.

"Incur" means issue, create, assume, Guarantee, incur or otherwise become liable directly or indirectly for; *provided, however,* that any Indebtedness or Capital Stock of a Person existing at the time such person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary; and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of and premium (if any) in respect of indebtedness of such Person for borrowed money;

(2) the principal of and premium (if any) in respect of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) the principal component of all obligations of such Person in respect of letters of credit, performance and surety bonds, bankers' acceptances or other similar instruments (including reimbursement obligations with respect thereto except to the extent such reimbursement obligation relates to a trade payable and such obligation is satisfied within 30 days of Incurrence);

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables) which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto;

(5) Capitalized Lease Obligations and all Attributable Indebtedness of such Person;

(6) the principal component or liquidation preference of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Subsidiary, any Preferred Stock;

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however,* that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination and (b) the amount of such Indebtedness of such other Persons;

(8) the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date.

In addition, "Indebtedness" of any Person shall include Indebtedness described in the preceding paragraph that would not appear as a liability on the balance sheet of such Person if:

(1) such Indebtedness is the obligation of a partnership or joint venture that is not a Restricted Subsidiary (a "Joint Venture");

(2) such Person or a Restricted Subsidiary of such Person is a general partner of the Joint Venture (a "General Partner"); and

(3) there is recourse, by contract or operation of law, with respect to the payment of such Indebtedness to property or assets of such Person or a Restricted Subsidiary of such Person; and then such Indebtedness shall be included in an amount not to exceed:

    (a) the lesser of (i) the net assets of the General Partner and (ii) the amount of such obligations to the extent that there is recourse, by contract or operation of law, to the property or assets of such Person or a Restricted Subsidiary of such Person; or

    (b) if less than the amount determined pursuant to clause (a) immediately above, the actual amount of such Indebtedness that is recourse to such Person or a Restricted Subsidiary of such Person, if the Indebtedness is evidenced by a writing and is for a determinable amount.

"Interest Rate Agreement" means with respect to any Person any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement as to which such Person is party or a beneficiary.

"Investment" means with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan (other than advances or extensions of credit to customers in the ordinary course of business) or other extensions of credit (including by way of Guarantee or similar arrangement, but excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person and all other items that are or would be classified as investments on a balance sheet prepared in accordance with IFRS; *provided* that none of the following will be deemed to be an Investment:

(1) Hedging Obligations entered into in the ordinary course of business and in compliance with the Indenture; and

(2) endorsements of negotiable instruments and documents in the ordinary course of business.

For purposes of "Certain Covenants – Limitation on Restricted Payments",

(1) "Investment" will include the portion proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided, however,* that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Company's "Investment" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Executive Board in good faith) of such Subsidiary at the time that such Subsidiary is so redesignated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Executive Board.

"Investment Grade Rating" means a rating of BBB- or higher by S&P and Baa3 or higher by Moody's.

"Issue Date" means December 13, 2004.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Available Cash" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all national and local taxes required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

"Net Cash Proceeds", with respect to any issuance or sale of Capital Stock, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

"Non Recourse Debt" means Indebtedness of a Person:

(1) as to which neither the Company nor any Restricted Subsidiary (a) provides any Guarantee or credit support of any kind (including any undertaking, guarantee, indemnity, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable (as a guarantor or otherwise);

(2) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit (upon notice, lapse of time or both) any holder of any other Indebtedness of the Company or any Restricted Subsidiary to declare a default under such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and

(3) the explicit terms of which provide there is no recourse against any of the assets of the Company or its Restricted Subsidiaries.

"Officer" means the Chairman of the Executive Board, the Chief Executive Officer, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary of the Company.

"Officers' Certificate" means a certificate signed by two Officers or by an Officer and either an Assistant Treasurer or an Assistant Secretary of the Company.

"Opinion of Counsel" means a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Company or the Trustee.

"Pari Passu Indebtedness" means, with respect to the Company or a Subsidiary Guarantor, any Indebtedness of the Company or such Subsidiary Guarantor (whether outstanding on the Issue Date or thereafter Incurred) that ranks equally in right of payment with the Notes or, in respect of such Subsidiary Guarantor, its Subsidiary Guarantee.

"Permitted Holders" means Stefan Quandt and any of his Affiliates.

"Permitted Investment" means

(1) Investments in a Restricted Subsidiary or a Person which will, upon the making of such Investment, become a Restricted Subsidiary; *provided, however,* that the primary business of such Restricted Subsidiary is a Related Business;

(2) Investments in another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary; *provided, however,* that such Person's primary business is a Related Business;

(3) Investments in cash and Cash Equivalents;

(4) any Investments to the extent acquired in exchange for Capital Stock of the Company (other than Disqualified Stock);

(5) receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided, however,* that such customary trade terms may include such concessionary trade terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances;

(6) prepayments in respect of assets or services to be acquired or received in the ordinary course of business;

(7) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes under IFRS and that are made in the ordinary course of business;

(8) prepayment of custom duties in the ordinary course of business;

(9) loans or advances to employees made in the ordinary course of business consistent with past practices of the Company or such Restricted Subsidiary;

(10) Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of a debtor;

(11) Investments received as non-cash consideration from an Asset Disposition that was made pursuant to and in compliance with "Certain covenants – Limitation on Sales of Assets and Subsidiary Stock";

(12) Investments in a Receivables Subsidiary that, in the good faith determination of the Executive Board, are necessary or advisable to effect a Receivables Program;

(13) Investments in any Notes if they result in the immediate retirement and cancellation of such Notes;

(14) Investments in existence on the Issue Date;

(15) Currency Agreements, Interest Rate Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "Certain Covenants – Limitation on Indebtedness";

(16) Investments in a joint venture or similar entity that is not a Restricted Subsidiary, in which the Company or a Restricted Subsidiary has an equity interest, in an aggregate amount outstanding at any time not to exceed €10 million; and

(17) Guarantees issued in accordance with "– Limitations on Indebtedness".

"Permitted Liens" means, with respect to any Person:

(1) Liens securing Bank Indebtedness permitted to be incurred pursuant to clause (1) of the second paragraph of the covenant "Limitation on Indebtedness" and Liens on Receivables and Related Assets transferred to a Receivables Subsidiary pursuant to a Receivables Program if the related Indebtedness is permitted to be incurred pursuant to clause (1) of the second paragraph of the covenant "Limitation on Indebtedness";

(2) pledges or deposits by such Person under workmen's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders,

contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or Government Obligations to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import or customs duties or for the payment of rent, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's and mechanics' Liens, in each case for sums not yet due or being contested in good faith by appropriate proceedings if a reserve or other appropriate provisions, if any, as shall be required by IFRS shall have been made in respect thereof;

(4) Liens for taxes, assessments or other governmental charges not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings provided appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of issuers of surety or performance bonds or letters of credit or bankers' acceptances issued pursuant to the request of and for the account of such Person in the ordinary course of its business;

(6) minor encumbrances, ground leases, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or liens incidental to the conduct of the business of such Person or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(7) Liens securing Hedging Obligations so long as the related Indebtedness is, and is permitted to be under the Indenture, secured by a Lien on the same property securing such Hedging Obligation;

(8) leases, licenses, subleases and sublicenses of assets (including, without limitation, real property and intellectual property rights) which do not materially interfere with the ordinary conduct of the business of the Company or any of its Restricted Subsidiaries;

(9) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens for the purpose of securing the payment of all or a part of the purchase price of, or Capitalized Lease Obligations, purchase money obligations or other payments Incurred to finance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that:

   (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and does not exceed the cost of the assets or property so acquired or constructed; and

   (b) such Liens are created within 180 days of construction or acquisition of such assets or property and do not encumber any other assets or property of the Company or any Restricted Subsidiary other than such assets or property and assets affixed or appurtenant thereto;

(11) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds

maintained with a depositary institution; *provided* that such deposit account is not intended by the Company or any Restricted subsidiary to provide collateral to the depositary institution;

(12) Liens existing on the Issue Date or arising from contractual commitments existing on the Issue Date;

(13) Liens on property or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary; *provided, however,* that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such other Person becoming a Restricted Subsidiary; *provided further, however,* that any such Lien may not extend to any other property owned by the Company or any Restricted Subsidiary;

(14) Liens incurred in connection with cash management arrangements established in the ordinary course of business for the benefit of the Company or any Restricted Subsidiary in favor of a bank or similar financial institution;

(15) Liens on property at the time the Company or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Company or any Restricted Subsidiary; *provided, however,* that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such acquisition; *provided further, however,* that such Liens may not extend to any other property owned by the Company or any Restricted Subsidiary;

(16) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Company or another Wholly Owned Subsidiary or a Subsidiary Guarantor;

(17) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is the security for a Permitted Lien hereunder; and

(18) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision hereof or any other entity.

"Preferred Stock", as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other class of such corporation.

"Public Equity Offering" means a public offering for cash by the Company of its Common Stock, or options, warrants or rights with respect to its Common Stock where such common stock is listed or quoted on a recognized securities exchange in any member state of the European Union, that is a member state as of January 1, 2004, or in the United States.

"Rating Agency" means either of Moody's or S&P.

"Receivables and Related Assets" means accounts receivable and related assets customarily transferred in an asset securitization transaction involving such assets.

"Receivables Program" means one or more financings pursuant to which the Company or any Restricted Subsidiary may sell, convey or otherwise transfer to a Receivables Subsidiary or grant a security interest in, any Receivables and Related Assets in an aggregate principal amount equivalent to the fair market value of such Receivables and Related Assets of the Company or any Restricted Subsidiary; provided, however, that:

(1) the covenants, events of default, interest rate and other terms and provisions applicable to such financing shall be customary for such transactions and shall be on market terms; and

(2) the Indebtedness under such financing shall be Non-Recourse Debt (except for representations, warranties, covenants and indemnities in relation to such financing that are customary in connection with such facilities).

"Receivables Subsidiary" means a Wholly-Owned Subsidiary of the Company (or another Person formed for the purposes of engaging in a Receivables Program) that engages in no activities other than in connection with the financing of accounts receivable and that is designated by the Executive Board as a Receivables Subsidiary:

(1) all of the Indebtedness and other obligations of which are Non-Recourse Debt (except for representations, warranties, covenants and indemnities in relation to such financing that are customary in connection with such accounts receivable financings) ;

(2) with which neither the Company nor any Restricted Subsidiary has any material contract, agreement, arrangement or understanding other than on terms no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company, other than fees payable in the ordinary course of business in connection with servicing accounts receivable; and

(3) with which neither the Company nor any Restricted Subsidiary has any obligation to maintain or preserve such Receivable Subsidiary's financial condition or cause such Receivable Subsidiary to achieve certain levels of operating results.

"Refinancing Indebtedness" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) (collectively, "refinance", "refinances", and "refinanced" shall have a correlative meaning) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary but not including Indebtedness of a Restricted Subsidiary that refinances Indebtedness of the Company) including Indebtedness that refinances Refinancing Indebtedness, *provided, however,* that:

(1) (a) if the Stated Maturity of the Indebtedness being refinanced is earlier than the Stated Maturity of the Notes, the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being refinanced or (b) if the Stated Maturity of the Indebtedness being refinanced is later than the Stated Maturity of the Notes, the Refinancing Indebtedness has a Stated Maturity later than the Stated Maturity of the Notes;

(2) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being refinanced;

(3) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and fees Incurred in connection therewith); and

(4) if the Indebtedness being refinanced is subordinated in right of payment to the Notes or the Subsidiary Guarantees, such Refinancing Indebtedness is subordinated in right of payment to

the Notes or the Subsidiary Guarantees on terms at least as favorable to the holders of the Notes as those contained in the documentation governing the Indebtedness being refinanced.

"Related Business" means any business which is the same as or related, ancillary or complementary to any of the businesses of the Company and its Restricted Subsidiaries on the date of the Indenture.

"Related Person" with respect to any Person means:

(1) any controlling stockholder or a majority (or more) owned Subsidiary of such Person or, in the case of an individual, any spouse or immediate family member of such Person, any trust created for the benefit of such individual or such individual's estate, executor, administrator, committee or beneficiaries; or

(2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding a majority (or more) controlling interest of which consist of such Person and/or such other Persons referred to in the immediately preceding clause (1).

"Restricted Investment" means any Investment other than a Permitted Investment.

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"Sale/Leaseback Transaction" means an arrangement relating to property now owned or hereafter acquired whereby the Company or a Restricted Subsidiary transfers such property to a Person and the Company or a Restricted Subsidiary leases it from such Person.

"SEC" means the United States Securities and Exchange Commission.

"Senior Indebtedness" means, with respect to the Company or a Subsidiary Guarantor, all obligations of the Company or such Subsidiary Guarantor, whether outstanding on the Issue Date or thereafter created, incurred or assumed, without duplication, consisting of principal of and premium, if any, accrued and unpaid interest on, and fees and other amounts relating to, all Indebtedness of the Company or such Subsidiary Guarantor, unless the instrument under which such Indebtedness is Incurred expressly provides that it is on parity with or subordinated in right of payment to the Notes or, in respect of such Subsidiary Guarantor, its Subsidiary Guarantee, including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company or such Subsidiary Guarantor, regardless of whether post-filing interest is allowed in such proceeding.

Notwithstanding anything to the contrary in the preceding paragraph, Senior Indebtedness will not include:

(1) any Indebtedness Incurred in violation of the Indenture;

(2) any obligations of the Company to a Subsidiary or of a Subsidiary Guarantor to the Company or another Subsidiary;

(3) any liability for national, local, or other taxes owed or owing by the Company or a Subsidiary Guarantor;

(4) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including Guarantees thereof or instruments evidencing such liabilities); or

(5) any Capital Stock.

"Shareholder Debt" means any Indebtedness of the Company (i) that is subordinated in right of payment to all other Indebtedness of the Company, (ii) that matures no earlier than December 15, 2013,

(iii) that provides for no cash payments (whether interest, principal, premium or other payments) before the 90th day following the date on which all of the Notes are retired, (iv) the maturity of which may not be accelerated before the 90th day following the date on which all of the Notes are retired (other than as a consequence of the commencement of insolvency proceedings of the Company), (v) that contains no covenants (other than a covenant to accrue interest and ultimately to pay interest, principal and other amounts to the Shareholder Debt no earlier than the 90th day following the date on which all of the Notes are retired) that may be enforced before the 90th day following the date on which all of the Notes are retired and (vi) the holders of which are comprised of one or more Permitted Holders and their Related Persons.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "Significant Subsidiary" of the Company within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC.

"S&P" means Standard & Poor's Ratings Group.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"Subordinated Indebtedness" means any Indebtedness of the Company or any Subsidiary Guarantor (whether outstanding on the Issue Date or thereafter Incurred) which is subordinate or junior in right of payment to the Notes or the Subsidiary Guarantee, as applicable, pursuant to a written agreement.

"Subsidiary" of any Person means (a) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof (or persons performing similar functions) or (b) any partnership, joint venture limited liability company or similar entity of which more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, is, in the case of clauses (a) and (b), at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) one or more Subsidiaries of such Person. Unless otherwise specified herein, each reference to a Subsidiary will refer to a Subsidiary of the Company.

"Subsidiary Guarantee" means, individually, any Guarantee of payment of the Notes by a Subsidiary Guarantor pursuant to the terms of the Indenture and any supplemental indenture thereto, and, collectively all such Guarantees. Each Subsidiary Guarantee will be in a form prescribed by the Indenture.

"Subsidiary Guarantor" means the Subsidiaries of the Company listed under "Listing and General Information on the Subsidiary Guarantors" and each Subsidiary of the Company in existence at the Issue Date or created or acquired by the Company after the Issue Date that has (x) executed and delivered a supplemental indenture to the Indenture providing for a Subsidiary Guarantee of such Subsidiary, (y) delivered an Opinion of Counsel that such Indenture constitutes a valid, binding and enforceable obligation of such Subsidiary and (z) delivered such other customary opinions and certificates as the Trustee may request.

"Unrestricted Subsidiary" means:

(1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Executive Board in the manner provided below; and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Executive Board may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger or consolidation or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of or have any Investment in, or own or hold any Lien on any property of, any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary;

(2) all the Indebtedness of such Subsidiary and its Subsidiaries shall, at the date of designation, and will at all times thereafter, consist of Non-Recourse Debt, other than Indebtedness that (a) the Company or a Restricted Subsidiary could have Incurred directly and (b) is treated as being Incurred by the Company or a Restricted Subsidiary, as the case may be;

(3) such designation and the Investment of the Company in such Subsidiary complies with "Certain Covenants – Limitation on Restricted Payments";

(4) such Subsidiary, either alone or in the aggregate with all other Unrestricted Subsidiaries, does not operate, directly or indirectly, all or substantially all of the business of the Company and its Subsidiaries;

(5) such Subsidiary is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation:

    (a) to subscribe for additional Capital Stock of such Person; or

    (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(6) on the date such Subsidiary is designated an Unrestricted Subsidiary, such Subsidiary is not a party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary with terms substantially less favorable to the Company than those that might have been obtained from Persons who are not Affiliates of the Company.

Any such designation by the Executive Board shall be evidenced to the Trustee by filing with the Trustee a resolution of the Executive Board giving effect to such designation and an Officers' Certificate certifying that such designation complies with the foregoing conditions. If, at any time, any Unrestricted Subsidiary would fail to meet the foregoing requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary shall be deemed to be Incurred as of such date.

The Executive Board may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation, no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof and the Company could Incur at least €1.00 of additional Indebtedness under the first paragraph of the "Limitation on Indebtedness" covenant on a pro forma basis taking into account such designation.

"Voting Stock" of a corporation means all classes of Capital Stock of such corporation then outstanding and normally entitled to vote in the election of directors.

"Wholly Owned Subsidiary" means a Restricted Subsidiary, all of the Capital Stock of which (other than directors' qualifying shares) is owned by the Company or another Wholly Owned Subsidiary.

BOOK-ENTRY, DELIVERY AND FORM

Notes sold to QIBs in reliance on Rule 144A under the U.S. Securities Act will initially be represented by one global note in registered form without interest coupons attached (the "Rule 144A Global Note"). Notes sold to non-U.S. persons outside the United States in reliance on Regulation S will initially be represented by one global note in registered form without interest coupons attached (the "Regulation S Global Note" and, together with the Rule 144A Global Note, the "Global Notes"). The Global Notes will be deposited with a common depositary, and registered in the name of the nominee of a common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Note (the "Restricted Book-Entry Interests") and ownership of interests in the Regulation S Global Note (the "Unrestricted Book-Entry Interests" and, together with the Restricted Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants.

Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Notes will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including some states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests, In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream, as applicable, or their respective nominees, will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own Book-Entry Interests to transfer their interests or to exercise any rights of holders of Notes under the Indenture. Neither we nor the Trustee will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate, provided, however, that no Book-Entry Interest of €1,000 principal amount or less may be redeemed in part.

Payments on Global Notes

Payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and Additional Amounts, if any) will be made by us to the common depositary or its nominee for Euroclear and Clearstream. The common depositary or its nominee will distribute such payments to participants in accordance with their procedures. Payments of all such amounts will be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made by any applicable law or regulation of Luxembourg or otherwise as described under "Description of the Notes – Withholding Taxes", then, to the extent described under "Description of the Notes – Withholding Taxes", such Additional Amounts will be paid as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that payments by participants to owners of Book-Entry Interests held through those participants will be governed by standing customer instructions and customary practices. Under the terms of the Indenture, we and the trustee will treat the registered holder of the Global Notes (for example, Euroclear or Clearstream or their respective nominees) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, the Trustee or any of our or the Trustee's agents has or will have any responsibility or liability for:

(1) any aspect of the records of Euroclear or Clearstream or of any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest;

(2) Euroclear or Clearstream or any participant or indirect participant; or

(3) the records of the common depositary.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid in Euros.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Notes, Euroclear and Clearstream reserve the right to exchange the Global Notes for definitive registered notes ("Definitive Registered Notes") in certificated form and to distribute such Definitive Registered Notes to its participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear's and Clearstream's rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures sat forth in the Indenture.

The Global Notes will bear a legend to the effect set forth in "Notice to Investors and Transfer Restrictions". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Notice to Investors and Transfer Restrictions".

Transfer of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to such transfer restrictions.

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of any Unrestricted Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the U.S. Securities Act.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes only:

(1) if Euroclear or Clearstream notifies us that it is unwilling or unable to continue to act and a successor is not appointed by us within 90 days; or

(2) if Euroclear or Clearstream so requests following an Event of Default under the Indenture.

Information Concerning Euroclear and Clearstream

We understand as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with Euroclear or Clearstream participants, either directly or indirectly.

Trustee's Powers

In considering the interests of the holders of the Notes, while title to the Notes is registered in the name of a nominee for a clearing system, the Trustee may have regard to any information provided to it by that clearing system as to the identity (either individually or by category) of its accountholders with entitlements to Notes and may consider such interests as if such accountholders were the holders of the Notes.

Enforcement

For the purposes of enforcement of the provisions of the Indenture against the Trustee, the persons named in a certificate of the holder of the Notes in respect of which a Global Note is issued shall be recognized as the beneficiaries of the trusts set out in the Indenture to the extent of the principal amounts of their interests in Notes set out in the certificate of the holder, as if they were themselves the holders of Notes in such principal amounts.

PLAN OF DISTRIBUTION

We and the Initial Purchasers have entered into a purchase agreement ("Purchase Agreement") dated December 7, 2004 with respect to the Notes. The Initial Purchasers have severally agreed to purchase, and we have agreed to sell, all of the Notes pursuant to the terms of the Purchase Agreement.

The Purchase Agreement provides that the obligations of the Initial Purchasers to purchase and accept delivery of the Notes offered hereby are subject to the approval by their counsel of certain legal matters and to certain other conditions precedent. The Initial Purchasers are obligated to purchase and accept delivery of all the Notes if any are purchased.

The purchase price for the Notes will be the initial offering price set forth on the cover page of this offering memorandum less an initial purchaser discount. The Initial Purchasers propose to offer the Notes at the initial offering price. After the Notes are released for sale, the Initial Purchasers may change the offering price and other selling terms.

The Notes have not been and will not be registered under the U.S. Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes (1) outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S and (2) in the United States to QIBs in reliance on Rule 144A. The terms used above have the meanings given to them by Regulation S and Rule 144A.

In addition, with respect to Notes initially sold pursuant to Regulation S, until 40 days after the commencement of the offering, an offer or sale of such Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act unless such offer or sale is made in compliance with Rule 144A.

Delivery of the Notes will be made against payment therefor on or about the fourth business day following the date of pricing of the Notes. Under Rule 15(c)6-l of the SEC under the U.S. Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who have traded or wish to trade the Notes on the date of pricing of the Notes will be required, by virtue of the fact that the Notes will initially settle on the fourth New York business day following the date of pricing of the Notes, to specify an alternate settlement cycle at the time of such trade to prevent a failed settlement. Purchasers of the Notes who have traded or wish to trade the Notes on the date of pricing should consult their own advisor.

In connection with the offering of the Notes, Deutsche Bank AG London or its affiliates may purchase and sell Notes in the open market. These transactions may include short sales, over-allotments, stabilizing transactions and purchases to cover positions created by short sales or over-allotments, see "Stabilization". Short sales or over-allotments involve the sale by Deutsche Bank AG London or its affiliates of a greater number of Notes than it is required to purchase in the offering of the Notes. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress.

These activities by Deutsche Bank AG London or its affiliates may stabilize, maintain or otherwise affect the market price of the Notes. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. There is no obligation on Deutsche Bank AG London to conduct these activities. If these activities are commenced, they may be discontinued by Deutsche Bank AG London or its affiliates at any time. These transactions may be effected in the over-the-counter market or otherwise.

Each Initial Purchaser has also agreed that: (1) it has not offered or sold and, prior to the expiry of a period of six months after the date of issue of the Notes, will not offer or sell, any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have no resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended; (2) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "FSMA") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and (3) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors.

No action has been taken in any jurisdiction, including the United States, by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for the purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this offering memorandum and resales of the Notes. See "Notice to Investors and Transfer Restrictions" and "Notices to Certain European Residents".

We have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act. The Company will pay the Initial Purchasers a commission and pay certain expenses relating to the offering of the Notes.

The Initial Purchasers and some of their affiliates may provide from time to time various financial advisory, investment banking or other financial services to us, our subsidiaries or affiliates, for which they receive customary fees. For instance, Deutsche Bank AG acted as sole lead manager on our offering of common stock in March 2004, for which it received customary compensation. In addition, Deutsche Bank AG or one of its affiliates provides guarantees and other credit support to us from time to time in the ordinary course of business, particularly in respect of rental and customs obligations. At the date of this offering memorandum, the aggregate amount of Deutsche Bank's credit exposure to us was approximately €1.1 million.

NOTICE TO INVESTORS AND TRANSFER RESTRICTIONS

We have not registered and will not register the Notes under the U.S. Securities Act and, therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Issuer is offering and selling the Notes to the Initial Purchasers for reoffer and resale only:

- in the United States to "qualified institutional buyers", commonly referred to as "QIBs", as defined in Rule 144A in compliance with Rule 144A; and

- in offers and sales that occur outside the United States to foreign purchasers, that is, purchasers who are not U.S. persons.

The term "foreign purchasers" includes dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners, other than an estate or trust, in offshore transactions meeting the requirements of Rule 903 of Regulation S. We use the terms "offshore transaction", "U.S. person" and "United States" with the meanings given to them in Regulation S.

If you purchase Notes, you will be deemed to have represented and agreed as follows:

(1) You understand and acknowledge that the Notes have not been and will not be registered under the U.S. Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) You are not our "affiliate" (as defined in Rule 144A), you are not acting on our behalf and you are either:

   (a) a QIB and are aware that any sale of these Notes to you will be made in reliance on Rule 144A and such acquisition will be for your own account or for the account of another QIB; or

   (b) not a "U.S. person" as defined in Regulation S or purchasing for the account or benefit of a U.S. person (other than a distributor) and you are not purchasing Notes in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that none of the Issuer, the Initial Purchasers or any person representing the Issuer or the Initial Purchasers has made any representation to you with respect to the Issuer or the offer or sale of any of the Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that the Initial Purchasers make no representation or warranty as to the accuracy or completeness of this offering memorandum. You have had access to such financial and other information concerning us and the Notes as you deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(4) You are purchasing these Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their own control

and subject to your or their ability to resell these Notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the U.S. Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing these Notes, and each subsequent holder of these Notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such Notes prior to (x) the date which is two years (or such shorter period of time as permitted by Rule 144(k) under the U.S. Securities Act or any successor provision thereunder) after the later of the date of the original issue of these Notes and the last date on which the Issuer or any of the Issuer's affiliates were the owner of such Notes (or any predecessor thereto) or (y) such later date, if any, as may be required by applicable law (the "Resale Restriction Termination Date") only:

(a) to the Issuer;

(b) pursuant to a registration statement which has been declared effective under the U.S. Securities Act;

(c) for so long as these Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom you give notice that the transfer is being made in reliance on Rule 144A;

(d) pursuant to offers and sales to non-U.S. persons occurring outside the United States within the meaning of Regulation S; or

(e) pursuant to any other available exemption from the registration requirements, of the U.S. Securities Act;

subject in each of the foregoing cases to any requirements of law that the disposition of your property or the property of your investor account or accounts be at all times within your or their control and in compliance with any applicable state securities laws.

The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. You acknowledge that we, the Paying Agent and the Registrar reserve the right prior to any offer, sale or other transfer pursuant to clause (d) prior to the end of the 40-day distribution compliance period ("Distribution Compliance Period") within the meaning of Regulation S or pursuant to clause (e) above prior to the Resale Restriction Termination Date of the Notes to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Paying Agent.

Each purchaser acknowledges that each note will contain a legend substantially in the following form:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES THAT IT WILL NOT PRIOR TO (X) THE DATE WHICH IS TWO YEARS (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144(k) UNDER THE U.S. SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR OF ANY PREDECESSOR OF THIS NOTE) OR THE LAST DAY ON WHICH THE ISSUER OR ANY AFFILIATE OF THE

ISSUER WERE THE OWNERS OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE) AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW (THE "RESALE RESTRICTION TERMINATION DATE"), OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE U.S. SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; PROVIDED THAT THE ISSUER, THE TRUSTEE AND THE REGISTRAR SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) PRIOR TO THE END OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT OR PURSUANT TO CLAUSE (E) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THAT AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO THE ISSUER, THE TRUSTEE AND THE REGISTRAR IS COMPLETED AND DELIVERED BY THE TRANSFEROR. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION", "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE U.S. SECURITIES ACT".

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(5) You acknowledge that the Registrar will not be required to accept for registration of transfer any Notes acquired by you, except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set forth herein have been complied with.

(6) You acknowledge that:

  (f) the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgments, representations and agreements set forth herein and you agree that, if any of your acknowledgments, representations or agreements herein cease to be accurate and complete, you will notify us and the Initial Purchasers promptly in writing; and

  (g) if you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:

    (i) you have sole investment discretion; and

    (ii) you have full power to make, and make, the foregoing acknowledgments, representations and agreements.

(7) You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.

(8) If you are a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, you acknowledge that until the expiration of the Distribution Compliance

Period, you shall not make any offer or sale of these Notes to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the U.S. Securities Act.

(9) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for the purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth hereunder and under "Plan of Distribution" and "Notices to Certain European Residents".

SERVICE OF PROCESS AND ENFORCEABILITY OF CIVIL LIABILITIES

The Issuer is incorporated under the laws of Luxembourg. Many of the guarantors are organized in Germany, and many of our board members, directors and executives are located in Luxembourg. None of our board members, directors or executives (or certain other persons named in this offering memorandum) are residents of the United States. Furthermore, all of our assets are located outside the United States. As a result, even though we have appointed an agent for service of process under the Indenture governing the Notes, it may not be possible for investors to effect service of process within the United States upon those persons or the Company or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws.

We have been advised by our Luxembourg, German and Austrian counsel that there is doubt as to the enforceability in Luxembourg and Germany of civil liabilities based on federal or state securities laws of the United States, either in an original action or in an action to enforce a judgment obtained in U.S. federal or state courts and that a judgment obtained in U.S. federal or state courts will not be enforceable in Austria. The United States currently does not have a treaty with Luxembourg, Germany or Austria providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final judgment for payment given by any federal or state court in the United States, whether or not predicated solely upon U.S. federal or state securities laws, would not automatically be enforceable in Luxembourg or Germany and will not be enforceable in Austria. A final judgment by a U.S. federal or state court, however, may be recognized and enforced in Luxembourg or Germany in an action before a court of competent jurisdiction in accordance with the proceedings set forth by the German Code of Civil Procedure (*Zivilprozessordnung*). In such an action, a Luxembourg or German court generally will not reinvestigate the merits of the original matter decided by a U.S. court, except as noted below. Contrary to this, judgments given by any federal or state court in the United States, whether or not predicated solely upon U.S. federal or state securities law, would not be enforceable in Austria without reinvestigation and relitigation of the merits of the case.

The recognition and enforcement of the U.S. judgment by a Luxembourg court is conditional upon a number of factors, including the following:

- the judgment being enforceable in the U.S.;
- the U.S. court having had internal and international jurisdiction over the original proceeding according to Luxembourg private international law;
- the U.S. court having complied with its own procedural rules, in order to ensure that the rights of defense have been preserved;
- the U.S. court having applied to the substance the law that would have been applied according to the rules of conflict of Luxembourg private international law, it being sufficient however that the solution given to the dispute would not be in conflict with the law applicable by the Luxembourg court;
- the U.S. judgment not being contrary to Luxembourg public policy (*"ordre public"*) and the European Convention on Human Rights;
- generally, the guarantee of reciprocity.

The recognition and enforcement of the U.S. judgment by a German court is conditional upon a number of factors, including the following:

- the judgment being final under U.S. federal or state law;
- the U.S. court having had jurisdiction over the original proceeding under German law;

- the defendant having had the chance to defend herself or himself against an unduly or untimely served complaint;

- the judgment of the U.S. court being consistent with the judgment of a German court or a recognized judgment of a foreign court handed down before the judgment of the U.S. court;

- the judgment of the U.S. court being consistent with the procedure of a matter pending before a German court, provided that such matter was pending before a German court before the U.S. court entered its judgment;

- the enforcement of the judgment by the U.S. court being compatible with the substantial foundations of German law, including with the civil liberties (*Grundrechte*) guaranteed by virtue of the German Constitution (*Grundgesetz*); and

- generally, the guarantee of reciprocity.

Subject to the foregoing, purchasers of securities may be able to enforce judgments in civil and commercial matters obtained from U.S. federal or state courts in Luxembourg or Germany. We cannot, however, assure you that attempts to enforce judgments in Luxembourg or Germany will be successful.

In addition, the recognition and enforcement of punitive damages is usually denied by German courts and should be denied by Luxembourg courts as incompatible with the substantial foundations of Luxembourg or German law. Moreover, German courts may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages.

The recognition and enforcement of any foreign judgment in Austria is conditional on a number of factors, including the following:

- the judgment being enforceable in the jurisdiction in which it was rendered; and

- reciprocity being established on the grounds of treaties (*Staatsverträge*) or by ordinance (*Verordnung*).

In the absence of any bilateral or multilateral treaties to which Austria and the United States are a party and in the absence of any ordinance to this effect, the merits of the case would have to be re-litigated before the courts of Austria, applying Austrian rules of civil procedure. In such litigation, judgments given by any federal or state court in the United States may serve as evidence.

Luxembourg, German and Austrian civil procedure differ substantially from U.S. civil procedure on a number of respects. In as far as the production of evidence is concerned, U.S. federal and state law and the laws of several other jurisdictions based on common law provide for pre-trial discovery, a process by which parties to the proceedings may prior to trial compel the production of documents by adverse or third parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under Luxembourg, German and Austrian law.

We have been advised by our counsel in The Netherlands and Hong Kong that similar restrictions in the enforceability of U.S. judgments exist in these jurisdictions, where certain of our Subsidiary Guarantors are located.

TAXATION

Luxembourg Tax Considerations

The following is a general discussion of the material Luxembourg tax consequences for your investment in and ownership and disposition of the Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to your decision to purchase the Notes. In particular, this discussion does not consider any specific facts or circumstances which may apply to a particular purchaser. This summary is based on the current laws of Luxembourg, as in effect and applied on the date of this offering circular. These laws are subject to change, possibly with retroactive effect.

Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws in Germany and in each country of which they are residents.

Tax residency of the Noteholders

A Noteholder will not become resident or be deemed to be resident in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery and/or enforcement of the Notes.

Withholding Tax

Under Luxembourg tax law currently in effect, there is no withholding tax for Luxembourg resident and non-resident Noteholders on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax payable on payments received upon redemption, repurchase, repayment of the principal or upon an exchange of the Notes.

Withholding tax on payments to individual Noteholders (resident in another EU country than Luxembourg) may not earlier than July 1, 2005 be required to be made by a Luxembourg paying agent pursuant to the EU Savings Tax Directive or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive. See "– Luxembourg Tax Considerations – EU Savings Tax Directive".

Luxembourg Tax Residents

General

Noteholders who are resident of Luxembourg, or non-resident Noteholders who have a permanent establishment or a fixed base of business in Luxembourg with which the holding of the Notes is connected, must, for income tax purposes, include any interest received in their taxable income. They will not be liable to any Luxembourg income tax on repayment of principal.

Luxembourg resident individuals

Luxembourg resident individual Noteholders are not subject to taxation on capital gains upon the disposal of the Notes, unless the disposal of the Notes precedes the acquisition of the Notes or the Notes are disposed of within six months of the date of acquisition of these Notes. Upon a repurchase, redemption or exchange of the Notes, individual Luxembourg resident Noteholders or non-resident Noteholders who have a fixed base of business with which the holding of the Notes is connected must however include the portion of the repurchase, redemption or exchange price corresponding to accrued but unpaid interest in their taxable income.

Luxembourg resident companies

Noteholders which are Luxembourg resident companies (*société de capitaux*) or foreign entities of the same type which have a permanent establishment in Luxembourg with which the holding of the Notes is connected must include in their taxable income the difference between the sale or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold, redeemed or exchanged.

Luxembourg resident companies benefiting from a special tax regime

Noteholders that are Luxembourg companies benefiting from a special tax regime, such as holding companies subject to the law of July 31, 1929 or undertakings for collective investment subject to the law of December 20, 2002 are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (for example, corporate income tax, municipal business tax and net wealth tax).

Non-Residents

Noteholders who are non-residents of Luxembourg and who have neither a permanent establishment nor a fixed base of business in Luxembourg with which the holding of the Notes is connected are not liable to any Luxembourg income tax, whether they receive payments of principal, payments of interest (including accrued but unpaid interest), payments received upon redemption or repurchase of the Notes, or realize capital gains on the sale or the exchange of any Notes.

Net Wealth Tax

Luxembourg net wealth tax will not be levied on a Noteholder, unless (i) such Noteholder is a Luxembourg resident or (ii) such Notes are attributable to an enterprise or part thereof which is carried on in Luxembourg through a permanent establishment or (iii) such Notes are attributable to a fixed base of business in Luxembourg of the Noteholder.

Inheritance and Gift Tax

No gift, estate or inheritance taxes is levied in Luxembourg on the transfer of the Notes upon death of a Noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.

Other Taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by Noteholders as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, repurchase, redemption or exchange of the Notes.

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of the Notes. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

EU Savings Tax Directive

On 3 June 2003, the European Union has adopted the EU Savings Tax Directive. Subject to a number of important conditions being met, it is proposed that Member States and dependent territories and certain non-EU countries will be required from a date not earlier than 1 July 2005 to provide to the tax authorities of other European Union Member States details of payments of interest and other similar income paid by a paying agent (within the meaning of the Directive) to (or, under certain circumstances, to the benefit of) an individual in another Member State. Austria, Belgium and Luxembourg and dependent territories and certain non-EU countries will instead impose a withholding tax system for a transitional period unless the beneficiary of the interest payments elects for the exchange of information. The withholding tax rate will initially be 15%, increasing steadily to 20% and to 35%, after respectively 3 and 6 years as from the entry into force of the EU Savings Tax Directive. The ending of such transitional period depends on the conclusion of certain other agreements relating to information exchange with certain other countries.

Certain U.S. Federal Income Tax Considerations

The following is a summary of the material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Notes at the issue price that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax advisers concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Notes by the partnership.

The summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect. This summary assumes that, for U.S. federal income tax purposes, the Notes will be treated as debt.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

General. Interest on a Note will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes. Interest paid by the Issuer on the Notes constitutes income from sources outside the United States. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

*Foreign Currency Denominated Interes*t. If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the

U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollar.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the Internal Revenue Service (the "IRS").

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Purchase, Sale and Retirement of the Notes

A U.S. Holder's tax basis in a Note will generally be its U.S. dollar cost (as defined below). The U.S. dollar cost of a Note purchased with Euro will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase. A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the tax basis of the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. The amount realised on a sale or retirement for an amount in Euro will be the U.S. dollar value of this amount on the date of sale or retirement or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (or, if less, the principal amount of the Note) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement. Gain or loss recognised by a U.S. Holder on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year.

Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the interest is received or at the time of the sale or retirement.

Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollar) will be U.S. source ordinary income or loss.

Backup Withholding and Information Reporting

Payments of principal, and interest on, and the proceeds of sale or other disposition of Notes, by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Reportable Transactions

Recently issued U.S. Treasury regulations require a U.S. taxpayer that participates in a "reportable transaction" to disclose this participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds $50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. In the event the acquisition, holding or disposition of Notes constitutes participation in a reportable transaction for purposes of these rules, a U.S. Holder may be required to disclose its investment by filing Form 8886 with the IRS. In addition, the Issuer and its advisers may be required to maintain a list of U.S. Holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules to the acquisition, holding or disposition of Notes.

Certain German Tax Considerations

The following comments are of a general nature and included herein solely for information purposes. These comments are not intended to be, nor should they be construed to be, legal or tax advice. No representation with respect to the consequences to any particular prospective holder of a Note is made hereby.

The information contained in this section does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser of the Notes. It is based upon German tax laws and administrative decrees (including tax treaties) as in effect as of the date hereof, which are subject to change, potentially with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF THE NOTES ARE ADVISED TO CONSULT THEIR OWN ADVISORS AS TO THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES.

Tax Residents

Interest payments

Payments of interest on Notes to persons who are tax residents of Germany are subject to German personal or corporate income tax. Such interest is also subject to trade tax if the Notes form part of the property of a German commercial trade or business ("Business Assets"). If the Notes are kept or administered in a securities deposit account which the Noteholder maintains with a German branch of a German or non-German credit or financial services institution ("Disbursing Agent"), which pays or credits the interest, 30% withholding tax on interest payments *(Zinsabschlag)* plus a 5.5% solidarity surcharge on such tax will be levied on interest payments or credits, resulting in a total withholding tax charge of 31.65%. If the Notes are presented for payment or credit at the office of a German credit or financial services institution ("Over-the-Counter-Transaction", *Tafelgeschäft)*, the rate for *Zinsabschlag* is 35% plus solidarity surcharge, resulting in a total tax charge of 36.925%. The *Zinsabschlag* and the solidarity surcharge are generally not final but will be included in the relevant tax assessment for personal or corporate income tax purposes. The *Zinsabschlag* as well as the solidarity surcharge will be credited against the final German tax liability or refunded in excess of the final tax liability.

If the Notes are held as non-business assets, a personal annual allowance *(Sparer-Freibetrag)* of €1,370 (€2,740 for married couples filing their tax return jointly) is available for the aggregated dividends and savings income including interest income from the Notes as described above. In addition, an individual is entitled to a standard deduction of €51 (€102 for married couples filing their tax return jointly) in computing the overall investment income unless the expenses involved are demonstrated to have actually exceeded that amount.

Capital gains

In general, capital gains deriving from the disposal, transfer or redemption of the Notes received by persons who are resident in the Federal Republic of Germany will be subject to personal or corporate income tax (in both cases plus solidarity surcharge). In addition, trade tax will apply if the Notes are held as Business Assets.

If accrued interest *(Stückzinsen)* is charged separately in case of a disposal, transfer or redemption of the Notes, such interest will be taxed as interest income.

If accrued interest *(Stückzinsen)* is not charged separately *(flat-Handel)*, the balance of the disposal price or redemption price over the issue price or the acquisition costs *(Marktrendite)* is deemed to be interest income unless the Noteholder provides evidence for a lower issuing yield *(Emissionsrendite)*. Either the *Marktrendite* or the *Emissionsrendite* qualify as interest income and are subject to German tax. The deduction of potential losses might be restricted.

The portion of the capital gain not treated as accrued interest, market yield or issuing yield qualifies as speculative income which is generally taxable at regular rates except for individuals holding the Notes as private assets for more than one year in which case a tax-exemption applies.

In the case of capital gains withholding tax *(Zinsabschlag)* arises as follows :

If the Notes are kept or administered in a securities deposit which the Noteholder maintains with a Disbursing Agent, a 30% *Zinsabschlag* plus a 5.5% solidarity surcharge on such tax will be levied on the positive difference between the purchase price paid by the Noteholder and the selling price or redemption amount, as the case may be, resulting in a total withholding tax charge of 31.65%. However, if such criteria are not fulfilled, if, for example, the Notes are sold or redeemed after a transfer from a securities deposit account kept with another bank, the 30% withholding tax is applied to 30% of the amounts paid in partial or final redemption of the Notes or the proceeds from the disposition or assignment of the Notes.

In case of Over-the-Counter-Transactions, the tax rate for the *Zinsabschlag* is 35% plus solidarity surcharge, resulting in a total tax charge of 36.925%. If the Notes are repaid at maturity or sold prior to maturity under such circumstances, the *Zinsabschlag* of 35% plus solidarity surcharge is calculated on 30% of the selling price or the redemption amount. Capital gains, too, are generally included in the relevant tax assessment for personal or corporate income tax purposes and any *Zinsabschlag* as well as the solidarity surcharge will be credited against the final German tax liability or refunded in excess of the final tax liability.

Non-tax Residents

Persons who are not tax residents of Germany, are in general exempt from German *Zinsabschlag* plus solidarity surcharge. In case of Over-the-Counter-Transactions, with the exception of transactions entered into by foreign credit or financial services institutions, the 35% *Zinsabschlag* plus solidarity surcharge, in total 36.925%, applies. Under certain circumstances a refund might be available.

If the Notes are held as Business Assets of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the Noteholder or if the interest income otherwise constitutes income taxable in Germany, the 30% *Zinsabschlag* and solidarity surcharge apply to interest received from the Notes (if they are kept or administered by a Disbursing Agent). However, both *Zinsabschlag* and solidarity surcharge can be set off against the German personal or corporate income tax liability of the non-resident Noteholder in a subsequent assessment procedure.

Other Taxes

No stamp, issue, registration or similar direct or indirect taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Germany.

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for the Issuer by Linklaters, special counsel to the Issuer as to matters of Hong Kong, Luxembourg, German, Netherlands and United States law. Certain matters in connection with the offering will be passed upon for the Initial Purchasers by Davis Polk & Wardwell as to matters of United States law and by Hengeler Mueller Partnerschaft von Rechtsanwälten as to matters of German law.

INDEPENDENT AUDITORS

The financial statements as at and for the year ended December 31, 2003 included in this offering memorandum have been audited by Ernst & Young S. A., Luxembourg, independent auditors, as stated in their report appearing herein, and by AbaCab S.à r.l. Auditors Business Association Cabinet, independent auditors, Luxembourg for 2002 (not restated), as stated in their report appearing herein.

LISTING AND GENERAL INFORMATION

Listing

Application has been made to list the Notes on the Luxembourg Stock Exchange in accordance with the rules of that exchange. Prior to the listing, a legal notice relating to the issue of the Notes and the certified organizational documents of the Issuer and the guarantors will be deposited with the Luxembourg trade and companies register, where such documents may be examined and copies obtained. Notice of any optional redemption, change of control or any change in the rate of interest payable on the Notes will be published in a Luxembourg newspaper of general circulation (which is expected to be the *Luxemburger Wort* or the *Tageblatt*).

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange require, copies of the following documents may be inspected and obtained at the specified office of the listing agent in Luxembourg during normal business hours on any weekday:

- the organizational documents of the Issuer and each of the Guarantors;
- our most recent audited consolidated financial statements, and any interim financial statements published by us as well as these of each Guarantor;
- the Purchase Agreement relating to the Notes; and
- the Indenture relating to the Notes (which includes the form of the Notes).

We will maintain a paying and transfer agent in Luxembourg for as long as any of the Notes are listed on the Luxembourg Stock Exchange. We reserve the right to vary such appointment and we will publish notice of such change of appointment in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or the *Tageblatt*).

Our fiscal year ends December 31 and we will prepare separate financial statements for the Issuer for the fiscal year ending December 31, 2003. These will be available free of charge at the office of our Luxembourg paying agent.

Articles 86 to 94-8 of the Luxembourg law of August 10, 1915 on companies as modified are not applicable, except as set forth under "Management – General Meetings".

Clearing Information

The Notes sold pursuant to Regulation S and the Notes sold pursuant to Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under common codes 020792205 and 020792230 respectively. The international securities identification number for the Notes sold pursuant to Regulation S is XS0207922054 and the international securities identification for the Notes sold pursuant to Rule 144A is XS0207922302.

According to chapter VI art 3 pt A/II/2 of the rules and regulations of the Luxembourg Stock Exchange, the securities shall be freely transferable and therefore no transactions made on the Luxembourg Stock Exchange shall be cancelled.

General Information on the Company

Formation of THIEL Logistik A.G. and Amendments to the Articles of Association

THIEL Logistik A.G. was incorporated on June 4, 1992 as THIEL ET ASSOCIÉS S. A., with its registered seat in Grevenmacher, Luxembourg, as a stock company (*société anonyme / Aktiengesell-schaft*) governed by Luxembourg law and was entered into the Luxembourg Register of Commerce and Companies (*Régistre de Commerce et des Sociétés*) under the registration number R. C. S. Luxembourg B

40.890 on July 27, 1992. The incorporation deed was notarized by the notary Christine Doerner with her official residence at Bettembourg and published in the Mémorial C 1992, No. 527, p. 25251. THIEL ET ASSOCIÉS S. A. was initially formed as holding company. THIEL ET ASSOCIÉS S. A. was later renamed THIEL LOGISTIK A.G. by way of a resolution adopted by an extraordinary general meeting on November 26, 1999.

The Articles of Association were amended pursuant to:

- a notarial deed, executed by the notary Christine Doerner, on January 8, 1993, published in the Mémorial C, 1993, No. 210, page 10.058;
- a notarial deed, executed by the notary Christine Doerner, on November 12, 1993, published in the Mémorial C, 1994, No. 47, page 2.238;
- a notarial deed, executed by the notary Christine Doerner; on November 26, 1999, published in the Mémorial C, 2000, No. 118, page 5.639;
- a notarial deed, executed by the notary Léon Thomas, named Tom Metzler, with his official residence at Luxembourg-Bonneweg, on February 10, 2000, published in the Mémorial C, 2000, No. 363, page 17.415;
- a notarial deed, executed by the notary Tom Metzler, on March 17, 2000, published in the Mémorial C, 2000, No. 501, page 24.033;
- a notarial deed, executed by the notary Tom Metzler, on March 14, 2001, published in the Mémorial C, 2001, No. 925, page 44.362;
- a notarial deed, executed by the notary Tom Metzler, on June 29, 2001, published in the Mémorial C, 2001, No. 591, page 28.332;
- a notarial deed, executed by the notary Tom Metzler, on September 25, 2001, as well as to the declaration of rectification dated October 10, 2001, published in the Mémorial C, 2001, No. 935, page 44.857 and page 44.871;
- a notarial deed, executed by the notary Tom Metzler, on December 21, 2001, published in the Mémorial C, 2002, No. 572, page 27.430;
- a notarial deed, executed by the notary Alex Weber, with his official residence at Bascharage, acting as representative for his prevented colleague Tom Metzler, on March 14, 2002, published in the Mémorial C, 2002, No. 923, page 44.301;
- a notarial deed, executed by the notary Tom Metzler, on June 25, 2002, published in the Mémorial C, 2002, No. 1.283, page 61.566;
- a notarial deed, executed by the notary Tom Metzler, on July 11, 2002, published in the Mémorial C, 2002, No. 1.386, page 66.525;
- a notarial deed, executed by the notary Tom Metzler, on October 18, 2002, published in the Mémorial C, 2002, No. 1.680, page 80.615;
- a notarial deed, executed by the notary Tom Metzler, on October 30, 2002, published in the Mémorial C, 2002, No. 1.744, page 83.670 and
- a notarial deed, executed by the notary Tom Metzler, on April 20, 2004, published in the Mémorial C, 2004, No. 630, page 30.229.

Registered Seat, Duration of the Company and Fiscal Year

The registered seat of THIEL Logistik A.G. is in Grevenmacher, Luxembourg. The Company's address is 5, an de Längten, Zone Industrielle Régionale Potaschberg, L-6776 Grevenmacher, Luxembourg. The Company was formed for an unlimited duration. Its fiscal year is the calendar year.

Object of the Company

According to THIEL Logistik A.G.'s Articles of Association, the object of the Company is the acquisition of any types of equity interests in other Luxembourg or foreign companies which are predominantly active in the areas of logistics, IT, healthcare and other areas serving these purposes, as well as the management, control, and exploitation of these equity interests and the performance of all other types of investment. The Company may acquire all types of securities and cash investments, whether through deposit, subscription, call option or purchase or sell these in any way, as well as manage and supervise these types of interests. The Company may participate in the formation and support of commercial and manufacturing enterprises, issue bonds, provide any type of support, loan, advance or security, or issue any borrowers' notes or other debt instruments for the companies in which it holds an equity interest.

Furthermore, the Company may execute all transactions relating to the purchase and sale, as well as the management and rental, of developed or undeveloped property and other operating facilities of any type. The Company may conduct any transactions involving movable or real property and any financial, industrial or commercial transactions which are directly or indirectly related to its business purpose.

Capital of the Company

Issued Share Capital. The subscribed share capital of the Company amounts to €139,343,733.75 and is divided into 111,474,987 no-par value bearer shares with a notional value of €1.25 per share. The subscribed share capital is fully paid up.

Authorized Capital. The authorized capital of the Company amounts to €60,656,266.25, divided into 48,525,013 no-par value bearer shares. The Company's Board of Directors is authorized to increase the subscribed share capital in full or in part for a period of five years beginning March 14, 2001. Pursuant to Article 5 of the Company's Articles of Association, the Board of Directors is authorized to issue notes in an aggregate amount of up to €500 million and determine the price, interest rates, conditions of payment, issuance and the terms and conditions.

General Information on the Subsidiary Guarantors

Birkart Globistics GmbH & Co. Logistik und Service KG

Birkart Globistics GmbH & Co. Logistik und Service KG was founded on December 13, 2001 as a limited partnership *(Kommanditgesellschaft)* governed by the laws of Germany and is registered with the commercial register *(Handelsregister)* of Aschaffenburg, Germany under the registration number HRA 3818. General partner *(Komplementär)* is Birkart Globistics Management GmbH, Aschaffenburg, registered with the Commercial Register of Aschaffenburg under the registration number HRB 8231. Limited partner *(Kommanditist)* with a limited partners interest of €1,750,000 is Thiel (Deutschland) Vermögensverwaltungs-GmbH, Cologne, registered with the commercial register of Cologne, Germany under the registration number HRB 34148.

The registered seat of Birkart Globistics GmbH & Co. Logistik und Service KG is in Aschaffenburg, Germany. The company was formed for an unlimited duration. Its fiscal year is the calendar year. The company is represented by its general partner.

The object of Birkart Globistics GmbH & Co. Logistik und Service KG is national and international forwarding services, the accomplishment of national and international consignment and warehouse business, the take-over and transport of goods of all types within Germany, on land, on water and in the air, the development and sale of logistical concepts as well as the participation in other enterprises whose object consists of the aforementioned areas of activity, in whole or in part. The company has the right to conduct all business transactions and activities which support the company purpose or are suitable to promote such purpose. It also has the right to participate in other enterprises or to acquire and/ or found such enterprises and to expand the business operations to related branches of all types. It may also establish branch offices at home and abroad. The company is further authorised to conclude company transfer agreements, in particular profit transfer and domination agreements.

"Südkraft" Süddeutsche Kraftwagen-Speditionsgesellschaft mbH

"Südkraft" Süddeutsche Kraftwagen-Speditionsgesellschaft mbH was incorporated by virtue of the articles of association dated February 28, 1930 as a limited liability company *(Gesellschaft mit beschränkter Haftung)* governed by the laws of Germany and is registered with the commercial register *(Handelsregister)* of Munich, Germany under the registration number HRB 40987.

The registered seat of the company is in Munich, Germany. The company was formed for an unlimited duration. Its fiscal year is the calendar year. The company is represented by its managing director(s) *(Geschäftsführer)*.

The object of the company is the operation of storage, forwarding and transport businesses of all kinds. The company may carry out all business transactions which are suitable to promote the purpose of the company. The purpose of the company is in particular the endorsement and support of the business operations of Kraftverkehr Bayern GmbH, with registered office in Munich. In order to achieve this purpose, the company subjects itself to the instructions and orders of Kraftverkehr Bayern GmbH in all its business measures, insofar as this is not contradicted by statutory provisions or contractual commitments.

The share capital of the company amounts to DEM1,000,000.

"Overbruck" Spedition GmbH

"Overbruck" Spedition GmbH was incorporated by virtue of the articles of association dated December 17, 1981 as a limited liability company *(Gesellschaft mit beschränkter Haftung)* governed by the laws of Germany and is registered with the commercial register *(Handelsregister)* Hamburg, Germany under the registration number HRB 36128.

The registered seat of the company is in Hamburg, Germany. The company was formed for an unlimited duration. Its fiscal year is the calendar year. The company is represented by its managing director(s) *(Geschäftsführer)*.

The object of the company is the forwarding of goods of every type, in particular however, of newspapers, magazines and their ancillary products, as well as the procurement of cargo and cargo space. The company is authorised to carry out all business transactions and measures that do not require a license, which support the object of the enterprise. For this purpose, it may found or acquire other enterprises and participate in such enterprises. The company has the right to establish branches at home or abroad.

The share capital of the company amounts to DEM3,000,000.

Kraftverkehr Bayern Gesellschaft mit beschränkter Haftung

Kraftverkehr Bayern Gesellschaft mit beschränkter Haftung was incorporated by virtue of the articles of association dated September 9, 1920 as a limited liability company *(Gesellschaft mit beschränkter Haftung)* governed by the laws of Germany and is registered with the commercial register *(Handelsregister)* of Munich, Germany under the registration number HRB 40957.

The registered seat of the company is in Munich, Germany. The company was formed for an unlimited duration. Its fiscal year is the calendar year. The company is represented by its managing director(s) *(Geschäftsführer)*.

The object of the company is to operate transport businesses and passenger transport businesses of any kind and to trade goods of any kind. The company may conduct any business that is suitable to further the object of the company. In particular, it may hold interests in other enterprises if this directly or indirectly serves the object of the company.

The share capital of the company amounts to €9,600,000.

LOCTON Gesellschaft für Logistik-Systeme mbH

LOCTON Gesellschaft für Logistik-Systeme mbH was incorporated by virtue of the articles of association dated May 7, 1970 as a limited liability company *(Gesellschaft mit beschränkter Haftung)* governed by the laws of Germany and is registered with the commercial register *(Handelsregister)* of Cologne, Germany under the registration number HRB 4814.

The registered seat of the company is in Cologne, Germany. The company was formed for an unlimited duration. Its fiscal year is the calendar year. The company is represented by its managing director(s) *(Geschäftsführer)*.

The object of the company is to develop and distribute logistics systems, to operate any freight forwarding and freight businesses to the largest extent possible in Germany and abroad and to provide staff services, in particular to arrange for the provision of temporary employees *(Leiharbeiter)* and to hire out temporary employees *(Arbeitnehmerüberlassung)*, and to manage other companies engaged in the same fields. The company is entitled to effect any transactions and measures that are deemed necessary or helpful to achieve the object of the company, in particular by entering into corporate agreements *(Unternehmensverträge)*, joint venture agreements *(Interessengemeinschaftsverträge)* and similar agreements. The company may establish branches in Germany and abroad. It may acquire or establish enterprises of any kind or hold interests therein.

The share capital of the company amounts to €767,000.

LOCTON industrial services GmbH

LOCTON industrial services GmbH was incorporated by virtue of the articles of association dated July 24, 2001 as a limited liability company *(Gesellschaft mit beschränkter Haftung)* governed by the laws of Germany and is registered with the commercial register *(Handelsregister)* of Cologne, Germany under the registration number HRB 50540.

The registered seat of the company is in Cologne, Germany. The company was formed for an unlimited duration. Its fiscal year is the calendar year. The company is represented by its managing director(s) *(Geschäftsführer)*.

The object of the company is to create and distribute logistics systems, to operate any freight forwarding and freight businesses to the largest extent possible in Germany and abroad and to provide staff services, in particular to arrange for the provision of temporary employees *(Leiharbeiter)* and to hire out temporary employees *(Arbeitnehmerüberlassung)*, and to manage other companies engaged in the same fields. The company is entitled to effect any transactions and measures that are deemed necessary or helpful to achieve the object of the company, in particular by entering into corporate agreements *(Unternehmensverträge)*, joint venture agreements *(Interessengemeinschaftsverträge)* and similar agreements. The company may establish branches in Germany and abroad. It may acquire or establish enterprises of any kind or hold interests therein.

The share capital of the company amounts to €500,000.

Z. Z.–Verlagsservice Eichberg GmbH

Z. Z.-Verlagsservice Eichberg GmbH was incorporated by virtue of the articles of association dated August 8, 1973 as a limited liability company *(Gesellschaft mit beschränkter Haftung)*, is governed by the laws of Germany and is registered with the commercial register *(Handelsregister)* of Darmstadt, Germany under the registration number HRB 53731.

The registered seat of the company is in Mörfelden-Walldorf, Germany. The company was formed for an unlimited duration. Its fiscal year is the calendar year. The company is represented by its managing director(s) *(Geschäftsführer)*.

The object of the company is freight forwarding of goods of any kind, in particular of newspapers, magazines and sub-products thereof and arranging the provision of cargo goods and cargo space. The company is entitled to effect any transactions that are suitable to directly or indirectly further the object of the company. Furthermore, the company is entitled to establish and acquire other enterprises and to hold interests therein. It is entitled to establish branches in Germany and abroad.

The share capital of the company amounts to €30,000.

BTS Delhey Logistik GmbH

BTS Delhey Logistik GmbH was incorporated by virtue of the articles of association dated June 29, 1990 as a limited liability company *(Gesellschaft mit beschränkter Haftung)* governed by the laws of Germany and is registered with the commercial register *(Handelsregister)* of Frankfurt (Oder), Germany under the registration number HRB 4987 FF.

The registered seat of the company is in Spreenhagen, Germany. The company was formed for an unlimited duration. Its fiscal year is the calendar year. The company is represented by its managing director(s) *(Geschäftsführer)*.

The object of the company is the provision of all types of logistical services, forwarding services, handling, storage and commission services and the transport and provision of all kinds of goods as well as carrying out all linked services and legal transactions, further carrying out transit traffic, customs clearance, consignment storage and the payment of customs duty in Germany and abroad. The company is entitled to establish branches and subsidiaries within the country and abroad and to hold interests in equal or similar enterprises.

The share capital of the company amounts to €26,000.

GAT-Logistik GmbH & Co KG

GAT-Logistik GmbH & Co KG was founded on December 7, 2001 as a limited partnership *(Kommanditgesellschaft)* governed by the laws of Germany and is registered with the commercial register *(Handelsregister)* of Kempten (*Allgäu*), Germany under the registration number HRA 4379. General partner *(Komplementär)* is GAT Verwaltungs-GmbH with company seat in Kempten (*Allgäu*), Germany. Limited partner *(Kommanditist)* with a limited partner interest of €50,000 is Thiel (Deutschland) Vermögensverwaltungs-GmbH with company seat in Cologne, Germany.

The registered seat of GAT-Logistik GmbH & Co KG is in Kempten (*Allgäu*), Germany. The company is represented by its general partner.

The object of GAT-Logistik GmbH & Co KG is the provision of management services and services in the area of logistics and of the international transportation of goods. The company is entitled to acquire, hold and sell real estate. The company is entitled to conduct all transactions that are suitable to directly or indirectly serve the object of the company or promote or to further the development of the enterprise. The company is entitled to hold interests in other national or foreign enterprises which have an identical or similar business purpose and/or to manage such enterprises and/or to assume personal liability of such enterprises. The company is entitled to establish branches within the country and/or abroad.

delacher Logistics AG+Co KG

Delacher Logistics AG+Co KG emerged from the transformation of delacher Logistics AG and was formed by virtue of the articles of association dated June 30, 2001. delacher Logistics AG+Co KG is a limited partnership *(Kommanditgesellschaft)* governed by the laws of Austria and is registered with the commercial register *(Firmenbuch)* of the regional court *(Landesgericht)* Feldkirch, Austria under the registration number FN 212996 f. General partner *(Komplementär)* is delacher Logistics AG, registered with the commercial register of the regional court *(Landesgericht)* Feldkirch under the registration number FN 208721 v. Limited partner *(Kommanditist)* with a limited partner interest of ATS36,000,000 is Thiel Logistik Management GmbH, registered with the commercial register of the regional court *(Landesgericht)* Salzburg, Austria under the registration number FN 193083 x.

The registered seat of the company is in Wolfurt, Austria. The company was formed for an unlimited duration. Its fiscal year is the calendar year. The company is represented by its general partner.

The object of the company is the provision of all types of logistical services, in particular forwarding services, storage, the provision of electronic data processing services, the renting and leasing of movable or real property of all kinds, trading with goods of all kinds, acting as insurance broker and agent, as well as the participation in all enterprises and companies. Additionally, the company may execute all transactions, business and measures which appear to be conducive for the achievement of the business purpose, such as in particular, the acquisition and/or leasing of other companies, respectively the participation in other companies.

Logochem Logistikservice GmbH & Co KG

Logochem Logistikservice GmbH & Co KG emerged from the transformation of Logochem Logistikservice GmbH and was formed by virtue of the articles of association dated September 21, 2001. Logochem Logistikservice GmbH & Co KG is a limited partnership *(Kommanditgesellschaft)* governed by the laws of Austria and is registered with the commercial register *(Firmenbuch)* of the regional court *(Landesgericht)* Salzburg, Austria under the registration number FN 214092 t. General partner *(Komplementär)* is Logochem Logistikservice GmbH, registered with the commercial register of the regional court *(Landesgericht)* Salzburg under the registration number FN 213642 f. Limited partner *(Kommanditist)* with a limited partner interest of €35,000 is Quehenberger Logistik AG & Co KG, registered with the commercial register of the regional court *(Landesgericht)* Salzburg under the registration number FN 212962 f.

The registered seat of the company is in Bergheim, Austria. Its fiscal year is the calendar year. The company is represented by its general partner.

The company is registered in the commercial register as a logistics provider.

Welz Internationale Spedition GmbH

Welz Internationale Spedition GmbH was incorporated by virtue of the articles of association dated December 6, 2000 as a limited liability company *(Gesellschaft mit beschränkter Haftung)* governed by the laws of Austria and is registered with the commercial register *(Firmenbuch)* of the regional court *(Landesgericht)* Salzburg, Austria under the registration number FN 203715 g.

The registered seat of the company is in Salzburg, Austria. The company was formed for an unlimited duration. Its fiscal year is the calendar year. The company is represented by its managing director(s) *(Geschäftsführer)*.

The object of the company is the operation of all branches of the transport, forwarding and storage business, carrying out all associated business transactions in Austria and abroad, renting out wagons and operating equipment and facilities, the erection of buildings, the purchase and sale, as well as the rental and letting *(Bestandnahme und Bestandgabe)* of real estate and/or other constructions. Furthermore, the object of the company is continuing the operation of the international forwarding, transport and storage enterprise Welz Internationale Spedition GmbH, registered with the commercial register *(Firmenbuch)* of the regional court *(Landesgericht)* Salzburg, Austria under the registration number FN 37426 p, which was transferred to the newly founded company by way of spin-off into assuming company *(Abspaltung zur Aufnahme)*. The financing, management and assumption of representation of enterprises of similar type and the establishment of branches in Austria and abroad as well as the participation in other enterprises of the same or related type and the trading with all types of goods.

The share capital of the company amounts to €35,000.

Birkart Globistics Austria GmbH

Birkart Globistics Austria GmbH was incorporated by virtue of the articles of association dated December 20, 1971 as a limited liability company *(Gesellschaft mit beschränkter Haftung)* governed by the laws of Austria and is registered with the commercial register *(Firmenbuch)* of the commercial court *(Handelsgericht)* Vienna, Austria under the registration number FN 79399 p.

The registered seat of the company is in Vienna, Austria. The company was formed for an unlimited duration. Its fiscal year is the calendar year. The company is represented by its managing director(s) *(Geschäftsführer)*.

The object of the company is the operation of an international logistics and forwarding business, in particular (also) under the established trademark BIRKART GLOBISTICS, together with all associated ancillary activities such as transport of goods, transport of furniture, air and ship freight, storage and ironing of clothing and also the participation in other enterprises, also as general partner *(persönlich haftender Gesellschafter)*; excluding, however, banking and stock exchange business.

The share capital of the company amounts to €3,300,000.

Quehenberger Logistik AG & Co KG

Quehenberger Logistik AG & Co KG emerged from the transformation of Quehenberger Logistik AG. Quehenberger Logistik AG & Co KG is a limited partnership *(Kommanditgesellschaft)* governed by the laws of Austria and is registered with the commercial register *(Firmenbuch)* of the regional court *(Landesgericht)* Salzburg, Austria under the registration number FN 212962 f. General partner *(Komplementär)* is Quehenberger Logistik AG, registered with the commercial register of the regional court *(Landesgericht)* Salzburg under the registration number FN 209770 k. Limited partner *(Kommanditist)* with a limited partner interest of ATS 54,500,000 is Thiel Logistik Management GmbH, registered with the commercial register of the regional court *(Landesgericht)* Salzburg, Austria under the registration number FN 193083x.

The registered seat of the company is in Bergheim, Austria. Its fiscal year is the calendar year. The company is represented by its general partner.

The company is registered in the commercial register as a logistics provider.

Nunner B. V.

Nunner B. V. was incorporated by virtue of the articles of association dated April 13, 1989 as a limited liability company *(besloten vennootschap)* governed by the laws of The Netherlands and is registered with the commercial register *(Kamer van Koophandel)* of Oost Brabandt, The Netherlands under the registration number 17064969.

The registered seat of the company is in Valkenswaard, The Netherlands. The company is represented by its managing director(s) *(statutory director)*.

The object of the company is the international forwarding business and taking part in, working together with and taking over other companies.

The issued share capital *(geplaatst kapital)* of the company amounts to €19,058.

SES Schneider & Erb Speditions AG

SES Schneider & Erb Speditions AG was incorporated by virtue of the articles of association dated December 12, 1978 as a stock corporation *(Aktiengesellschaft)* governed by the laws of Switzerland and is registered with the commercial register (Handelsregister) of the Kanton Schaffhausen, Switzerland under the registration number CH-290.3.004.131-2.

The registered seat of the company is in Thayngen, Switzerland. The company was formed for an unlimited duration. Its fiscal year is the calendar year. The company is represented by its board of directors *(Verwaltungsrat)*.

The object of the company is the provision of forwarding services, custom clearance, storage and handling of all kinds of goods within the country and abroad. The company is entitled to establish branches and agencies within the country and abroad and to hold interests in enterprises of the forwarding, transport and storage business and to carry out operations of any kind which further directly or indirectly the purpose of the company.

The share capital of the company amounts to CHF5,000,000.

Früchtetrans AG

Früchtetrans AG was incorporated by virtue of the articles of association dated January 6, 1992 as a stock corporation *(Aktiengesellschaft)* governed by the laws of Switzerland and is registered with the commercial register *(Handelsregister)* of Basel-Landschaft, Switzerland under the registration number CH-217.0.137.259-4.

The registered seat of the company is in Pratteln, Switzerland. The company was formed for an unlimited duration. The board of directors *(Verwaltungsrat)* determines the fiscal year and represents the company.

The object of the company is carrying out national and international transport of cars and the storage and handling in particular of fresh fruits. The company is entitled to effect any transactions, conclude agreements and give loans that are suitable to further the object of the company or that are directly or indirectly connected herewith. The company is entitled to establish branches within the country and abroad and to participate in or combine with other enterprises. The company is entitled to acquire, hold and sell real estate.

The share capital of the company amounts to CHF100,000.

Delacher+Co Transport AG

Delacher+Co Transport AG was incorporated by virtue of the articles of association dated June 25, 1970 as a stock corporation *(Aktiengesellschaft)* governed by the laws of Switzerland and is registered with the commercial register *(Handelsregister)* of the Kanton Basel-Landschaft, Switzerland under the registration number CH-280.3.900.419-5.

The registered seat of the company is in Muttenz, Switzerland. The company was formed for an unlimited duration. The board of directors *(Verwaltungsrat)* determines the fiscal year and represents the company.

The object of the company is the operation of all kinds of freight forwarding services, storage, handling and transport services and all kinds of linked activities. The company is entitled to establish branches within the country and abroad and to establish, acquire or hold interests in identical or similar enterprises. It is further entitled to acquire and sell real estate and to carry out all activities that are directly or indirectly linked to the object of the company.

The share capital of the company amounts to CHF100,000.

Nunner GmbH

Nunner GmbH was incorporated by virtue of the articles of association dated May 25, 2000 as a limited liability company *(Gesellschaft mit beschränkter Haftung)* governed by the laws of Austria and is registered with the commercial register *(Firmenbuch)* of the regional court *(Landesgericht)* Klagenfurt, Austria under the registration number FN 197004 m.

The registered seat of the company is in Fürnitz (community of Finkenstein), Austria. The company was formed for an unlimited duration. Its fiscal year is the calendar year. The company is represented by its managing director(s) *(Geschäftsführer)*.

The object of the company is operating freight forwarding and transport services and trading all kinds of goods. The company is entitled to establish branches within the country and abroad. It is further entitled to participate and in other companies of the same type and to assume the management thereof.

The share capital of the company amounts to €35,000.

Logotec Logistikservice GmbH & Co KG

Logotec Logistikservice GmbH & Co emerged from the transformation of Logotec Logistikservice Gesellschaft m.b.H. and was formed by virtue of the articles of association dated September 21, 2001. Logotec Logistikservice GmbH & Co is a limited partnership *(Kommanditgesellschaft)* governed by the laws of Austria and is registered with the commercial register *(Firmenbuch)* of the commercial court *(Handelsgericht)* Vienna, Austria under the registration number FN 214349 w. General partner *(Komplementär)* is Logotec Logistikservice GmbH, registered with the commercial register of the regional court *(Landesgericht)* Salzburg, Austria under the registration number FN 213645 i. Limited partner *(Kommanditist)* with a limited partner interest of € 36,336.42 is Quehenberger Logistik AG & Co KG, registered with the commercial register of Salzburg under the registration number FN 212962 f.

The registered seat of the company is in Vienna, Austria. The company is represented by its general partner.

The company is registered in the commercial register as a logistics provider.

Birkart Globistics Limited

Birkart Globistics Limited was incorporated under the Companies Ordinance, Hong Kong on May 30, 1972 as a limited liability company governed by the laws of Hong Kong (with certificate of incorporation no. 28082). The business addresses are 1) Suite 2708 27/F, Skyline Tower 39, Wang Kwong Road, Kowloon Bay, KL, 2) Flat/RM 1101 11/F, Phase I MTL Warehouse Bldg, Berth One Container Port Rd, Kwai Chung, NT and 3) 5/F China Travel (Cargo) Logistics Ctr Lot No Kil 10663, Cheong Tung Rd, Hunghom, KL.

The company is represented by its board of directors.

The objects of the company are, amongst other things, to carry on the businesses of air/sea freight consolidators and cargo agents, aircraft/ship and insurance brokers, chartering agents, surveyors, freight contractors, aircraft/ship management, booking agents for passengers, publication of traveling/tourist guides and maps, tourist agents, construction/management of property, import/export of goods and other associated businesses.

The current authorised share capital of the company is HK$15,000,000.

Ownership structure of Subsidiary Guarantors

With the exception of Nunner B. V., Nunner GmbH, Früchtetrans AG, LOCTON Gesellschaft für Logistik-Systeme mbH, LOCTON industrial services GmbH and Delacher+Co Transport AG, we, directly or indirectly, hold all shares and partnership interests in the companies listed above. All shares in Nunner B. V., Nunner GmbH, Früchtetrans AG, LOCTON Gesellschaft für Logistik-Systeme mbH and LOCTON industrial services GmbH are indirectly held through our subsidiary Micrologic Logistics AG. We own 97.23% of Micrologic Logistics AG's share capital. We indirectly hold 95% of Delacher+Co Transport AG's issued share capital.

Issuance of the Notes

On November 23, 2004, the Board of Directors of the Issuer resolved in principle to consider the issuance of the Notes and on December 7, 2004, the Board of Directors resolved the issuance of the Notes. On December 3, 5, 6, 7 and 8, 2004, the shareholders' meetings and the management board meetings of the Subsidiary Guarantors authorized the issuance of the guarantees in respect to the Notes.

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ANNEX A: GLOSSARY

Area contract freight forwarder: A principal freight forwarder who undertakes for his principal the shipment of all suppliers from and to a certain area.

Break bulk: Individual consignment which is handled as one unit during the transport, i.e., single packages that are not grouped into larger loading units (for example, containers) for the carriage.

Carrier: A carrier undertakes the transport of goods on land, water or in the air.

CEP: Courier, Express and Parcel delivery services.

Contract logistics: Logistics services where the assumes contractual responsibility for logistics functions of his customers on a long term contractual basis.

Co-sourcing: The use of external service providers in partnership with internal providers of the same or related services.

Distribution logistics: Activities within a logistics chain involving the distribution of products from a finished products warehouse to customers.

Freight carrier: See “Carrier”.

Freight forwarder: A freight forwarder buys transport and related services, supplements them if necessary with services of his own and sells them as a package to his customer. He organizes, optimizes, plans and controls transport chains, physical shipments and logistical services for his principal. He manages all procedures of the transport and logistics process that are required before, during and after the actual physical movement of goods. He instructs carriers or does the physical transportation himself.

Full Load: Full load is the volume of goods collected from one sender/consignor for a transportation to one consignee on one transport device, occupying the full capacity of this transport device.

Groupage: Groupage is the volume of goods collected from several shippers, normally grouped together at a forwarders facility and transported on one transport medium to one addressee.

Handling: The trans shipping of goods (packages) on to another transport device by the freight forwarder or another service provider.

In-house logistics: The assumption of responsibility for logistics services at a client company location.

Just-in-sequence: Delivery of materials to a customer, directly into the production process and in the correct order.

Just-in-time: Delivery of materials to a customer, directly into the production process but not in a particular sequence.

Logistics: The study of, and all activities involved in, the needs-driven provision of goods. Optimal organization of the materials flow to ensure the efficient solution of storage, transport and traffic problems.

Outsourcing: The contracting out of logistics services to external service providers.

Packing: Assembly of the components of a final product in accordance with customer-specific requirements (for example, including labeling).

Part Load: Individual consignment which is handled as one unit during the transport, i.e. single packages that are not grouped into larger loading units (for example, containers) for shipment.

Procurement logistics: Part of the logistics chain between the supplier and the manufacturer.

Production logistics: Part of the logistics chain from procurement to sales.

Supply chain management: End-to-end monitoring, control and optimization of the supply chain. Control and coordination of existing procurement, production and distribution networks.

Value-added services: The individual integration of additional services into logistics services provided.

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY FINANCIAL INFORMATION

Some of the financial statements contained in this offering memorandum differ from the statements for the same periods that we published previously. Specifically, in connection with the preparation of our financial statements for 2003 that we published in early 2004, we restated our financial statements for 2002 to record certain leasing contracts as capital leases rather than operating leases, and we reclassified certain operations for 2002 and 2003 as discontinued operations. See "Management's Discussion and Analysis of Financial Condition and Result of Operations – Presentation of Financial Information." In the financial statements for 2003 and 2002 contained in this offering memorandum, we have reclassified further operations as discontinued operations.

The annual reports of the Issuer for the financial years 2002 and 2003 are incorporated by the reference in the listing particulars and any interested party may obtain, free of charge, a copy of such documents at the offices of the Luxembourg listing and paying agent.

The following tables set out, for each year, our originally published financial statements for that year, along with any restatement or reclassification of the statements for that year.

Consolidated Statements of Income

	Years ended December 31,					Nine months ended September 30,	
	2002	**2002**	**2002**	**2003**	**2003**	**2003**	**2004**
	(historical)	**(first reclassification and restatement) (unaudited)**	**(second reclassification and restatement) (unaudited)**	**(historical)**	**(reclassified)**	**(reclassified and restated) (unaudited)**	**(unaudited)**
				(thousands of €)			
Net sales	1,491,421	1,396,831	1,352,328	1,699,861	1,663,598	1,234,109	1,307,401
Cost of sales	(1,375,261)	(1,283,668)	(1,239,795)	(1,580,871)	(1,539,808)	(1,143,807)	(1,207,157)
Gross margin	**116,160**	**113,163**	**112,533**	**118,990**	**123,790**	**90,302**	**100,244**
Selling costs	(32,068)	(29,245)	(29,067)	(34,538)	(33,977)	(25,547)	(25,267)
General and administrative costs	(88,730)	(72,755)	(72,708)	(90,782)	(90,060)	(65,007)	(64,578)
Other operating income, net	6,199	5,479	5,373	8,100	7,463	4,219	11,194
Total operating expenses	(114,599)	(96,521)	(96,402)	(117,220)	(116,574)	(86,335)	(78,651)
Operating income before restructuring and impairment	**1,561**	**16,642**	**16,131**	**1,770**	**7,216**	**3,967**	**21,593**
Restructuring costs	–	–	–	(16,302)	(14,008)	(14,369)	–
Impairment of long-lived assets	–	–	–	(5,259)	(5,259)	(5,061)	–
Impairment of goodwill	–	–	–	(34,067)	(30,746)	(30,746)	–
Operating income (loss)	**1,561**	**16,642**	**16,131**	**(53,858)**	**(42,797)**	**(46,209)**	**21,593**
Interest expense, net	(9,058)	(8,677)	(8,654)	(15,418)	(15,405)	(11,529)	(10,844)
Other financial income, net	(723)	(863)	(863)	(7,700)	(7,700)	(6,919)	490
Equity in earnings of associated companies	(140)	(140)	(140)	358	358	209	66
Total financial results	(9,921)	(9,680)	(9,657)	(22,760)	(22,747)	(18,239)	(10,288)
Income taxes	3,293	(2,292)	(2,631)	(7,917)	(7,328)	(4,984)	(4,260)
Income (loss) from continuing operations	(5,067)	4,670	3,843	(84,535)	(72,872)	(69,432)	7,045
Income (loss) from discontinued operations	**–**	**(10,011)**	**(9,184)**	**(72,588)**	**(84,250)**	**(58,425)**	**(3,587)**
Income before minorities	(5,067)	(5,341)	(5,341)	(157,123)	(157,122)	(127,857)	3,458
Minority interest	(31)	83	83	916	915	591	(2,065)
Net income (loss)	**(5,098)**	**(5,258)**	**(5,258)**	**(156,207)**	**(156,207)**	**(127,266)**	**1,393**

Consolidated Balance Sheet Data

	Years ended December 31,					Nine months ended September 30,	
	2002	2002	2002	2003	2003	2003	2004
	(historical)	(first reclassification and restatement) (unaudited)	(second reclassification and restatement) (unaudited)	(historical)	(reclassified)	(reclassified and restated) (unaudited)	(unaudited)
				(thousands of €)			
Cash and cash equivalents	111,565	111,565	111,565	51,012	51,012	51,307	86,833
Trading securities, at fair value	1,731	1,731	1,731	402	402	270	–
Trade accounts receivable, net of allowances	244,774	226,814	219,566	238,531	233,361	269,538	235,008
Accounts receivable due from associated companies	98	98	98	1,252	1,252	906	875
Inventory	11,332	8,256	6,158	5,577	5,509	4,739	5,234
Deferred income taxes	5,503	3,080	3,080	2,638	2,638	2,757	5,439
Prepaid expenses and other current assets	36,396	35,454	34,469	33,195	31,082	31,253	27,608
Assets held for sale	4,327	4,327	4,327	4,897	4,897	9,276	928
Assets of discontinued businesses held for sale	–	89,014	102,677	26,252	35,213	68,858	14,268
Total current assets	**415,726**	**480,339**	**483,671**	**363,756**	**365,366**	**438,904**	**376,193**
Property, plant and equipment, net	313,273	294,438	292,878	277,705	277,301	273,358	263,660
Investments in associated companies	4,456	4,456	4,456	1,315	1,315	1,380	430
Other investments	15,952	15,562	15,536	3,522	3,495	10,356	2,965
Securities available for sale, at fair value	8,198	3,677	3,677	3,668	3,668	3,819	3,791
Securities held to maturity	381	381	381	370	370	381	370
Deferred income taxes	35,615	26,624	26,186	21,586	21,586	25,624	19,437
Intangible assets	14,892	26,905	26,853	31,391	30,545	31,332	25,983
Other assets	6,549	6,623	6,617	7,102	7,097	10,147	10,817
Goodwill, net	260,659	239,061	237,811	288,087	287,758	286,074	288,048
Total non-current assets	659,975	617,727	614,395	634,746	633,135	642,471	615,501
Total assets	**1,075,701**	**1,098,066**	**1,098,066**	**988,502**	**998,501**	**1,081,375**	**991,694**
Short-term borrowings and current portion of long-term debt	113,304	110,796	110,404	157,036	157,031	146,906	101,024
Trade accounts payable	147,589	141,206	136,100	155,889	154,031	167,903	165,621
Accounts payable due to associated companies	1,327	1,328	1,333	939	966	4,069	1,048
Lease obligations, short-term portion	6,525	7,039	6,915	6,494	6,494	6,437	6,609
Accrued income taxes	14,443	13,839	11,647	11,993	9,755	8,248	13,703
Deferred income taxes	1,153	916	916	687	687	1,260	491
Accrued expenses, other liabilities and deferred income	97,561	90,470	89,390	110,985	109,024	133,928	106,407
Liabilities of discontinued businesses held for sale	–	25,830	36,501	26,789	34,520	37,192	12,138
Total current liabilities	381,902	391,424	393,206	470,812	472,508	505,943	407,041
Long-term debt	127,941	125,444	125,444	107,927	107,927	113,962	77,050
Lease obligations	32,906	48,266	48,266	47,031	47,031	44,379	46,501
Retirement and other employee-related obligations	47,077	46,027	44,245	48,456	46,759	46,208	48,061
Deferred income taxes, long-term	32,856	31,437	31,437	30,993	30,993	34,134	27,495
Other non-current liabilities	9,112	9,064	9,064	11,295	11,295	24,004	8,355
Total non-current liabilities	**249,892**	**260,238**	**258,456**	**245,702**	**244,005**	**262,687**	**207,462**
Minority interest	4,858	7,516	7,516	2,235	2,235	3,185	2,122
Shareholders' equity	439,049	438,888	438,888	279,753	279,753	309,560	375,069
Total liabilities and shareholders' equity	**1,075,701**	**1,098,066**	**1,098,066**	**998,502**	**998,501**	**1,081,375**	**991,694**

Consolidated Cash Flow Data

	Years ended December 31,					Nine months ended September 30,	
	2002	2002	2002	2003	2003	2003	2004
	(historical)	(first reclassification and restatement) (unaudited)	(second reclassification and restatement) (unaudited)	(historical)	(reclassified)	(reclassified and restated) (unaudited)	(unaudited)
				(thousands of €)			
Net cash provided by operating activities	32,796	39,942	36,435	40,793	38,505	29,736	52,716
Net cash used in investing activities	(85,101)	(61,297)	(60,438)	(103,332)	(99,991)	(78,745)	(8,706)
Net cash provided by financing activities	104,036	97,469	97,526	17,867	18,378	13,079	357
Net cash used in discontinued operations	–	(24,383)	(21,792)	(14,484)	(16,049)	(23,178)	(8,914)
Effects of exchange rate changes on cash	(781)	(781)	(781)	(1,397)	(1,396)	(1,150)	368
Increase (decrease) in cash and cash equivalents	**50,950**	**50,950**	**50,950**	**(60,553)**	**(60,553)**	**(60,258)**	**35,821**

Reconcilation EBITDA

(in %)		Total	(in %)	Guarantors		Microlog (in %)
80	EBITDA	66,022,893	80.2	52,943,246	8,691,718	13.2
71	Net Sales	1,736,889,155	70.6	1,225,658,812	127,886,312	7,4
60	Net Assets	263,660,198	59.8	157,750,538	3,624,230	1.4

Operating Segments / Reporting Units	EBITDA pre restructuring 31.12.2003	In % of Thiel Group	EBITDA pre restructuring 30.09.2004	EBITDA pre restructuring LTM	In % of Thiel Group	Guarantors
Quehenberger Logistik AG + Co KG, Bergheim	7,583,728	15.0	8,478,326	9,758,849	14.8	9,758,849
Birkart Globistics GmbH & Co Log u Serv KG	1,118,585	2.2	5,952,783	4,369,326	6.6	4,369,326
Südkraft Süddt. Kraftw.-Sped.GmbH, München	1,104,210	2.2	1,299,089	1,435,825	2.2	1,435,825
Overbruck Speditions GmbH	3,428,517	6.8	2,947,199	4,080,734	6.2	4,080,734
Delacher Logistics AG + Co KG; A-Wolfurt	1,739,254	3.4	2,449,103	3,247,362	4.9	3,247,362
Birkart Globistics Ltd. (Hongkong)	2,145,880	4.2	2,154,654	2,897,010	4.4	2,897,010
Logochem Logistikservice GmbH+Co KG, Linz	1,300,990	2.6	627,973	681,071	1.0	681,071
Welz Int. Spedition GmbH, A-Salzburg	1,596,823	3.2	1,053,173	1,703,374	2.6	1,703,374
Locton GmbH, D-Köln	3,431,102	6.8	1,984,190	3,092,410	4.7	3,092,410
Locton Industrial Services, Köln	2,124,529	4.2	(181,028)	473,016	0.7	473,016
Birkart Austria Intern. Spedition GmbH	431,205	0.9	1,413,237	1,560,609	2.4	1,560,609
Delacher + co. Transport AG, CH Muttenz	1,319,916	2.6	1,381,780	1,443,440	2.2	1,443,440
ZZ Verlagsservice Eichberg Verw.GmbH	1,088,009	2.1	934,710	1,277,466	1.9	1,277,466
Nunner GmbH, (A) Leibnitz	400,956	0.8	594,974	660,684	1.0	660,684
Kraftverkehr Bayern GmbH, München	4077,073	8.0	4,272,279	5,196,338	7.9	5,196,338
Nunner B. V., (NL) Valkenswaard	1,880,648	3.7	1,722,463	2,453,115	3.7	2,453,115
BTS DELHEY Logistik GmbH, Spreenh.	1,938,868	3.8	1,426,534	1,830,183	2.8	1,830,183
GAT-Logistik GmbH & Co KG, DE-Kempten	980,176	1.9	705,345	818,831	1.2	818,831
SES Schneider & Erb Speditions AG	1,604,117	3.2	2,416,081	2,529,493	3.8	2,529,493
Früchtetrans AG, (CH) Pratteln	2,011,692	4.0	1,485,373	2,012,493	3.0	2,012,493
Logotec Logistikservice GmbH + Co KG, Wien	1,510,629	3.0	660,119	1,421,618	2.2	1,421,618

Operating Segments / Reporting Units	Net sales 31.12.2003	In % of Thiel Group	Net sales 30.09.2004	Net sales LTM	In % of Thiel Group	Guarantors
Quehenberger Logistik AG + Co KG, Bergheim	172,319,354	10.4	167,543,118	212,265,425	12.2	212,265,425
Birkart Globistics GmbH & Co Log u Serv KG	245,713,925	14.8	206,499,368	261,749,073	15.1	261,749,073
Südkraft Süddt. Kraftw.–Sped.GmbH, München	107,598,100	6.5	96,314,618	122,664,393	7.1	122,664,393
Overbruck Speditions GmbH	90,770,876	5.5	64,729,058	94,623,532	5.4	94,623,532
Delacher Logistics AG + Co KG; A-Wolfurt	72,395,480	4.4	58,595,805	76,613,498	4.4	76,613,498
Birkart Globistics Ltd. (Hongkong)	54,941,340	3.3	44,348,684	60,808,327	3.5	60,808,327
Logochem Logistikservice GmbH + Co KG, Linz	49,015,898	2.9	42,419,009	55,440,434	3.2	55,440,434
Welz Int. Spedition GmbH, A-Salzburg	48,090,668	2.9	33,331,186	42,833,111	2.5	42,833,111
Locton GmbH, D-Köln	42,389,561	2.5	30,707,626	41,838,433	2.4	41,838,433
Locton Industrial Services, Köln	35,159,596	2.1	25,655,295	34,471,794	2.0	34,471,794
Birkart Austria Intern. Spedition GmbH	38,560,524	2.3	22,156,594	29,888,519	1.7	29,888,519
Delacher + co. Transport AG, CH Muttenz	26,704,176	1.6	21,858,923	28,707,428	1.7	28,707,428
ZZ Verlagsservice Eichberg Verw.GmbH	25,333,475	1.5	25,545,182	34,074,598	2.0	34,074,598
Nunner GmbH, (A) Leibnitz	21,179,398	1.3	14,475,116	20,535,098	1.2	20,535,098
Kraftverkehr Bayern GmbH, München	25,245,005	1.5	12,436,769	19,190,638	1.1	19,190,638
Nunner B. V., (NL) Valkenswaard	14,801,348	0.9	13,383,832	17,499,382	1.0	17,499,382
BTS DELHEY Logistik GmbH, Spreenh.	19,148,139	1.2	12,581,270	17,446,701	1.0	17,446,701
GAT-Logistik GmbH & Co KG, DE-Kempten	16,204,660	1.0	11,743,014	15,622,506	0.9	15,622,506
SES Schneider & Erb Speditions AG	16,266,650	1.0	12,093,939	15,620,835	0.9	15,620,835
Früchtetrans AG, (CH) Pratteln	12,748,353	0.8	10,235,391	13,541,606	0.8	13,541,606
Logotec Logistikservice GmbH + Co KG, Wien	11,500,824	0.7	7,276,066	10,223,482	0.6	10,223,482

Operating Segments / Reporting Units	Tangible assets 31.12.2003	In % of Thiel Group	Tangible assets 30.09.2004	In % of Thiel Group	Guarantors
Quehenberger Logistik AG + Co KG, Bergheim	41,497,104	15.0	39,525,254	15.0	39,525,254
Birkart Globistics GmbH & Co Log u Serv KG	7,557,862	2.7	6,708,718	2.5	6,708,718
Südkraft Süddt. Kraftw.-Sped.GmbH, München	2,374,795	0.9	2,149,832	0.8	2,149,832
Overbruck Speditions GmbH	958,097	0.3	693,735	0.3	693,735
Delacher Logistics AG + Co KG; A-Wolfurt	17,210,881	6.2	16,606,145	6.3	16,606,145
Birkart Globistics Ltd. (Hongkong)	285,578	0.1	551,274	0.2	551,274
Logochem Logistikservice GmbH + Co KG, Linz	431,144	0.2	512,533	0.2	512,533
Welz Int. Spedition GmbH, A-Salzburg	1,840,265	0.7	1,685,382	0.6	1,685,382
Locton GmbH, D-Köln	897,923	0.3	729,601	0.3	729,601
Locton Industrial Services, Köln	1,063,202	0.4	577,284	0.2	577,284
Birkart Austria Intern. Spedition GmbH	732,216	0.3	714,278	0.3	714,278
Delacher + co. Transport AG, CH Muttenz	592,482	0.2	488,736	0.2	488,736
ZZ Verlagsservice Eichberg Verw. GmbH	398,565	0.1	303,080	0.1	303,080
Nunner GmbH, (A) Leibnitz	62,213	0.0	55,689	0.0	55,689
Kraftverkehr Bayern GmbH, München	46,631,779	16.8	36,717,891	13.9	36,717,891
Nunner B. V., (NL) Valkenswaard	97,882	0.0	106,509	0.0	106,509
BTS DELHEY Logistik GmbH, Spreenh.	18,813,233	6.8	17,875,042	6.8	17,875,042
GAT-Logistik GmbH & Co KG, DE-Kempten	1,534,359	0.6	1,237,197	0.5	1,237,197
SES Schneider & Erb Speditions AG	17,702,311	6.4	24,562,279	9.3	24,562,279
Früchtetrans AG, (CH) Pratteln	2,540,287	0.9	2,155,147	0.8	2,155,147
Logotec Logistikservice GmbH+Co KG, Wien	3,965,934	1.4	3,794,932	1.4	3,794,932

Affiliated Companies

Thiel Logistik A.G., Grevenmacher	Holding Company as at December 31, 2003	Area of Business	Ownership as at December 31, 2003	Ownership absolute	Share Capital as at December 31, 2003	Capital reserve	Dividend 2003 to Thiel Logistik AG as at December 31, 2003	Annual net profits/ net losses (*Konzernbeitrag vor Ergebnisabführung*) December 31, 2003
			(in %)		(in €)	(in €)	(in €)	(in €)
BTS DELHEY Logistik GmbH, Spreenh.	Thiel Logistik A.G., Grevenmacher	Regional Logistics Services	100	255,146	26,000	8,079,154	–	(2,755,910)
SES Schneider & Erb Speditions AG	SES Beteiligungs AG	Regional Logistics Services	100	1,323,399	600,030	377,175	–	(535,675)
Quehenberger Logistik AG + Co KG, Bergheim	Thiel Logistik Management GmbH, Salzburg	Regional Logistics Services	100	76,037,013	3,960,669	7,293,373	–	4,224,068
Logotec Logistikservice GmbH + Co KG, Wien	Quehenberger Logistik AG + Co KG, Bergheim	Regional Logistics Services	100	36,336	36,336	56,533	–	1,073,781
Logochem Logistikservice GmbH + Co KG, Linz	Quehenberger Logistik AG + Co KG, Bergheim	Regional Logistics Services	100	35,000	35,000	12,395	–	1,099,105
Welz Int. Spedition GmbH, A-Salzburg	Quehenberger Logistik AG + Co KG, Bergheim	Regional Logistics Services	100	2,434,719	35,000	2,256,611	–	593,102
Delacher Logistics AG + Co KG; A-Wolfurt	Thiel Logistik Management GmbH, Salzburg	Regional Logistics Services	100	24,894,825	2,616,222	272,816	–	2,296,866
Delacher + co. Transport AG, CH Muttenz	Delacher Internationale Holding GmbH	Regional Logistics Services	95	612,985	65,625	73,915	–	730,823
GAT-Logistik GmbH & Co KG, DE-Kempten	Thiel (Deutschland) Vermögensverwalt. Gmbh	Regional Logistics Services	100	6.239.470	50,000	(27,536)	–	272,941
Kraftverkehr Bayern GmbH, München	Thiel Logistik AG, Grevenmacher	Regional Logistics Services	96	38,204,360	9,600,000	10,350,000	(4,800,000)	(29,939)
Südkraft Süddt. Kraftw.–Sped.GmbH, München	Kraftverkehr Bayern GmbH, München	Regional Logistics Services	100	511,292	511,292	–	–	945,494
Overbruck Speditions GmbH	TLM Presselogistik GmbH	Media	100	4,237,382	1,533,876	33,859,217	–	3,702,437
ZZ Verlagsservice Eichberg Verw.GmbH	Overbruck Speditions GmbH	Media	100	26,850	25,565	18,971	–	1,770
ZZ Verlagsservice Eichberg GmbH & Co KG	Overbruck Speditions GmbH	Media	100	2,542,415	25,565	134,061	–	868,312
Birkart Globistics GmbH & Co. KG	Thiel (Deutschland) Vermögensverwalt. Gmbh	Fashion / Air & Ocean	100	44,296,554	1,000,000	–	–	(996,841)
Birkart Austria Intern. Spedition GmbH	Thiel (Deutschland) Vermögensverwalt. Gmbh	Fashion	100	7,158,086	3,300,000	1,412,149	–	(66,710)
Birkart Globistics Ltd. (Hongkong)	Thiel Logistik Intercontinental (Holding	Air & Ocean	100	11,225,940	2,183,501	–	–	1,587,228
Früchtetrans AG, (CH) Pratteln	Microlog Logistics AG, Frankfurt	Regional Logistics Services	68,06	4,114,248	68,409	425,349	–	863,371
Nunner B. V., (NL) Valkenswaard	Microlog Holding B. V., (NL) Valkenswaar	Regional Logistics Services	97,2	11,241,000	19,059	–	–	1,199,145
Nunner GmbH, (A) Leibnitz	Microlog Holding B. V., (NL) Valkenswaar	Regional Logistics Services	97,2	5,418,834	35,000	1,538	–	171,877
Locton GmbH, D-Köln	Microlog Logistics AG, Frankfurt	Automotive	97,2	82,703,998	766,938	9,365,581	–	2,449,012
Locton Industrial Services, Köln	Locton GmbH, D-Köln	Automotive	97,2	654,797	500,000	149,797	–	62,385
Guarantor Group				**324,204,648**	**26,994,087**	**74,111,099**	**(4,800,000)**	**17,756,644**

AUDITED RECLASSIFIED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2003

Auditor's Report

To the Shareholders of
Thiel Logistik AG:

We have audited the accompanying consolidated balance sheet of Thiel Logistik AG and its subsidiaries as of December 31, 2003 and the consolidated income statement, the consolidated statement of cash flows and the consolidated statement of changes in shareholders' equity for the year then ended and have read the related Management report. The consolidated financial statements and the Management report are the responsibility of the Board of Directors and the Executive Board. Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to check the consistency of the Management report with them.

The consolidated financial statements as of December 31, 2002 and for the year then ended, have been audited by another auditor whose opinion, dated March 14, 2003 was unqualified.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Board of Directors and the Executive Board, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material aspects, the financial position of Thiel Logistik A. G. and its subsidiaries as of December 31, 2003 and the results of its operations and its cash flows for the year then ended in conformity with United States Generally Accepted Accounting Principles.

In connection with the comparative consolidated financial statements of Thiel Logistik AG and its subsidiaries for the year ended December 31, 2002, we have audited the restatements related to certain leasing contracts and the reclassifications related to discontinued operations and to segment reporting. The restatements and reclassifications are described in Note "3. Restatements, reclassifications and other adjustments" " and Note "6. Segment reporting". Our audit did not reveal any observations.

The Management report is in accordance with the consolidated financial statements.

ERNST & YOUNG
Société Anonyme
Independent auditor

Jeannot Weyer

Luxembourg, February 25, 2004 except for Note 26 dated November 24, 2004 and referring to reclassifications related to subsequent discontinued operations.

Consolidated Statement of Income

	Note No.	January 1– December 31, 2003	January 1– December 31, 2002
		(thousands of € except per share amounts)	
Net sales		1,663,598	1,352,328
Cost of sales		(1,539,808)	(1,239,795)
Gross margin		**123,790**	**112.533**
Operating expenses			
Selling costs		(33,977)	(29,067)
General and administrative costs		(90,060)	(72,708)
Other operating income (expense), net	7	7,463	5,373
Total operating expenses		**(116,574)**	**(96,402)**
Operating income before restructuring and impairment		**7,216**	**16,131**
Restructuring costs	8	(14,008)	–
Impairment of long-lived assets	13	(5,259)	–
Impairment of goodwill	13	(30,746)	–
Operating income		**(42,797)**	**16,131**
Interest expense, net	7	(15,405)	(8,654)
Other financial income (expense), net	7	(7,700)	(863)
Equity in earnings of associated companies	5	358	(140)
Income (Loss) from continuing operations before income taxes		**(65,544)**	**6,474**
Income taxes	11	(7,328)	(2,631)
Income (Loss) from continuing operations		**(72,872)**	**3,843**
Income (Loss) from discontinued operations, net of tax	9	(84,250)	(9,184)
Income (Loss) before minority interest		**(157,122)**	**(5,341)**
Minority interest		915	83
Net income (Net loss)		**(156,207)**	**(5,258)**
Earnings per share in € – basic and fully diluted			
Income (loss) from continuing operations		(0.85)	0.05
Income (loss) from discontinued operations, net of tax		(0.98)	(0.13)
Net income (Net loss)		(1.82)	(0.07)
Weighted average number of shares outstanding			
Basic and fully diluted	12	85,749,990	72,881,593

Consolidated Balance Sheet

	Note No.	December 31, 2003	December 31, 2002
		(thousands of €)	
ASSETS			
Current assets			
Cash and cash equivalents		51,012	111,565
Trading securities at fair value	15	402	1,731
Trade accounts receivable, net of allowances	13	233,361	219,566
Accounts receivable due from associated companies		1,252	98
Inventories	13	5,509	6,158
Deferred income taxes	11	2,638	3,080
Prepaid expenses and other current assets	13	31,082	34,469
Assets held for sale	13	4,897	4,327
Assets of discontinued businesses held for sale	9	35,213	102,677
Total current assets		**365,366**	**483,671**
Non-current assets			
Property, plant and equipment, net	13	277,301	292,878
Investments in associated companies	5	1,315	4,456
Other investments		3,495	15,536
Securities available for sale at fair value	15	3,668	3,677
Securities, held to maturity	15	370	381
Deferred income taxes	11	21,586	26,186
Intangible Assets	13	30,545	26,853
Other Assets	13	7,097	6,617
Goodwill	13	287,758	237,811
Total non-current assets		**633,135**	**614,395**
Total assets		**998,501**	**1,098,066**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings and current portion of long-term debt	16	157,031	110,404
Trade accounts payable		154,031	136,100
Accounts payable due to associated companies		966	1,333
Lease obligations, short-term portion	14	6,494	6,915
Accrued income taxes		9,755	11,647
Deferred income taxes	11	687	916
Accrued expenses, other liabilities and deferred income	17	109,024	89,390
Liabilities of discontinued businesses held for sale	9	34,520	36,501
Total current liabilities		**472,508**	**393,206**
Non-current liabilities			
Long-term debt	16	107,927	125,444
Lease obligations	14	47,031	48,266
Retirement and other employee-related obligations	18	46,759	44,245
Deferred income taxes	11	30,993	31,437
Other non-current liabilities		11,295	9,064
Total non-current liabilities		**244,005**	**258,456**
Minority interest		**2,235**	**7,516**
Shareholders' equity			
Ordinary shares – voting, no-par value	12	107,187	107,187
Additional paid-in capital	12	258,806	258,806
Retained earnings and other reserves	12	(87,605)	68,602
Accumulated other comprehensive income	10	1,365	4,293
Shareholders' equity		**279,753**	**438,888**
Total liabilities and shareholders' equity		**998,501**	**1,098,066**

Consolidated Statement of Cash Flows

	Note No.	January 1– December 31, 2003	January 1– December 31, 2002
		(thousands of €)	
Cash flows from operating activities	20		
Net (loss) income		(156,207)	(5,258)
Adjustments to reconcile net (loss) income to net cash used in operating activities:			
Income (Loss) from discontinued operations		84,250	9,184
Depreciation and amortization		43,439	32,436
Impairment of long-lived assets		5,259	73
Impairment of goodwill		30,746	–
Impairment of other investments		7,731	–
Non-cash items in connection with disposal of non-current assets		(612)	(392)
Deferred income taxes		470	(9,859)
Other, net		1,421	1,034
Changes in operating assets and liabilities:			
Decrease (Increase) in trade accounts receivable and other assets		19,784	46,667
Decrease (Increase) in inventory		127	(554)
Increase (Decrease) in trade accounts payable and other liabilities		695	(38,066)
Change in retirement and other employee-related obligations		1,402	1,170
Net cash provided by operating activities		**38,505**	**36,435**
Cash flows from investing activities			
Capital expenditures		(36,825)	(36,621)
Proceeds from disposal of non-current assets		15,862	29,954
Purchase of available for sale securities		(21)	(622)
Proceeds from sale of available for sale securities		44	283
Purchase of trading securities		(400)	(429)
Proceeds from sale of trading securities		1,934	4,442
Change in other loans granted		12,182	(3,776)
Payments for acquisitions of subsidiaries, net of cash acquired		(92,767)	(53,669)
Net cash used in investing activities		**(99,991)**	**(60,438)**
Cash flows from financing activities			
Proceeds from short-term borrowings		69,341	30,234
Repayment of short-term borrowings		(20,697)	(17,710)
Proceeds from long-term borrowings		6,780	8,180
Repayment of long-term borrowings		(24,299)	(18,497)
Repayment in finance lease obligations		(10,454)	(3,192)
Other financing activities		(2,293)	–
Proceeds from issuance of common stock, net		–	98,511
Net cash provided by financing activities		**18,378**	**97,526**
Net cash provided by discontinued operations		**(16,049)**	**(21,792)**
Effects of exchange rate changes on cash		(1,396)	(781)
(Decrease) Increase in cash and cash equivalents		**(60,553)**	**50,950**
Cash and cash equivalents at beginning of year		111,565	60,615
(Decrease) Increase		(60,553)	50,950
Cash and cash equivalents at end of year		**51,012**	**111,565**

Consolidated Statement of Changes in Shareholders' Equity

	Ordinary shares – voting, no-par value	Additional paid-in capital	Retained earnings and other reserves	Accumulated other comprehensive income	Total
			(thousands of €)		
December 31, 2001 (restated)	**82,544**	**111,441**	**73,860**	**6,258**	**274,103**
Increase in share capital	7,187	92,302			99,489
Proceeds from non-cash issuance of common stock	17,456	55,063			72,519
Comprehensive loss					
Net loss			(5,258)		(5,258)
Other comprehensive loss, net of tax					
Unrealized losses on securities available for sale				(954)	
Loss on cash flow hedges				(247)	
Foreign currency translation adjustment				(764)	
Other comprehensive loss, net of tax					(1,965)
Total comprehensive loss					(7,223)
December 31, 2002 (restated)	**107,187**	**258,806**	**68,602**	**4,293**	**438,888**
Comprehensive loss					
Net loss			(156,207)		(156,207)
Other comprehensive loss, net of tax					
Unrealized gains on securities available for sale				1,143	
Loss on cash flow hedges				57	
Foreign currency translation adjustment				(4,128)	
Other comprehensive loss, net of tax					(2,928)
Total comprehensive loss					(159,135)
December 31, 2003	**107,187**	**258,806**	**(87,605)**	**1,365**	**279,753**

THIEL LOGISTIK A.G.

Notes to Consolidated Financial Statements as at and for the year ended December 31, 2003

1. The Company

THIEL Logistik A.G. (“the Company”) is incorporated in Luxembourg (hereinafter together with its subsidiaries referred to as “the Group”, “Thiel Group” or “THIEL”) and listed on the Stock Exchange since March 2000. Commencing January 2003, THIEL Logistik A.G. is listed on the Regulated Market (Prime Standard) on the Stock Exchange in Frankfurt. Effective March 24, 2003, THIEL Logistik A.G. was included in the MDAX. THIEL Group develops as an external partner end-to-end logistics and service solutions for industry and commerce. The Group is present in all the main European markets as well as in the major procurement and sales markets worldwide with 350 locations on all continents. The core business areas are regional logistics services focusing on Central and Eastern Europe, including air- and sea freight and specialized sector solutions.

As of December 31, 2003, the reporting structure of Thiel Group has been aligned with the new management structure of its business units. Geographic segments reported until September 30, 2003 have been replaced by the new business segments Specialized Sector Solutions, Air & Ocean and Regional Logistics Services. Reference is made to note 6.

The Group employed 10,872 employees as of December 31, 2003, including employees of discontinued operations. The corporate headquarters are located in Grevenmacher, Luxembourg.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include all accounts of the Company and all assets, liabilities and results of operations of its subsidiaries, some of which have a minority interest. All significant intercompany accounts and transactions have been eliminated. The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Scope of consolidation

As of December 31, 2003, Thiel Group comprises 173 fully consolidated foreign and domestic subsidiaries (2002: 168).

Use of Estimates

Preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Management believes that estimates are reasonable.

Foreign Currency Translation

The functional currency of the Company’s operations is the Euro.

The assets and liabilities of the Group’s operations having a functional currency other than the Euro are translated into Euro using the exchange rate in effect at the year end and revenues and expenses are translated at the average rate during the year. Exchange gains or losses on translation of the Company’s net equity investment in these operations are deferred as a separate component of shareholders’ equity.

Gains and losses arising from transactions denominated in currencies other than the Euro are reflected in the income statement.

Revenue Recognition

Thiel Group generates sales from its core business areas Specialized Sector Solutions, Air & Ocean and Regional Logistics Services by providing end-to-end logistics and service solutions for industry and commerce. Sales are recognized net of applicable provisions for discounts and allowances, when realized or realized and earned. This is usually the case when there is clear evidence of an agreement, the risk of ownership has been transferred or the service has been rendered, the price has been agreed upon, and there is adequate assurance that collection will be made.

Income Taxes

The Group provides for income taxes using the liability method which requires that deferred tax assets and liabilities be recognized for the expected future tax consequences of temporary differences arising between the bases of assets and liabilities for financial reporting and income tax purposes. Currently enacted tax rates are used to determine deferred income tax.

Under this method, the Group is required to record deferred income taxes on the revaluation of certain non-current assets and, in relation with an acquisition, on the difference between the fair values of the net assets acquired and their tax base. Valuation allowances on deferred tax assets are provided where management believes it is more likely than not that the Group will not realize such amounts. Reference is made to note 11.

Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with banks with an original maturity of three months or less.

Inventories

Inventories are stated at the lower of cost or net realizable value, with cost being determined substantially by weighted average method.

Assets Held for Sale

Effective January 1, 2002, the Group adopted SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS 144 establishes a single accounting model for the impairment or disposal of long-lived assets, including discontinued operations. Major changes include additional criteria for long-lived assets to qualify as "held for sale" and the requirement that long-lived assets to be disposed of other than by sale be classified as held and used until the disposal transaction occurs. In fiscal years 2003 and 2002 individual assets were classified as "held for sale" and disclosed in balance sheet line item "Assets held for sale". Reference is made to note 13.

In the course of restructuring the operations of Thiel Group, the new management has decided to dispose of a number of businesses not deemed relevant in the pursuit of the new corporate strategy.

In the Consolidated Balance Sheets as of December 31, 2003, and as of all prior periods presented assets and liabilities of businesses to be discontinued have been reclassified as assets and liabilities of discontinued businesses held for sale. In the Consolidated Statements of Income for the year ended December 31, 2003, as well as for all prior periods presented profits and losses attributable to businesses to be discontinued have been segregated from continuing operations and reflected as discontinued operations. The effect of net cash provided by discontinued operations has been separately disclosed in the Consolidated Statements of Cash Flows for the year ended December 31, 2003, as well as for all prior periods presented. Reference is made to note 9.

Investments

Significant investments in which the Company has 20% to 50% of the voting rights and the ability to exercise significant influence over operating and financial policies ("associated companies") are accounted for using the equity method.

Property, Plant and Equipment and Intangible Assets

Property, plant and equipment is stated at historical cost less accumulated depreciation. Additions and improvements which add to the life of the related asset or improve its utility to the Group are capitalized, whereas maintenance and repairs are expensed as incurred. Depreciation is provided using the straight-line method over estimated useful lives ranging from 10 to 50 years for plant and buildings and 5 to 25 years for machinery, fixtures and equipment.

Acquired intangible assets are recognized and amortized over their estimated useful lives ranging from 3 to 10 years.

Leasing

The Group leases certain fixed assets. All leases that meet certain specified criteria representing situations where the substantial risks and rewards of ownership have been transferred to the Group are accounted for as capital leases. Capital leases are recorded at the lower of the fair market value of the leased asset or the net present value of the future rental payments at the inception of the lease. Capitalized lease assets and related leasehold improvements, if any, are amortized over the economic life of the asset or its lease term, as the case may be. All other leases are accounted for as operating leases. Reference is made to note 14.

Impairment Evaluation of Long-Lived Assets

Effective January 1, 2002, the Group adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses financial accounting and reporting for the impairment and disposal of long-lived assets, and SFAS No.142, "Goodwill and Other Intangible Assets", with respect to the impairment. These statements supersede SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets to be Disposed Of." The adoption of these standards did not have a material impact on the consolidated financial position or results of operations of Thiel Group.

The Group reviews the carrying value of its long-lived assets, including fixed assets, investments, goodwill, and intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Recoverability of long-lived assets, excluding goodwill, is assessed by a comparison of the carrying amount of the asset (or the group of assets, including the asset in question, that represents the lowest level of separately-identifiable cash flows) to the total estimated undiscounted cash flows expected to be generated by the asset or group. If the estimated future net undiscounted cash flows are less than the carrying amount of the asset or group, the asset or group is considered impaired and expense is recognized equal to the amount required to reduce the carrying amount of the asset to its then fair value. Fair value is determined by discounting the cash flows expected to be generated by the asset, when the quoted market prices are not available for the long-lived assets. Based on the Company's review of its investments for 2002, no adjustments were required to the carrying value of long-lived assets. In fiscal year 2003 impairment losses amounting to €5,259 were recognized related to long-lived assets.

On January 1, 2002, the Group adopted SFAS No. 142, which prohibits the amortization of goodwill and indefinite life intangible assets. Instead, goodwill and indefinite life intangible assets will be tested for impairment at least annually and on an interim basis when an event occurs or circumstances change between annual tests that would more-likely-than-not result in impairment. Under SFAS No. 142, goodwill is assessed for impairment by using the fair value based method. The Group determines fair value by utilizing discounted cash flows. The fair value test required by SFAS No. 142 for goodwill and indefinite life intangible assets includes a two-step approach. Under the first step, companies must compare the fair value of a "reporting unit" to its carrying value. A reporting unit is the level at which goodwill impairment is measured and it is defined as an operating segment or one level below it if certain conditions are met. If the fair value of the reporting unit is less than its carrying value, goodwill is impaired and companies must proceed with step two. Under step two, the amount of goodwill impairment is measured by the amount that the reporting unit's goodwill carrying value exceeds the "implied" fair value of goodwill. The implied fair value of goodwill can only be determined by deducting the fair value of all tangible and intangible net assets (including unrecognized intangible assets) of the reporting unit from the fair value of the reporting unit (as determined in Step 1). In this step, companies must allocate the fair value of the reporting unit to all of the reporting unit's assets and liabilities (a hypothetical purchase price allocation).

SFAS No. 142 requires companies to perform the impairment test at least annually and also upon adoption. Any impairment loss resulting from the adoption of SFAS No. 142 is treated as a change in accounting principle.

Calendar year companies such as Thiel Group adopted SFAS No. 142 as of January 1, 2002 for the goodwill and intangible assets arising from business combinations completed prior to July 1, 2001 and have applied SFAS No. 142 for goodwill and indefinite life intangible assets arising from business combinations completed after June 30, 2001. Upon adoption of SFAS No. 142, for U.S. GAAP purposes, Thiel Group stopped amortizing goodwill. The Company did not have any impairment loss as a result of adopting SFAS No. 142 and performing the required annual impairment test in September 2002. In fiscal year 2003 impairment losses related to goodwill of continuing operations amounted to €30,746. Reference is made to note 13.

Exit or Disposal Activities

In June 2002, the FASB issued SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities". SFAS 146 requires entities to recognize costs associated with exit or disposal activities only when liabilities for these costs are incurred (subsequent to a commitment to a plan) rather than at the date of a commitment to an exit or disposal plan. The provisions of SFAS 146 are to be applied prospectively to exit and disposal activities initiated after December 31, 2002.

The provisions of SFAS 146 have been applied to the accounting for restructuring costs. Reference is made to note 8.

Derivative Financial Instruments

Effective January 1, 2002, the Group adopted Statement of Financial Accounting Standard No. 133 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities", subsequently amended by SFAS 138, which requires that all derivative instruments be reported on the balance sheet at fair values and establishes criteria for designation and effectiveness of hedging relationship. The adoption of these standards as of January 1, 2002, did not have a material impact on the consolidated financial position or results of operations of Thiel Group.

Derivative products are used for non-trading purposes including the management of foreign currency exposure and interest rate positions. Hedges of fair value exposure are entered into in order to hedge the fair value of a recognized asset or liability or a firm commitment. The Group enters into hedges of cash flow exposure in order to hedge a forecasted transaction or the variability of cash flows to be paid related to a recognized liability. Changes in derivative fair values that are designated as fair value hedges are recognized in earnings as offsets to the change in fair value of related hedged assets, liabilities and firm commitments. Changes in the derivative fair values that are designated as cash flow hedges are deferred and recorded as a component of accumulated other comprehensive income until the hedged transactions occur and are recognized in earnings. Derivatives that are executed for risk management purposes but not designated as hedges under SFAS 133 and SFAS 138 are recorded at their market value and changes in fair value recognized in current earnings.

Stock-Based Compensation

The Group accounts for employee stock options in accordance with Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees" and, accordingly, does not recognize compensation expense for its stock-based compensations to employees in the Consolidated Financial Statements as stock options were granted at exercise prices exceeding the respective share prices at the day of grant. Reference is made to note 22.

Earnings per Share (EPS)

Basic and diluted earnings per share (EPS) are based on the weighted average number of registered shares outstanding.

3. Restatements, reclassifications and other adjustments

Restatements due to correction of an error

Retroactive corrections in the valuation of capital lease contracts resulted in restatements of the Consolidated Statement of Cash Flows and the Consolidated Balance Sheet as of December 31, 2002. The resulting net effect on Shareholders' equity as of December 31, 2002 was immaterial. Net loss for period ended September 30, 2003 increased to €(127,266) versus €(126,958) reported in the Nine-month-report of fiscal year 2003.

Reclassifications

The accounting of discontinued operations results in reclassifications in the Consolidated Statement of Income for the period ending September 30, 2003, as well as in the Consolidated Statement of Income, the Consolidated Statement of Cash Flows and the Consolidated Balance sheet as of December 31, 2002. Reference is made to note 9.

Reclassifications in the unaudited Consolidated Statement of Income for the nine months period ending September 30, 2003, resulted in Net sales of €1,234,109 compared with €1,326,914 reported in the Nine-month-report for the period ending September 30, 2003, a gross margin of €90,302 versus €82,727, an operating income of €(46,209) versus €(81,557) and a net loss of €(127.266) versus €(126,958).

Other adjustments

Due to retroactive changes made to the opening net equity of Microlog Logistics AG, Frankfurt am Main, Germany, and its subsidiaries ("Microlog Group"), effective October 1, 2002, the Consolidated Balance Sheet as of December 31, 2002, was adjusted.

During the one-year allocation period after the acquisition of Microlog Group as of October 1, 2002, the purchase price of €75,908 for a stake of 97.23% was reallocated. Due to high-value long-term service contracts an amount of €13,491 was allocated to customer contracts. Customer contracts are amortized over the duration of the long-term service contracts. As a result of the reallocation of the purchase price for Microlog Group, the Consolidated Balance Sheet as of December 31, 2002 was adjusted to reflect this change.

The above adjustments had a total net effect of €(161) on shareholders' equity as of December 31, 2002.

4. Material business combinations

Overbruck Group

As announced on March 10, 2003, THIEL Logistik A.G. has concluded a cooperation agreement with Axel Springer Verlag AG for logistics, to run for a period of at least five years. In this context THIEL

Logistik A.G. acquired 100% of the Overbruck Group, Hamburg, the German market leader in the field of press logistics.

With Overbruck Thiel Group acquired not only the market leader and highly-specialized industry know-how, but also a professional service provider in other contract logistics sectors. Thiel Group expects growth potentials from additional volumes coming from other business sectors, where the sophisticated press logistics network of Overbruck can be employed. In addition, the activities in the air and sea sector will strengthen and complement the Group's offering.

Of the total consideration given for the acquisition of Overbruck Group amounting to €83,456 an amount of €10,682 was allocated to customer contracts due to long-term service contracts. As of the acquisition date goodwill amounted to €50,360. Customer contracts acquired will be amortized over the duration of long-term service contracts. The weighted-average term of long-term service contracts reflected in the valuation of customer stock amounted to 4.3 years. The allocation of the purchase price to long-lived assets is preliminary and may be changed during the one-year allocation period following the acquisition. Regarding the financing of this transaction reference is made to note 20.

The Consolidated Financial Statements as of December 31, 2003, include the results of operations of the Overbruck Group for the period April 1, 2003, through December 31, 2003.

The following table summarizes the estimated fair values of the assets and liabilities assumed at the date of acquisition:

Cash and cash equivalents	296
Receivables and other current assets	40,943
Property, plant and equipment	1,445
Customer contracts acquired	10,682
Other non-current assets	1,278
Current liabilities	(16,872)
Non-current liabilities	(4,676)
Fair Value of net assets acquired	**33,096**

Of total goodwill amounting to €50,360 an amount of €39,504 was assigned to the reportable segment Specialized Sector Solutions and an amount of €10,856 was allocated to the reportable segment Air & Ocean.

Microlog Group

In connection with the acquisition of Microlog Group, the Company submitted a voluntary purchase offer to the minority shareholders of Microlog Logistics AG at the beginning of November 2002. The offer provided for a cash payment of 16.50 Euro per Microlog share and was accepted for 1,775,531 Microlog shares by the time the acceptance period expired on December 31, 2002. Legal ownership of these shares was transferred to the Company after fulfilling all legal requirements in January 2003.

Additionally the Group acquired 1,200 shares of Microlog Logistics AG on the stock exchange, legal ownership of these shares was transferred to the Company on January 2, 2003. In total the Group increased its stake in the share capital of Microlog Logistics AG with a purchase price of €31,023 from 67.84% as of December 31, 2002 up to 97.23% as of December 31, 2003. Concerning the financing of the increase in stake of Microlog Group reference is made to note 20.

In consideration of the allocation of long-term service contracts to customer contracts of €13,491 the increase in the stake of Microlog Group increased the goodwill in Thiel Group by €28,710. Thereof an amount of €20,112 was allocated to the reportable segment Specialized Sector Solutions, an amount of €8,598 was allocated to the reportable segment Regional Logistics Services. The weighted-average term of long-term service contracts reflected in the valuation of customer contracts amounted to 7.6 years.

The annual general meeting of the Microlog Logistics AG, Frankfurt, on June 3, 2003, accepted the squeeze-out of the minority shareholders against a cash payment of 16.50 Euro per Microlog share. Due to the fact that not all legal requirements in connection with the squeeze-out had been fulfilled as of December 31, 2003 the stake in the Microlog Group is still 97.23% as of December 31, 2003.

Pro forma Disclosures

Under the assumption that all material business acquisitions completed during fiscal years ended December 31, 2002 and December 31, 2003, had occurred on January 1, 2002, the Group's pro forma consolidated sales would have been €1,713,655 for fiscal year ended December 31, 2002 and €1,702,215 for fiscal year ended December 31, 2003. Pro forma consolidated operating profit (loss) would have been €32,599 for fiscal year ended December 31, 2002 and €(42,126) for fiscal year ended December 31, 2003. Pro forma consolidated net income (loss) of the Group would have amounted to €7,484 for fiscal year ended December 31, 2002 and €(155,076) for fiscal year ended December 2003.

Pro forma basic and diluted earnings per share for fiscal year ended December 31, 2002 would have amounted to 0.10 Euro. Pro forma basic and diluted loss per share for fiscal year ended December 31, 2003 would have been (1.81) Euro.

5. Equity Method Investments

Under the equity method, investments are stated at initial cost and are adjusted for subsequent contributions and Thiel Group's share of earnings, losses and distributions. The carrying value of investments accounted for under the equity method (investments in associated companies) amounted to €1,315 as of December 31, 2003 and €4,456 as of December 31, 2002, respectively, and approximates fair value of the Group's ownership percentage in the underlying net assets of those companies. Equity in earnings of associated companies comprises net income of the period amounting to €358 (2002: net losses amounting to €140).

6. Segment Reporting

Segmentation

The segment reporting structure of Thiel Group has been aligned with the new management structure of its business units. Geographic segments reported until September 30, 2003 have been replaced by the new business segments Specialized Sector Solutions, Air & Ocean and Regional Logistics Services.

Specialized Sector Solutions

Thiel Group provides logistics services for specific industry sectors in which it has developed particular specialist knowledge and expertise. In this business segment Thiel Group offers comprehensive logistics services in particular to the automotive, fashion, media and furniture industries. The managing companies for this business segment are: Microlog Logistics AG ("Microlog") for THIEL Automotive; Birkart Globistics GmbH & Co. Logistik und Service KG ("Birkart Globistics") for THIEL Fashion and Lifestyle; Overbruck Spedition GmbH ("Overbruck") for THIEL Media and LOG Beteiligungs GmbH ("LOG") for THIEL Furniture. In addition, THIEL FreshNet is Thiel Group's Potential Core Sector within this segment.

Air & Ocean

In this business segment, the Group bundles its air and sea transport activities. Services in this business segment are aimed at complementing Thiel Group's regional transport networks as well as services offered in Specialized Sector Solutions. Through its business segment Air & Ocean, Thiel Group is active in the area of intercontinental logistics services, specializing in air and sea transport services but also offering contract logistics services. The Group's managing company in this business segment and the lead coordinator for non-European activities is Birkart Globistics.

Regional Logistics Services

Thiel Group's subsidiaries bundled in this business segment provide logistics services on a regional basis. Logistics services offered range from transport services to contract logistics, including supply chain management. Thiel Group's designated managing companies in this business segment are: Delacher Logistics AG & Co. KG for Delacher, Quehenberger Logistik AG & Co. KG for Quehenberger and Kraftverkehr Bayern GmbH for Südkraft. Subsidiaries in this business segment operate primarily in the southern part of Germany and in Austria. They have local roots and traditional client relationships in their respective regions making them particularly sensitive to their customers' needs.

Segment information

Management evaluates individual segment performance based on segment results before amortization of customer contracts, restructuring and impairment charges, interest and other financial income (expense), and income taxes. Segment assets are composed of total assets excluding long-term investments. Intersegment transactions are measured at arm's length.

The table below sets forth segment information for the fiscal years ended December 31, 2003 and 2002. To facilitate comparison, the data for fiscal year 2002 have been restated in line with the new reporting structure.

Year ended December 31, 2003	**Specialized Sector Solutions**	**Air & Ocean**	**Regional Logistics Services**	**Total reportable segments**
External segment sales	622,555	281,071	758,586	1,662,212
Intersegment sales	17,683	13,682	12,716	44,081
Total segment sales	**640,238**	**294,753**	**771,302**	**1,706,293**
Segment result	15,512	(979)	16,255	30,788
Depreciation and amortization charges	14,842	1,959	19,948	36,749
Additions to long-lived assets	16,128	1,284	19,407	36,819
Segment assets	409,530	108,726	473,732	991,988
Year ended December 31, 2002				
External segment sales	353,183	278,963	691,417	1,323,563
Intersegment sales	9,861	17,204	8,638	35,703
Total segment sales	**363,044**	**296,167**	**700,055**	**1,359,266**
Segment result	(1,629)	(986)	12,476	9,861
Depreciation and amortization charges	9,968	2,329	17,810	30,107
Additions to long-lived assets	17,082	1,991	48,280	67,353
Segment assets	324,933	106,181	483,557	914,671

Additions to long-lived assets comprise additions to property, plant and equipment and intangible assets excluding goodwill and include amounts capitalized due to lease contracts classified as capital leases.

The reconciliation from total external segment sales to consolidated net sales for the years ended December 31, 2003 and 2002 is as follows:

	Year ended December 31,	
	2003	2002
Total external segment sales	1,662,212	1,323,563
+ Other corporate revenues	1,386	28,765
Consolidated net sales	**1,663,598**	**1,352,328**

For the year ended December 31, 2002, item "Other corporate revenues" includes revenues from consulting services amounting to €26,070.

The reconciliation from total reportable segment results to income from continuing operations before income taxes for the years ended December 31, 2003 and 2002 is as follows:

	Year ended December 31,	
	2003	2002
Total reportable segment results	30,788	9,861
– Amortization of capitalized customer contracts	(4,062)	(445)
– Depreciation and amortization of unallocated long-lived assets	(2,628)	(1,953)
– General corporate result before depreciation and amortization	(16,882)	8,668
Operating income (loss) before restructuring and impairment	**7,216**	**16,131**
– Restructuring costs	(14,008)	–
– Impairment of long-lived assets	(5,259)	–
– Impairment of goodwill	(30,746)	–
Operating income (loss)	**(42,797)**	**16,131**
– Financial result	(23,105)	(9,517)
+ Equity in earnings of associated companies	358	(140)
Income from continuing operations before income taxes	**(65,544)**	**6,474**

The item "General corporate result before depreciation and amortization" comprises general corporate expenses of holding companies not directly attributable to the individual segments. For the year ended December 31, 2002 this item also includes the result of consulting services.

The item "Financial result" comprises income statement line items "Interest expense, net" and "Other financial income (loss), net".

The reconciliation from total segment assets to total consolidated assets for the years ended December 31, 2003 and 2002 is as follows:

	Year ended December 31,	
	2003	2002
Total reportable segment assets	991,988	914,671
+ Unallocated amounts	181,119	343,537
– Intersegment eliminations	(174,606)	(160,142)
Total consolidated assets	**998,501**	**1,098,066**

The item "Unallocated amounts" comprises investments, total assets of discontinued operations as well as assets of holding companies not directly attributable to segments.

Geographic information

The table below summarizes geographic information on net sales for the years ended December 31, 2003 and 2002:

Net sales	Year ended December 31, 2003	2002
Germany	827,135	569,777
Austria	434,194	400,533
Switzerland	78,047	60,485
All other countries	324,222	321,533
Total	**1,663,598**	**1,352,328**

The table below sets forth geographic information on long-lived assets as of December 31, 2003 and 2002:

Long-lived assets	Year ended December 31, 2003	2002
Germany	162,946	161,060
Austria	68,427	74,751
Switzerland	29,982	34,489
All other countries	46,491	49,431
Total	**307,846**	**319,731**

Long-lived assets comprise property, plant and equipment as well as intangible assets excluding goodwill.

Other Information

Revenues from major customers account for less than 5% per major customer.

7. Income Statement Components

Other operating income, net

	Year ended December 31, 2003	2002
Other operating income	18,645	12,809
Other operating expense	(11,182)	(7,436)
Other operating income, net	**7,463**	**5,373**

Other operating income primarily comprises foreign exchange gains, gains from sale of fixed assets and income from insurance claims. Other operating expenses primarily comprise foreign exchange losses.

Interest expense, net

	Year ended December 31, 2003	2002
Interest income	2,685	4,227
Interest expense	(18,090)	(12,881)
Interest expense, net	**(15,405)**	**(8,654)**

Other financial income, net

	Year ended December 31,	
	2003	2002
Dividend income from investments	730	925
Other financial income	224	480
Other financial expense	(8,654)	(2,268)
Other financial income (expense), net	**(7,700)**	**(863)**

Item "Other financial income (expense), net" includes impairment losses on investments in associated companies and other investments as well as losses on disposals of investments in associated companies and other investments amounting to €8,107 for the year ended December 31, 2003 and €1,092 for the year ended December 31, 2002.

8. Restructuring Costs

In fiscal year 2003 the Group's focus has been on strategic reorientation. The new management's review of the situation in spring 2003 suggested comprehensive operative and strategic call for action. The Group's reorientation was associated with reorganization and restructuring.

In order to improve the transparency of its operating results, Thiel Group has decided to choose another format for the presentation of its Consolidated Statements of Income. All one-time expenses of the current period not attributable to operating activities have been disclosed under income statement line item "Restructuring costs".

Restructuring costs mainly comprise one-time termination benefits paid or to be paid to employees €5,026, consulting fees regarding the elaboration and implementation of the new corporate strategy €3,825, losses incurred from disposals of long-lived assets related to divesture programs €723 as well as other expenses incurred in the course of the restructuring of the operations of Thiel Group €4,434.

In fiscal year 2003 restructuring costs amounting to €3,679 are attributable to segment Specialized Sector Solutions, €2,914 are related to segment Air & Ocean and €472 are attributable to segment Regional Logistics Services. Restructuring costs of holding companies for the year ended December 31, 2003, amount to €6,943.

An amount of €7,876 of total restructuring costs amounting to €14,008 has been paid within the fiscal year ending December 31, 2003. Within the next periods an amount of €2,727 will be paid. The non-cash portion of restructuring costs amounts to €3,405.

Restructuring related to business combinations

On acquiring Overbruck Group, management of Thiel Group decided to consolidate the air & sea activities of Overbruck Group with the activities of Thiel's business segment Air & Ocean managed by Birkart Group. Restructuring activities involve the closure of various sites, relocation of staff and the involuntary termination of 9 employees. As a result, the associated relocation and involuntary termination benefit costs amounted to €954 and were charged to a restructuring reserve as of acquisition date. The provision for restructuring charges amounted to €954 as of December 31, 2003. One-time termination benefits have been provided for with an amount of €380 and are expected to be paid within the first six-months of fiscal year 2004. Provided costs for the closure of sites relate to lease contract termination costs amounting to €574 that will be incurred and paid until end of fiscal year 2006.

As of the acquisition date of Birkart Group, involuntary termination benefit costs for 90 employees to be laid off in Germany were charged to a restructuring reserve. As of December 31, 2002, the carrying amount of the restructuring reserve amounted to €2,148. Actual termination benefits paid and charged against the provision in fiscal year 2003 amounted to €1,960. The remaining amount of €188 has been reversed and included in the determination of net income for the period ended December 31, 2003.

In connection with the takeover of the Microlog Group, management of Thiel decided to restructure the "Information and Technology" business of Microlog and to terminate some employees. As a result, a provision for restructuring charges amounting to €5,400 was recognized in the financial statements as of acquisition date. In fiscal year 2003 an amount of €2,216 was offset to this provision for restructuring. The book value of the provision is €3,184 and included in the balance sheet line item "Accrued expenses, other liabilities and deferred income" as of December 31, 2003. The restructuring process will be finalized in the first months of fiscal year 2004.

9. Discontinued Operations

In the course of restructuring the operations of Thiel Group, the new management has decided to dispose of a number of businesses not deemed relevant in the pursuit of the new corporate strategy. Businesses classified as discontinued operations as of December 31, 2003, concern BTL Group, business activities in the healthcare sector, the business activities of diagnosis-software specialist Dorner and Thiel Technical Logistics and Services GmbH, as well as the IT-business of Microlog Group and other small and medium sized service providers in the logistics sector.

The healthcare business, the shareholdings in diagnosis-software specialist Dorner and Thiel Technical Logistics and Services GmbH have been sold in fiscal year ended December 31, 2003. Effective January 1, 2004, the Group's subsidiary BTL Logistics AG, Muri, Switzerland has been sold to Swiss Post. As of December 31, 2003, assets and liabilities of this subsidiary are still included in balance sheet items "Assets of discontinued businesses held for sale" and "Liabilities of discontinued businesses held for sale", respectively. All other discontinued businesses are expected to be disposed of or closed within the next twelve months.

Due to the ongoing restructuring process it is likely that further businesses not deemed relevant in the pursuit of the new corporate strategy will be sold or classified as held for sale in future periods.

In the Consolidated Balance Sheets as of December 31, 2003, and as of all prior periods presented assets and liabilities of businesses to be discontinued have been reclassified as assets and liabilities of discontinued businesses held for sale. In the Consolidated Statements of Income for the year ended December 31, 2003, as well as for all prior periods presented profits and losses attributable to businesses to be discontinued have been segregated from continuing operations and reflected as discontinued operations. The effect of net cash provided by discontinued operations has been separately disclosed in the Consolidated Statements of Cash Flows for the year ended December 31, 2003, as well as for all prior periods presented.

Assets and liabilities from discontinued businesses held for sale as of December 31, 2003 and 2002, are as follows:

	December 31,	
	2003	2002
Assets of discontinued businesses held for sale:		
Trade accounts receivable, net of allowances	14,842	25,208
Inventories	365	5,175
Deferred income taxes, short-term	–	2,560
Prepaid expenses and other current assets	9,690	1,926
Property, plant and equipment, net	8,840	37,297
Other investments	27	416
Securities available-for-sale at fair value	–	4,521
Deferred tax assets, long-term	–	4,839
Intangible assets	1,057	1,084
Other assets	63	186
Goodwill, net	329	19,465
Total assets of discontinued businesses held for sale	**35,213**	**102,677**
Liabilities of discontinued businesses held for sale:		
Short-term borrowings and current portion of long-term debt	3,237	2,716
Trade accounts payable	9,796	11,667
Lease obligations, short-term portion	472	369
Accrued income taxes	3,250	2,796
Deferred income taxes	2	237
Accrued expenses, other liabilities and deferred income	9,829	9,474
Long-term debt	4,257	2,497
Lease obligations	1,088	1,138
Retirement and other employee-related obligations	1,787	1,782
Deferred income taxes, long-term	776	3,777
Other non-current liabilities	26	48
Total liabilities of discontinued businesses held for sale	**34,520**	**36,501**

The following amounts related to businesses to be discontinued have been segregated from continuing operations and reflected as discontinued operations for the years ended December 31, 2003 and 2002:

	January 1 – December 31,	
	2003	2002
Net sales	128,377	139,092
Income (loss) from discontinued operations before income taxes	(80,892)	(15,280)
Income taxes	(3,358)	6,096
Income (loss) from discontinued operations, net of tax	**(84,250)**	**(9,184)**

The operating loss of discontinued operations including restructuring costs for the year ended December 31, 2003, amounted to €(83,139). This amount comprises impairment losses of goodwill amounting to €(21,333) and impairment losses of fixed assets amounting to €(14,844). The loss from disposal of discontinued operations amounted to €(1,111) for the year ended December 31, 2003.

Maturities of long-term debt over the next five years are as follows:

	Repayments
2004	1,994
2005	2,069
2006	1,068
2007	405
2008	274
Total	**5,810**

As of December 31, 2003, fixed assets amounting to €2,550 (€5,001 as of December 31, 2002) have been pledged to provide security for bank loans of discontinued businesses. Furthermore, receivables of discontinued businesses amounting to €300 have been pledged as security as of December 31, 2003 (€823 as of December 31, 2002).

No material obligations are expected to arise from contingencies of discontinued businesses existing as of December 31, 2003. The maximum exposure from contingencies amounts to €1,066 as of that date.

As of December 31, 2003, financial commitments related to rental contracts are as follows:

	Rental commitments
2004	13,836
2005	9,919
2006	9,800
2007	9,671
2008	9,654
Thereafter	11,999
Total	**64,879**

The new strategic alignment of Thiel Group in Switzerland resulted in the closing of sites. In connection with the closing of a site in Schlieren, Switzerland, a long-term building lease contract was scrutinized and the expected contract termination costs have been recorded as of December 31, 2003. This amount does not cover the maximum exposure from this contract, but the amount expected by management to be incurred in future periods.

10. Other comprehensive income

The table below sets forth components of other comprehensive income for the years ended December 31, 2003 and 2002, respectively:

	Year ended December 31,			
	2003		2002	
Unrealized gains (losses) on securities available for sale, net of tax				
Unrealized gains that were identified this period, net of tax				
Unrealized gains (losses) that were identified this period	1,675		(1,233)	
Income taxes	(532)	1,143	279	(954)
Loss on cash flow hedges, net of tax				
Gains (Losses) that were identified this period	76		(251)	
Income taxes	(19)	57	4	(247)
Foreign currency translation adjustment		(4,128)		(764)
Other comprehensive loss		**(2,928)**		**(1,965)**

11. Income Taxes

Income tax benefit (expense) is based on income from continuing operations before income taxes and consists of the following:

	Year ended December 31,	
	2003	2002
Current income taxes	(8,794)	(10,640)
Deferred income taxes	20,212	8,338
Change in valuation allowance	(18,746)	(329)
	(7,328)	**(2,631)**

The following table summarizes the principal components for the difference between the actual income tax benefit (expense) and the expected tax benefit (expense) based on the enacted statutory income tax rate in Luxembourg applied to income before taxes:

	Year ended December 31,	
	2003	2002
Income from continuing operations before income taxes	(65,544)	6,474
Expected income tax benefit at statutory rate (31,88%)	20,895	(2,064)
Non-taxable items of income	4,519	3,570
Effect of deferring foreign income tax rates and other permanent differences	(11,405)	(4,219)
Investment allowances and tax benefits	–	638
Change in valuation allowance	(18,746)	(329)
Non deductible expense	(2,591)	(227)
Tax benefit (expense)	**(7,328)**	**(2,631)**

Deferred income tax assets and liabilities consist of the following:

	Year ended December 31, 2003	2002
Deferred income tax liabilities		
Valuation of property, plant and equipment	(24,944)	(23,243)
Valuation of customer contracts	(5,475)	–
Valuation of goodwill	(3,171)	(2,026)
Capital lease contracts	(2,110)	(2,275)
Allowance for doubtful accounts receivable	(206)	(219)
Other	(2,689)	(5,969)
Gross deferred tax liabilities	**(38,595)**	**(33,732)**
Deferred income tax assets		
Net operating tax loss carry-forwards	37,451	17,450
Valuation of property, plant and equipment	1,445	–
Valuation of customer contracts	263	4,330
Valuation of goodwill	1,675	1,164
Capital lease contracts	2,761	2,840
Retirement and other benefit obligations	2,954	2,981
Deferral of costs of capital increase	625	822
Accruals and Provisions	3,400	2,844
Other	1,819	–
Gross deferred tax assets	**52,393**	**32,431**
Valuation allowance on deferred tax assets	(21,254)	(1,787)
Net deferred tax liability	**(7,456)**	**(3,088)**

As of December 31, 2003 tax loss carry-forwards amounted to €111,870 (€60,545 as of December 31, 2002) and primarily pertain to German and Luxembourg subsidiaries. Thereof, an amount of €107,124 (€58,119 as of December 2002) can be carried forward indefinitely.

12. Shareholders' Equity

Capital stock

As of December 31, 2003 and 2002 the Company had 85,749,990 ordinary shares, voting without nominal value, issued and outstanding, representing common stock amounting to €107,187. Thereof, 14,367,090 shares were not yet tradable on the stock exchange. Each share represents a calculated par value of 1.25 Euro.

According to the articles of association of THIEL Logistik A.G. as of December 31, 2003, the Board of Directors is authorized through March 14, 2006, to increase capital stock up to a total amount of 74,250,010 shares, representing common stock of €92,813. Issuance is limited to specific purposes. Reference is made to note 24.

Issuance of Common Stock

Effective March 14, 2002, 5,750,000 shares were issued resulting in an increase in share capital amounting to €7,187 and an increase in additional paid in capital amounting to €92,302. In connection with the acquisition of the Birkart Group, 1,145,367 shares were issued effective June 25, 2002, resulting in an increase in share capital of €1,432 and an increase in the additional paid in capital of €24,133. Following the issue of 374,626 shares effective July 11, 2002 in connection with financing the LOG Group Joint Venture, share capital was increased by €468 and additional paid in capital was increased by €6,912.

In connection with the acquisition of the Microlog Group, 12,444,601 shares of THIEL Logistik A.G. were issued from authorized capital effective October 18, 2002, resulting in an increase in share capital amounting to €15,556 and an increase in additional paid in capital amounting to €24,018.

Distributable Retained Earnings

According to Luxembourg Corporate Law, companies located in Luxembourg have to allocate at least 5% of unconsolidated net earnings to a legal reserve until the reserve equals 10% of share capital. As of December 31, 2003, the legal reserve of the Company amounted to €4,782 (€3,242 as of December 31, 2002) and is included in retained earnings and other reserves. The reserve may not be distributed to shareholders as dividend.

13. Current and non-current assets

Trade Accounts Receivable, Net of Allowances

	December 31,	
	2003	2002
Trade accounts receivable	243,696	229,250
Allowance for doubtful accounts	(10,335)	(9,684)
Total accounts receivable, net	**233,361**	**219,566**

Inventories

Inventories amounted to €5,509 as of December 31, 2003 and €6,158 as of December 31, 2002 and mainly comprise raw materials and merchandise.

Prepaid Expenses and Other Current Assets

	December 31,	
	2003	2002
Short-term granted loans	2,745	13,776
Value added tax	10,552	7,694
Prepaid expenses	2,939	4,151
Prepaid other taxes	3,210	1,474
Other receivable due from affiliated companies, not consolidated	2,460	1,456
Other prepaid expenses and current assets	9,176	5,918
Total	**31,082**	**34,469**

Assets held for sale

As of December 31, 2003, assets classified as held for sale comprise land no longer used in operations. The disposal is expected to be concluded during the first six-months period of fiscal year 2004. As of December 31, 2003, the carrying amount of land held for sale amounted to €4,897. In fiscal year 2003 an impairment loss amounting to €460 has been recognized with respect to land held for sale as the asset's fair value less cost to sell was below its carrying amount. Assets held for sale have been included in the calculation of segment assets of reportable segment Regional Logistics Services. As of December 31, 2002, assets held for sale comprised land with a carrying amount of €4,327.

Property, Plant and Equipment, net

	December 31, 2003	December 31, 2002
Land and buildings	185,343	191,444
Machinery and equipment	63,720	68,705
Tools, fixtures, furniture and office equipment	27,637	30,148
Construction in progress	601	2,581
Total	**277,301**	**292,878**

Accumulated depreciation for property, plant and equipment amounted to €225,230 as of December 31, 2003 and €242,351 as of December 31, 2002. Depreciation of property, plant and equipment amounted to €34,391 in fiscal year 2003 and to €28,700 in fiscal year 2002. Impairment losses of property, plant and equipment amounted to €2,177 in fiscal year 2003.

Intangible Assets

	December 31, 2003			December 31, 2002		
	Historical cost	Accu-mulated amortization	Carrying amount	Historical cost	Accu-mulated amortization	Carrying amount
Software	27,927	(19,196)	8,731	21,505	(12,731)	8,774
Concessions, licenses and copyrights	3,660	(1,512)	2,148	6,171	(1,138)	5,033
Customer contracts	24,173	(4,507)	19,666	13,491	(445)	13,046
Intangible Assets	**55,760**	**(25,215)**	**30,545**	**41,167**	**(14,314)**	**26,853**

Amortization of intangible assets amounted to €9,048 in fiscal year 2003 and to €3,736 in fiscal year 2002. Impairment losses of intangible assets amounted to €3,082 in fiscal year 2003.

Estimated future annual amortization expense for fiscal years 2004 to 2008 is as follows:

	Estimated future amortization
2004	(9,260)
2005	(8,631)
2006	(8,631)
2007	(8,631)
2008	(6,688)

Other Assets

	December 31, 2003	December 31, 2002
Loans granted	3,082	4,157
Other long-lived assets	4,015	2,460
Total	**7,097**	**6,617**

Other long-lived assets mainly comprise assets related to pension plan reinsurance and long-term receivables from disposal of assets.

Goodwill

The changes in the carrying amount of goodwill attributable to continuing operations for the year ended December 31, 2003 are as follows:

Year ended December 31, 2003	Specialized Sector Solutions	Air & Ocean	Regional Logistics Services	Total
Balance as of January 1, 2003	89,648	35,709	112,454	237,811
Goodwill acquired during the period	60,271	11,839	8,896	81,006
Impairment losses	(14,032)	(9,601)	(7,113)	(30,746)
Disposals	(25)	–	(288)	(313)
Balance as of December 31, 2003	**135,862**	**37,947**	**113,949**	**287,758**

Goodwill acquired during the year ended December 31, 2003, totaled to €81,006 and is largely attributable to the acquisition of Overbruck Group and the increase in the stake of Microlog Group. Reference is made to note 4.

Goodwill resulting from the acquisition of Overbruck Group amounted to €50,360. As of the acquisition date, goodwill amounting to €39,504 has been allocated to segment Specialized Sector Solutions. The remaining amount of €10,856 has been allocated to segment Air & Ocean. Goodwill arising from the increase in stake of Microlog Group amounted to €28,710. Thereof an amount of €20,112 has been allocated to segment Specialized Sector Solutions. The residual amount of €8,598 has been allocated to segment Regional Logistics Services. Total goodwill arising from the acquisition of Microlog Group amounted to €66,598 and has been allocated to segment Specialized Sector Solutions with an amount of 46,598 and to segment Regional Logistics Services with an amount of €20,000.

The Group evaluates the recoverability of goodwill using a two-step impairment test approach at the level of defined reporting units within its reportable segments. The discounted-cash-flow-method has been used to determine the fair values of reporting units.

The strategic reorientation of Thiel Group and the associated restructuring process triggered an early impairment test of goodwill within all reporting units as of June 30, 2003. In the course of the early impairment test, goodwill amounting to €30,746 has been written-off due to impairment. Thereof an amount of €14,032 was charged to segment Specialized Sector Solutions, €9,601 to segment Air & Ocean and €7,113 to segment Regional Logistics Services.

Goodwill has been tested again for impairment under the annual impairment test as of September 30, 2003. As the fair values of all reporting units exceeded their book values no impairment losses have been recognized beyond the amounts charged as of June 30, 2003.

Pro forma net loss for fiscal year ended December 31, 2003 excluding goodwill impairment amounts to €(125,461), with pro forma basic and diluted loss per share amounting to €(1.46).

14. Leases

Capital Leases

Property, plant and equipment as of December 31, 2003 and 2002 include the following amounts for capitalized leases:

	December 31,	
	2003	2002
Land and buildings	46,736	46,383
Machinery and equipment	5,815	5,082
Tools, fixtures, furniture and office equipment	1,580	486
Fleet of cars	19,821	21,489
Acquisition cost	**73,952**	**73,440**
Accumulated depreciation	(19,302)	(17,549)
Carry amount	**54,650**	**55,891**

Future minimum lease payments at December 31, 2003, by year and in the aggregate, under capital leases were as follows:

	Scheduled minimum lease payments
2004	8,634
2005	7,841
2006	8,303
2007	5,922
2008	8,211
Thereafter	31,569
Total minimum lease payments	70,480
Less amount representing interest	(17,022)
Present value of minimum lease payments	**53,458**

Operating leases

The Group has various operating lease agreements for machinery and equipment. Some leases contain renewal options, purchase options and escalation clauses. Leases do not provide for contingent rentals nor do they contain restrictions on the Group's activities concerning dividends, additional debt or further leasing. Reference is made to note 19.

Expense for all operating leases (excl. rental contracts) was as follows:

	Year ended December 31,	
	2003	2002
Expense for operating leases	8,614	5,681

15. Financial Instruments and Risk Management

Financial Instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, trading securities, securities available for sale, trade accounts receivable, trade accounts payable and borrowings and interest rate risk management contracts.

Debt and equity securities that have readily determinable fair values are classified and accounted for in one of three categories: trading, held to maturity or available for sale. Trading securities are recorded at fair value with movements in fair value included in net income of the period. Investments in securities held to maturity are measured at amortized costs. Securities available for sale are recorded at fair value. Movements in fair value are excluded from earnings and recorded net of tax as a component of shareholders' equity. Management determines the appropriate classification of its investments in debt and equity securities at the time of purchase and reevaluates such classifications at each balance sheet date.

Contractual maturities of debt securities classified as held to maturity as of December 31, 2003 and 2002 are as follows:

	December 31,	
	2003	2002
Within 1 year	–	374
After 1 year through 5 years	–	–
After 5 years through 10 years	370	7
Securities, held to maturity	**370**	**381**

Securities available for sale comprise the following:

	December 31,	
	2003	2002
Investment funds	3,653	3,659
Debt securities	15	18
Securities available for sale	**3,668**	**3,677**

Contractual maturities of debt securities classified as available for sale as of December 31, 2003 and 2002 are as follows:

	December 31,	
	2003	2002
Within 1 year	–	–
After 1 year through 5 years	–	–
After 5 years through 10 years	15	18
Total debt securities classified as available for sale	**15**	**18**

The cost, which approximates the amortized cost based on the specific identification method, gross unrealized gains, gross unrealized losses and fair value for securities available for sale for December 31, 2003 and 2002 are as follows:

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
December 31, 2002	4,069	25	(417)	3,677
December 31, 2003	4,051	36	(419)	3,668

Proceeds from the sale of securities available for sale amounted to €33 in fiscal year 2003 and to €24 in fiscal year 2002. No gain or loss was recognized from these transactions.

Forward Exchange Contracts and Currency Options

The Group enters into interest rate swaps to hedge certain future interest payments on variable-rate debt, which meet the criteria of hedge accounting according to SFAS 133. According to SFAS 133, interest rate swap contracts are recorded at their respective fair values with gains and losses recorded in other comprehensive income. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to settle the related agreements as of December 31, 2003 based upon quoted market rates. As of December 31, 2003, fair value amounted to €732 (liability) and is included in balance sheet line item "Accrued expenses, other liabilities and deferred income". The maximum time of exposure is till 2010.

Concentration of Credit Risk

Financial instruments which could potentially subject the Group to significant concentrations of credit risk consist principally of cash and cash equivalents, trading securities, securities available for sale and trade receivables. The Group maintains cash and cash equivalents and trading securities with various financial institutions and its risk management policy is designed to limit its exposure with any financial institution.

The Group controls credit risk with its customers through ongoing credit evaluation of its customers' financial condition.

16. Debt and Financing Arrangements

Short-Term Debt

	Average Interest Rate	December 31, 2003	December 31, 2002
Short-term borrowings	3.25%	128,479	83,594
Current portion of long-term debt	5.89%	28,552	26,810
		157,031	**110,404**

Long-Term Debt

	Average Interest Rate	Maturity	December 31, 2003	December 31, 2002
Long-term debt	**5.89%**	**2005 – 2023**	**107,927**	**125,444**

Long-term debt and short-term debt are recorded at their respective fair values.

As of December 31, 2003, committed and uncommitted credit lines with various banks amounting to €309,007 (€333,311 as of December 31, 2002) were available to the Group of which €264,959 were used (€235,847 as of December 31, 2002).

Maturities of long-term debt as of December 31, 2003 are as follows:

	Scheduled repayments
2004	28,552
2005	23,517
2006	22,409
2007	21,445
2008	15,576
Thereafter	24,980
Total	**136,479**

Debt is secured by several mortgages totaling €56,701 (€62,197 as of December 31, 2002), and by pledges of receivables, securities and property amounting to €29,558 (€27,611 as of December 31, 2002). In addition, long-term debt of €52,000 is fully secured by the 100% stake in Quehenberger Group. A bridging loan of €25,000 is fully secured by the 100% stake in Kraftverkehr Bayern GmbH, thereof €19,965 are used as of December 31, 2003. A syndicated credit line within Microlog Group amounting to €36,000 is fully secured by stakes of the Microlog holding company in various subsidiaries, thereof €29,500 were used as of December 31, 2003.

17. Accrued Expenses, Other Liabilities and Deferred Income

As of December 31, 2003, balance sheet line item "Accrued Expenses, Other Liabilities and Deferred Income" amounted to €109,024 and comprised a purchase price obligation from the acquisition of Overbruck Group amounting to €20,560. Other material amounts included in this balance sheet item comprise liabilities from other taxes and levies amounting to €37,811, accruals for personnel-costs amounting to €22,093 as well as accruals for not yet consumed vacation amounting to €6,835.

18. Retirement Benefits

Defined Benefit Plans

Retirement obligations recognized in the balance sheet pertain to particular members of the Board of Directors, the Executive Board and key employees and had to be assumed by the Group in the course of certain business acquisitions and already existed in the respective companies before the takeover. The majority of the plans are unfunded, only a minor portion of the plans is funded.

Other Benefits

According to Austrian law valid until December 31, 2002, employees are entitled to a leaving indemnity on retirement or involuntary termination of employment ranging from 2 to 12 months' salary depending on their years of service. Austrian law has been amended in this respect to change to a defined contribution system of benefits. All Austrian employees joining a company after December 31, 2002, will be subject to the new regulation. In addition, provisions for long service bonuses required by law are included in other benefits.

The components of the Group's pension and other benefits cost consist of the following:

	Pension benefits Year ended December 31,		Other benefits Year ended December 31,	
	2003	2002	2003	2002
Service cost	(831)	(1,017)	(1,573)	(2,849)
Interest cost	(1,938)	(1,921)	(530)	(601)
Actuarial (loss) gain	(320)	1,652	267	208
Expected return on plan assets	–	(3)	–	–
Net periodic benefit (costs) gains	**(3,089)**	**(1,289)**	**(1,836)**	**(3,242)**

Actuarial gains and losses for the year ended December 31, 2003, were accounted for under the "corridor method". Under this method actuarial gains or losses are not recognized as income or expense if the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period do not exceed 10% of the greater of the present value of the projected benefit obligation or the fair value of any plan assets at that date. Actuarial gains and losses for the year ended December 31, 2002, were recognized as income and expense.

The aggregate change in the projected pension benefit obligation, change in plan assets and funded status for the years ended December 31, 2003 and 2002 was as follows:

	Funded pension benefits December 31,		Unfunded pension benefits December 31,	
	2003	2002	2003	2002
Change in benefit obligation				
Benefit obligation at beginning of the year (including effect of business acquisition)	1,001	541	32,399	32,592
Service cost	28	149	803	868
Interest cost	49	263	1,889	1,658
Actuarial loss/gain	(42)	10	362	(1,662)
Benefits paid	(21)	(22)	(1,544)	(1,098)
Benefit obligation at end of year	1,015	941	33,909	32,358
Change in plan assets				
Fair value of plan assets at beginning of year (including effect of business acquisition)	73	70	–	–
Actual return on plan assets	–	3	–	–
Benefits paid	(27)	–	–	–
Fair value of plan assets at end of year	46	73	–	–
Accrued pension costs	**969**	**868**	**33,909**	**32,358**

The aggregate change in other benefit obligations and funded status for the years ended December 31, 2003 and 2002 was as follows:

	Unfunded other benefits December 31,	
	2003	2002
Benefit obligation at beginning of the year (including effect of business acquisition)	11,139	8,617
Service cost	1,573	2,849
Interest cost	530	601
Actuarial (loss) gain	(267)	(208)
Benefits paid	(1,094)	(840)
Accrued benefit obligation at end of year	**11,881**	**11,019**

Amounts recognized in the balance sheet as of December 31, 2003 and 2002 are as follows:

	December 31,	
	2003	2002
Funded pension benefits	969	868
Unfunded pension benefits	33,909	32,358
Other benefits	11,881	11,019
Net retirement and other benefit obligations recognized	**46,759**	**44,245**

Scheduled payments of pension and other benefits for the next five years and thereafter are as follows:

	Scheduled benefit payments
2004	2,254
2005	2,386
2006	2,424
2007	2,765
2008	2,861
Thereafter	62,438
Total scheduled pension and other benefit payments	**75,128**

The actuarial assumptions for calculating pension and other benefits at December 31, 2003 and 2002 were as follows:

	Pension benefits December 31,		Other benefits December 31,	
	2003	2002	2003	2002
Discount rate	5.5%	6.0%	5.5%	6.0%
Rate of compensation increase	1.0% – 3.0%	2.0% – 3.0%	1.0% – 3.0%	2.0% – 3,0%
Expected return on plan assets	5.5%	6.0%	5.5%	6.0%

19. Contingencies and Commitments

Commitments

On April 17, 2003, the Group announced the intention to increase its stake in the Microlog Group from 97.23% to 100%. The minority shareholders of Microlog Logistics AG hold in the aggregate 167,144 shares or 2.77%. The annual general meeting of the Microlog Logistics AG, Frankfurt, on June 3, 2003, accepted the squeeze-out of the minority shareholders against a cash payment of €16.50 per share. Due to the fact that the resolution of the annual general meeting was contested by certain minority shareholders not all legal requirements in connection with the squeeze-out had been fulfilled as of December 31, 2003 and therefore the stake in the Microlog Group is still 97.23% as of December 31, 2003. If the court approves the decision by the annual general meeting the squeeze-out represents a purchase commitment amounting to €2,758 as of December 31, 2003.

The following table sets forth all long term obligations as of December 31, 2003:

	Operating lease contracts	Rental contracts	Purchase orders	Others	Total
2004	7,589	47,383	1,629	6,370	62,971
2005	5,896	36,716	547	765	43,924
2006	3,599	31,899	519	609	36,626
2007	1,867	27,805	338	575	30,585
2008	1,085	24,270	–	552	25,907
Thereafter	1,858	87,230	3	131	89,222
Total	**21,894**	**255,303**	**3,036**	**9,002**	**289,235**

Contingencies

As of December 31, 2003, accruals for litigation claims amounting to €1,722 were recognized in the balance sheet. The amount is related to various litigations in different companies within the group with no single amount exceeding €200. Accrued litigation claims are included in the balance sheet line item "Accrued expenses, other liabilities and deferred income".

The company Birkart Globistics GmbH & Co. Logistik und Service KG, Aschaffenburg, Germany is subject to an investigation by the German Federal Cartel Office (Bundeskartellamt) in connection with alleged price fixings for forwarding services provided for the U.S. Army. The Federal Cartel Office claims Birkart to have entered into a cartel fixing prices for movings to the detriment of the U.S. Army, hence violating Section 1 of the Law against Restraints on Competition (Gesetz gegen Wettbewerbsbeschränkungen – "GWB"). Intentional or negligent violations of Section 1 GWB may result in third parties being entitled to damages incurred to the violation. The investigations cover a period from May 1995 until midyear 2002. The management estimates to have an indemnification claim against the former owner of Birkart under the representations and warranties agreed in the purchase agreement between Thiel and the vendor dated December 31, 2001.

Accruals for warranties and product damages concerning the operating business amount to €1,680. These accruals comprise several individual cases and are disclosed in balance sheet line item "Accrued expenses, other liabilities and deferred income".

As of December 31, 2003, accruals for pending losses from onerous contracts amounting to €299 were recognized in the balance sheet. These accruals are also included in balance sheet line item "Accrued expenses, other liabilities and deferred income".

As of December 31, 2003, the Group had contingent liabilities in respect of bank and other guarantees, letters of comfort to associated companies, assessments and other matters arising in the ordinary course of business from which no material liabilities are expected to arise in future periods. As of December 31, 2003, the maximum amount of exposure from these contingencies adds up to €23,518 (€16,761 as of December 31, 2002).

With share deal on December 17, 2003, Thiel Holding AG, Muri sold all 2,000 registered shares of BTL Logistics AG, Muri to Swiss Post. The contract became effective on January 1, 2004 and rules the assertion of suretyships and warranties by Swiss Post. According to management estimates no material claims will arise in connection with this contract in future periods.

The new strategic alignment of Thiel Group in Switzerland resulted in the closing of sites. In connection with the closing of a site in Schlieren, Switzerland, a long-term building lease contract was reviewed by management and the expected contract termination costs have been provided for as of December 31, 2003. This amount reflects management estimates of future costs to be incurred and does not cover the total expense over the remaining life of the agreement.

20. Supplemental disclosures of cash flow information

In determining net cash provided by operating activities net income (loss) of the period is adjusted by deducting income (loss) from discontinued operations. Net cash used in discontinued operations is disclosed as a single line item in the Consolidated Statements of Cash Flows.

Net cash provided by operating activities includes a decrease in the trade accounts receivable of €20,000 due to a settlement of the purchase price obligation arising from the acquisition of Overbruck Group with Axel Springer Verlag AG.

During the twelve-month period ended December 31, 2003, short-term borrowings including the short-term portion of long-term debt resulted in a net increase of €48,644. This amount includes the financing of the increase in stake of Microlog Group from 67.84% to 97.23% amounting to €9,316, and the financing of the acquisition of Overbruck Group with €40,000.

Interest and income taxes paid

In fiscal year ended December 31, 2003, the Group paid interest amounting to €14,897 (2002: €12,570) and income taxes amounting to €12,599 (2002: €8,470).

Non-cash investing and financing activities

As of December 31, 2003, liabilities related to the purchase of fixed assets amounted to €1,013 (2002: €7,363).

In connection with the sale of fixed assets, liabilities amounting to €1,546 (2002: €538) were assumed by the buyer.

In fiscal year 2003 capital lease obligations amounting to €8,646 (2002: €33,951) were incurred upon when the Group entered into lease contracts for new equipment. Reference is made to note 14.

In fiscal year 2003 no shares were issued. In fiscal year 2002 13,964,594 shares with a fair value of €72,519 were issued in connection with certain business acquisitions. Reference is made to note 12.

21. Board of Directors and Executive Board Compensation

Total compensation of non-executive members of the Board of Directors including amounts received from group companies amounted to €288 for the period ended December 31, 2003.

Total compensation of executive members of the Board of Directors and the Executive Board including amounts received from group companies amounted to €2,963 for the period ended December 31, 2003. Thereof the variable portion amounted to €455, the fixed portion including other compensation components amounted to €2,508.

22. Stock-Based Compensation

In February 10, 2000, the Group’s shareholders approved a stock option plan, which allows the Company to grant options for the purchase of THIEL Logistik A.G. registered shares to members of the Board of Directors, certain officers and key employees. For this reason, management board is authorized to increase capital by issuing registered shares up to an aggregate amount of €8,000 representing 6,400,000 ordinary shares. Stock options may be granted over a period commencing February 2000 and ending

March 14, 2006 at a price representing the offer price at the IPO for options granted before IPO, or the average share price over a period of ten days prior to the date of grant for options granted after IPO.

Options become exercisable on the fifth anniversary from the date of grant for members of the Board of Directors and on the third anniversary from the date of grant for certain officers and key employees. Options can only be exercised four times a year during a period of ten days each: following the annual shareholders' meeting, following the issuance of yearly financial statements, following the issuance of half year report and following the issuance of 3rd quarter report.

The Group has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related interpretations in accounting for its employee stock options because the alternative fair value accounting provided under FASB Statements 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), requires the use of option valuation models that were not developed for use in valuing employee stock options. Under APB 25, because the exercise price of the Group's employee stock options exceeded the market price of underlying stock on the date of the grant, no compensation expense is recognized.

The following table shows the number and weighted-average exercise prices of stock options outstanding at December 31, 2003 and 2002:

	Number of stock options	Weighted-average exercise price in €
Outstanding at January 1, 2002	**796,000**	**21.10**
Granted during the year	318,000	17.95
Exercised during the year	–	–
Forfeited during the year	–	–
Outstanding at December 31, 2002	**1,114,000**	**20.20**
Granted during the year	–	–
Exercised during the year	–	–
Forfeited during the year	(722,000)	19.81
Outstanding at December 31, 2003	**392,000**	**20.92**

As of December 31, 2003 the Company had 392,000 options outstanding. Thereof, 98,000 options with a weighted-average exercise price of 23.10 Euro were exercisable as of that day. The weighted average remaining life of options outstanding as of December 31, 2003 was 1.46 years.

Pro Forma Fair Value Disclosures

Pro forma information, regarding net income and earnings per share, is required by SFAS No. 123 and has been determined as if the Group has accounted for its stock option plan under the fair value method of that statement. The fair value of these options was estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rates of 5.95%, dividend of 0 per share, volatility factor of 50% and an expected life of the options between 4 and 6 years.

The Black-Scholes option valuation model was developed for the use of estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation methods require the input of highly subjective assumptions including the expected stock price volatility. As the Group's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimates, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options. Using the Black-Scholes option valuation model, the weighted average value of options granted during the year ending 31 December, 2002, was 7.70 Euro per option. No options were granted during the year ended December 31, 2003.

If compensation expense for the Company's stock options had been recognized based on the fair value on the grant date under the methodology prescribed by SFAS No. 123, the Group's net income and earnings per share for the years ended December 31, 2003 and 2002, respectively, would have been impacted as shown in the following table:

	Year ended December 31,	
	2003	2002
Net loss	(156,207)	(5,258)
Pro forma net loss	(157,088)	(7,281)
Basic and diluted loss per share	(1.82)	(0.07)
Pro forma basic and diluted loss per share	(1.83)	(0.10)

23. Related Party Transactions

In 2003, the Group rendered services to certain associated companies and not consolidated companies in the ordinary course of business.

Amounts resulting from these transactions are included in the respective line items of the Consolidated Financial Statements as of December 31, 2003 as follows:

	Year ended December 31, 2003
Consolidated Statement of Income	
Net sales	13,682
Cost of sales	(7,200)
Operating expenses	(1,583)
Other operating income, net	425
Interest expense, net	102
Consolidated Balance Sheet	
Receivables	4,536
Payables	1,268

Effective October 17, 2002 DELTON AG became major shareholder of Thiel Group via its 100% subsidiary Delton Vermögensverwaltungs AG. Transactions between Thiel Group and DELTON AG and its subsidiaries for the year ended December 31, 2003, were reflected in the respective line items of the Consolidated Financial Statements as of December 31, 2003 as follows:

	Year ended December 31, 2003
Consolidated Statement of Income	
Net sales	1,189
Cost of sales	(287)
Operating expenses	(813)
Other operating income, net	(344)
Consolidated Balance Sheet	
Receivables	694
Payables	252

As of December 31, 2003, cash credit lines amounting to €75,000 are secured by guarantees provided by DELTON AG and were used with an amount of €69,341. In addition, credit lines by way of bank guarantees amounting to €20,000 were secured by DELTON AG. Thiel Group's stake in Microlog Logistics AG has been pledged as security by DELTON AG.

The sole owner of Delton AG, Stefan Quandt, is shareholder and deputy chairman of the supervisory board of BMW AG. He is a related party to BMW AG as defined by Statement of Financial Accounting Standards No. 57 "Related Party Disclosures".

Net sales of Thiel Group generated from transactions with BMW AG amounted to €47,475 for the year ended December 31, 2003 and €13,285 for the three-month period ended December 31, 2002. Accounts receivable amounted to €632 as of December 31, 2003 and to €2,776 as of December 31, 2002. In addition, Thiel Group purchased/leased vehicles from BMW AG. All transactions were measured at arm's length.

There were no transactions between Thiel Group and the members of its Board of Directors in fiscal year 2003.

24. Subsequent events

Capital Increase

As already announced on release of the Nine-month report of 2003 Thiel Group is considering a capital increase in March 2004.

Disposal of subsidiary

Effective January 1, 2004 Thiel Group sold its subsidiary BTL Logistics AG, Muri, Switzerland, to Swiss Post. According to the terms of the agreement the disposal transaction of BTL Logistics AG will be accounted for as of January 1, 2004.

25. Disclosure of material differences between U.S. GAAP and Luxembourg GAAP

Financial Statements of the Group for the years ended December 31, 2003 and December 31, 2002 are prepared in accordance with U.S. GAAP. Differences between accounting rules under U.S. GAAP and accounting rules under Luxembourg GAAP are described below:

Balance Sheet presentation

According to Luxembourg GAAP, certain balance sheet items have to be presented as a separate line item. According to U.S. GAAP, these items may be shown together with other items in the balance sheet and displayed in the notes.

Income Statement presentation

According to Luxembourg GAAP, Income Statement may be presented using the type of expenses format or the cost of sales format. Using the type of expenses format, all costs and expenses are presented by nature of expense.

Income statement in accordance with U.S. GAAP has to be presented using the cost of sales format, with revenues and expenses classified by functions.

Goodwill

According to Luxembourg GAAP goodwill is generally amortized using the straight-line method. Under the provisions of U.S. GAAP goodwill is not amortized but tested for impairment at least annually.

Leases

According to Luxembourg GAAP, leased equipment generally has to be included in the balance sheet of the lessor. Lease payments are included in the income statement by the lessee. According to U.S. GAAP, equipment leased under contracts classified as capital lease has to be recorded by the lessee. The lessee records a capital lease as an asset and an obligation (liability) at an amount equal to the present value of the minimum lease payments at the beginning of the lease. The asset should be recorded at the lower of the present value or the minimum lease payments or the fair market value of the asset.

Deferred taxes

In accordance with U.S. GAAP – deferred tax assets and liabilities should be recognized for all temporary differences arising between the tax base and the financial reporting base of assets and liabilities. Furthermore, U.S. GAAP requires recognition of deferred tax assets for operating tax loss carry-forwards, as long as it is probable that they can be used by future taxable income. Valuation allowances on deferred tax assets have to be provided for where management believe it is more likely than not that the Group will not realize such amounts.

Provision for pensions

In accordance with Luxembourg GAAP, provisions for pension are calculated using the Entry Age Normal Method used for Luxembourg tax purposes with an interest rate of approx. 6% with total obligation recorded in the year of grant. As per U.S. GAAP, pension accruals are calculated using the projected unit credit method, with the obligation recorded ratably over the years of services of the respective employees. Weighted average increase in salaries is considered in calculating the obligation.

Other accruals

The principle of prudence is applied differently in U.S. GAAP as compared to Luxembourg GAAP. U.S. GAAP tends to have more stringent requirements for the probability of the occurrence of relevant events and for the determination of the respective obligation to be provided for.

26. Events subsequent to the release of the consolidated financial statements

During the nine months period ended September 30, 2004, several subsidiaries have been reclassified as discontinued operations (see also Note 3 and 9). As a consequence, the consolidated financial statements as of and for the years ended December 31, 2003 and 2002 have been reclassified.

The major impacts of these reclassifications can be summarized as follows:

Reclassifications and restatements	Net sales	Operating income	Net income	Net cash provided by operating activities	Balance sheet total
			(thousands of €)		
2002 as reclassified and restated	**1,396,831**	**16,642**	**(5,258)**	**39,942**	**1,098,066**
Discontinued operations	(44,503)	(511)	–	(3,507)	–
2002 as further reclassified	**1,352,328**	**16,131**	**(5,258)**	**36,435**	**1,098,066**
2003	**1,699,861**	**(53,858)**	**(156,207)**	**40,793**	**998,502**
Discontinued operations	(36,263)	11,061	–	(2,288)	–
2003 as reclassified	**1,663,598**	**(42,797)**	**(156,207)**	**38,505**	**998,502**

AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2002

Auditor's Report

To the Shareholders of Thiel Logistik AG:

Upon your request we have audited the accompanying consolidated balance sheets of Thiel Logistik AG (a company registered in Luxembourg) and its subsidiaries as of December 31, 2002, and December 31, 2001, and the related consolidated statements of income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended (consolidated financial statements). These consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Company's Management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Thiel Logistik AG and its subsidiaries as of December 31, 2002, and December 31, 2001, and the results of its operations and its cash flows for the years then ended in conformity with United States Generally Accepted Accounting Principles.

AbaCab S.à r.l.

Luxembourg, March 14, 2003

Consolidated Statement of Income

	Year ended December 31, 2002	2001
	(thousands of € except per share amount)	
Net sales	1,491,421	901,717
Cost of sales	(1,375,261)	(787,391)
Gross margin	**116,160**	**114,326**
Operating expenses		
Selling costs	(32,068)	(19,559)
General and administrative costs	(88,730)	(42,755)
Other operating income, net	6,199	13,053
Total operating expenses	(114,599)	(49,261)
Operating income	1,561	65,065
Interest expense, net	(9,058)	(7,279)
Other financial income (expense), net	(723)	422
Equity in earnings of associated companies	(140)	233
Income before income taxes, extraordinary result and minority interest	**(8,360)**	**58,441**
Income taxes	3,293	(10,936)
Income before extraordinary result and minority interest	**(5,067)**	**47,505**
Extraordinary result	–	–
Minority interest	(31)	(874)
Net income	**(5,098)**	**46,631**
Basic and fully diluted earnings per share (in €)	(0.07)	0.72
Weighted average number of shares outstanding:		
Basic	72,881,593	64,827,477
Fully diluted	72,881,593	65,025,071

The accompanying notes are an integral part of the financial statements.

Consolidated Balance Sheet

	December 31, 2002	December 31, 2001
	(thousands of €)	
ASSETS		
Current assets		
Cash and cash equivalents	111,565	60,615
Trading securities at fair value	1,731	5,448
Trade accounts receivable, net of allowances	244,774	183,086
Accounts receivable due from associated companies	98	1,497
Inventories	11,332	4,938
Deferred income taxes	5,503	–
Prepaid expenses and other current assets	36,396	19,666
Assets held for sale	4,327	–
Total current assets	**415,726**	**275,250**
Non-current assets		
Property, plant and equipment, net	313,273	214,912
Investments in associated companies	4,456	2,054
Other investments	15,952	17,260
Securities available for sale at fair value	8,198	8,442
Securities, held to maturity	381	409
Deferred income taxes, long-term	35,615	6,574
Intangible and other assets	21,441	8,722
Goodwill, net	260,659	125,604
Total non-current assets	**659,975**	**383,977**
Total assets	**1,075,701**	**659,227**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings and current portion of long-term debt	113,304	83,180
Trade accounts payable	147,589	85,923
Accounts payable due to associated companies	1,327	142
Lease obligations, short term portion	6,525	2,646
Accrued income taxes	14,443	11,010
Deferred income taxes	1,153	1,129
Investment tax credits	–	–
Accrued expenses, other liabilities and deferred income	97,561	40,415
Total current liabilities	**381,902**	**224,445**
Non-current liabilities		
Long-term debt	127,941	91,269
Lease obligations	32,906	15,810
Retirement and other employee-related obligations	47,077	17,441
Deferred income taxes, long-term	32,856	31,071
Other long-term liabilities	9,112	719
Total non-current liabilities	**249,892**	**156,310**
Minority interest	4,858	4,727
Shareholders' equity		
Ordinary shares – voting, no-par value	107,187	82,544
Additional paid-in capital	258,806	111,441
Retained earnings and other reserves	68,762	73,502
Accumulated other comprehensive income	4,294	6,258
Shareholders' equity	**439,049**	**273,745**
Total liabilities and shareholders' equity	**1,075,701**	**659,227**

Other commitments and contingencies: Note 16

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Cash Flows

	Year ended December 31,	
	2002	2001
	(thousands of €)	
Cash flows from operating activities		
Net income	(5,098)	46,631
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	37,826	31,437
Non-cash items in connection with disposal of non-current assets	(238)	(9,726)
Change in deferred income taxes	(14,019)	2,497
Change in retirement and other employee-related obligations	964	53
Change in investment tax credits	–	(1,840)
Other (net)	1,028	64
Changes in assets and liabilities:		
Decrease (Increase) in trade accounts receivable and other assets related to operating activities	59,370	(23,519)
Decrease (Increase) in inventory	(1,485)	1,737
Increase in trade accounts payable and other liabilities related to operating activities	(45,552)	(6,155)
Net cash provided by operating activities	**32,796**	**41,179**
Cash flows from investing activities		
Capital expenditure	(62,152)	(44,144)
Proceeds from disposal of non-current assets, net of related short-term receivable	30,651	71,360
Purchase of available for sale securities	(433)	–
Proceeds from sale of available for sale securities	283	–
Purchase of trading securities	(429)	(1,651)
Proceeds from sale of trading securities	4,442	–
Change in other loans granted	(3,794)	3,246
Payments for acquisitions of subsidiaries, net of cash acquired	(53,669)	(44,293)
Net cash used in investing activities	**(85,101)**	**(15,482)**
Cash flows from financing activities		
Change in short-term borrowings including short-term portion of long-term debt	8,461	(27,556)
Change in long-term loans	(17,245)	47,222
Change in lease obligations from capital leases	14,309	(2,544)
Change in other liabilities related to financing activities	–	511
Proceeds from issuance of common stock, net	98,511	–
Dividends paid	–	–
Net cash provided by financing activities	**104,036**	**17,633**
Effects of exchange rate changes on cash	(781)	788
Increase in cash and cash equivalents	**50,950**	**44,118**
Cash and cash equivalents at beginning of year	60,615	16,497
Increase	50,950	44,118
Cash and cash equivalents at end of year	**111,565**	**60,615**

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Changes in Shareholders' Equity

	Registered shares – voting	Additional paid-in capital	Retained earnings and other reserves	Accumulated other comprehensive income	Total
			(thousands of €)		
December 31, 2000	**20,000**	**128,507**	**27,175**	**4,166**	**179,848**
Adjustments for capital increase	60,000	(60,000)			–
Proceeds from non-cash issuance of common stock	2,544	42,934			45,478
Prior period adjustment			(304)	304	
Comprehensive income					
Net income			46,631		46,631
Other comprehensive income, net of tax					
Unrealized gains/(losses) on securities available for sale				(523)	
Loss on cash flow hedges				(88)	
Foreign currency translation adjustment				2,399	
Other comprehensive income, net of tax					1,788
Total comprehensive income					48,419
Dividends paid			–		–
December 31, 2001	**82,544**	**111,441**	**73,502**	**6,258**	**273,745**
Increase in share capital	7,187	92,302			99,489
Proceeds from non-cash issuance of common stock	17,456	55,063			72,519
Prior period adjustment			358		358
Comprehensive income					
Net income			(5,098)		(5,098)
Other comprehensive income, net of tax					
Unrealized gains/(losses) on securities available for sale				(953)	
Loss on cash flow hedges				(247)	
Foreign currency translation adjustment				(764)	
Other comprehensive income, net of tax					(1,964)
Total comprehensive income					(7,062)
Dividends paid			–		–
December 31, 2002	**107,187**	**258,806**	**68,762**	**4,294**	**439,049**

The accompanying notes are an integral part of the financial statements.

THIEL LOGISTIK A.G.

Notes to Consolidated Financial Statements
(thousands of € except per share amounts)

Note 1 – The Company

THIEL Logistik A.G. ("The Company") is incorporated in Luxembourg (hereinafter together with its subsidiaries referred to as "the Group" or "Thiel Group") and is listed on the Stock Exchange since March 2000. With January 2003 THIEL Logistik A.G. is listed on the Regulated Market (Prime Standard) in Frankfurt. Effective March 24, 2003, THIEL Logistik A.G. will be included in the MDAX. As Full-service provider in logistics the Group is integrated into the entire value chain from analysis through planning to the custom-tailored concept with IT controlled management. The Group develops and realizes comprehensive logistics concepts for industries such as health care, fashion, automotive, chemical, high-tech, food and beverages and the metal industry.

During the past two years Thiel Group has experienced strong growth by expanding its logistics activities to whole Europe, Asia, Australia, America and Africa. Strong regional distinctions between operations required the Group to build an international management structure and to align management responsibilities and internal reporting structures to reflect the expansive development. As a result, the business segments HealthCare Logistics + Services, Contract Logistics / e-Logistics and Value-Added-Services reported until the first quarter of 2002 were reclassified into five geographical segments: Western Europe, Central and Eastern Europe, Southern Europe, Switzerland and Intercontinental. Reference is made to Note 5.

The head office of the Group is located in Grevenmacher/Luxembourg, the Group currently employs more than 11,000 staff at locations worldwide.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of the Company and all assets, liabilities and results of operations of its subsidiaries, some of which have a minority interest. All significant intercompany accounts and transactions have been eliminated. The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Scope of consolidation

Thiel Group comprises 240 foreign and domestic subsidiaries (2001: 137). Thereof, a total of 9 subsidiaries are accounted for in the consolidated financial statements using the equity method of accounting (2001: 12); reference is made to Note 4. Due to the immaterial effect (on a single and combined basis) on the Group's financial position, results of operations, and cash flows, a total of 51 majority-owned companies ("affiliated companies") were not consolidated and a total of 12 companies with an interest not exceeding 50% ("associated companies") were not accounted for under the Equity method of accounting in fiscal year ended December 31, 2002.

Use of Estimates

Preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Management believes that estimates are reasonable.

Foreign Currency

The functional currency of the Company's operations is the Euro (€).

The assets and liabilities of the Group's operations having a functional currency other than the Euro are translated into Euro using the exchange rate in effect at the year end and revenues and expenses are translated at the average rate during the year. Exchange gains or losses on translation of the Company's net equity investment in these operations are deferred as a separate component of shareholders' equity.

Gains and losses arising from transactions denominated in currencies other than the Euro are reflected in the income statement.

Revenue Recognition

Revenue is recognized when it is realized or realizable and has been earned. Revenues are recognized net of discounts and rebates. Cash sales incentives are recorded as a reduction of revenue when the related revenue is recorded.

Income Taxes

The Group provides for income taxes using the liability method which requires that deferred tax assets and liabilities be recognized for the expected future tax consequences of temporary differences arising between the bases of assets and liabilities for financial reporting and income tax purposes. Currently enacted tax rates are used to determine deferred income tax.

Under this method, the Group is required to make provision for deferred income taxes on the revaluation of certain non-current assets and, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base. Valuation allowances on deferred tax assets are provided where management believe it is more likely than not that the Group will not realize such amounts. Reference is made to Note 8.

Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with banks with an original maturity of three months or less.

Inventories

Inventories are stated at the lower of cost or net realizable value, with cost being determined substantially by weighted average method.

Long-lived assets

Effective January 1, 2002, the Group adopted SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS 144 establishes a single accounting model for the impairment or disposal of long-lived assets, including discontinued operations. Major changes include additional criteria for long-lived assets to qualify as "held for sale" and the requirement that long-lived assets to be disposed of other than by sale be classified as held and used until the disposal transaction occurs. In fiscal year 2002 were no requirements for an impairment in the Group according to SFAS 144.

Investments

Significant investments in which the Company has 20% to 50% of the voting rights and the ability to exercise significant influence over operating and financial policies ("associated companies") are accounted for using the equity method.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Additions and improvements are capitalized, whereas maintenance and repairs are expensed as incurred. Depreciation is provided using the straight-line method over estimated useful lives of 10 to 50 years for plant and buildings and 5 to 25 years for equipment.

Leasing

The Group leases buildings and equipment. All leases that meet certain specified criteria intended to represent situations where the substantive risks and rewards of ownership have been transferred to the lessee are accounted for as capital leases. All other leases are accounted for as operating leases.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price of the Company's interest in subsidiary companies over the fair value of the underlying net identifiable assets arising on acquisitions. Up to fiscal year 2001 goodwill was amortized over a period not exceeding 40 years, with the majority of goodwill amortized over a period not exceeding 20 years.

With the introduction of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS 142), the financial accounting and reporting for acquired goodwill and other intangible assets was changed.

Since January 1, 2002, the Group amortizes, consistent with this statement, intangible assets with finite useful lives on a straight-line basis over their respective estimated useful lives (2 to 5 years). Goodwill and intangible assets other than goodwill which are determined to have indefinite useful lives are not amortized, but instead tested for impairment at least annually. In connection with the adoption of SFAS 142, the Group was required to reassess the lives of its intangible assets and determined that none of its intangible assets have indefinite useful lives.

The Group evaluates the recoverability of goodwill using a two-step impairment test approach at the segment level. The Discounted-Cash-Flow-Method has been used to determine the fair values of Reporting Units. Goodwill has been tested for impairment as of September 30, 2002. As the fair values of all Reporting Units exceeded their book values, no impairment loss has been recognized.

Derivative Financial Instruments

Effective January 1, 2001, the Group adopted Statement of Financial Accounting Standard No. 133 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities", subsequently amended by SFAS 138, which requires that all derivative instruments be reported on the balance sheet at fair values and establishes criteria for designation and effectiveness of hedging relationship.

Derivative products are used for nontrading purposes including the management of foreign currency exposure and interest rate positions. Hedges of fair value exposure are entered into in order to hedge the fair value of a recognized asset or liability or a firm commitment. The Group enters into hedges of cash flow exposure in order to hedge a forecasted transaction or the variability of cash flows to be paid related to a recognized liability. Changes in derivative fair values that are designated as fair value hedges are recognized in earnings as offsets to the change in fair value of related hedged assets, liabilities and firm commitments. Changes in the derivative fair values that are designated as cash flow hedges are deferred and recorded as a component of accumulated other comprehensive income until the hedged transactions occur and are recognized in earnings. Derivatives that are executed for risk management purposes but not designated as hedges under SFAS 133 and SFAS 138 are recorded at their market value and recognized in current earnings.

Stock-Based Compensation

The Group accounts for employee stock options in accordance with Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees" and, accordingly, does not recognize compensation expense for its stock-based compensations to employees in the Consolidated Financial Statements. Reference is made to Note 18.

Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board issued SFAS No. 143, "Accounting for Asset Retirement Obligations", which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The standard applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development or normal use of the asset. SFAS 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The fair value of the liability is added to the carrying amount of the associated asset and this additional carrying amount is depreciated over the life of the asset. The liability is accreted at the end of each period through charges to operating expense. If the obligation is settled for other than the carrying amount of the liability, the Group will recognize a gain or loss on settlement. SFAS 143 is required to be adopted for the fiscal year beginning October 1, 2002. The adoption of SFAS 143 will have no material impact on the Group's financial statements.

On April 30, 2002, the Financial Accounting Standards Board issued SFAS No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections. Among other amendments and rescissions, SFAS 145 eliminates the requirements that gains and losses from extinguishment of debt be aggregated and, if material, classified as an extraordinary item, net of the related income tax effect, unless such gains and losses meet the criteria in paragraph 20 of Accounting Principles Board Opinion No. 30, Reporting the Results of Operations – Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occuring Events and Transactions. Generally, SFAS 145 is effective for transactions occurring after May 15, 2002. SFAS 145 will not have a material impact on the Group's consolidated financial position or results of operations.

In July 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities", which nullifies Emerging Issues Task Force (EITF) Issue 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS 146 requires that a liability for costs associated with exit or disposal activities first be recognized when the liability is irrevocably incurred rather than at the date of management's commitment to an exit or disposal plan. Examples of costs covered by the standard include certain employee severance costs, contract termination costs and costs to consolidate or close facilities or relocate employees. In addition, SFAS 146 stipulates that the liability be measured at fair value and adjusted for changes in estimated cash flows. The provisions of the new standard are effective prospectively for exit or disposal activities initiated after December 31, 2002, with earlier application encouraged. The Group will adopt SFAS 146 effective January 1, 2003 and does not anticipate that the adoption of SFAS 146 will materially affect its financial statements.

Earnings per Share (EPS)

Basic and diluted earnings per share (EPS) are based on the weighted average number of registered shares outstanding. The difference between basic and diluted EPS, for the Group, is solely attributable to stock options. The Group uses the treasury stock method to calculate the impact of outstanding stock options. Stock options for which the exercise price exceeds the average market price over the period have an anti-dilutive effect on EPS and, accordingly, are excluded from the calculation.

Reclassifications

Certain reclassifications have been made in prior years' consolidated financial statements to conform to classifications used in the current year.

Research and Development costs

As U.S. GAAP does not specifically address research and development costs in the logistics sector, practice in displaying research and development costs in the income statement varied within Financial Statements of different groups acting in the logistics sector. Regarding Thiel Group, the entrance in new Logistic sectors with the integration of the Birkart Group and Microlog led to a higher manifoldness and complexity of the business of Group and a decreasing share of the Research and Development costs on the total operating expenses. In order to facilitate comparability with financial Statements of competitors, Thiel Group decided not to display research and development costs as a single line item in the income statement of fiscal year 2002. Research and development costs incurred in fiscal year 2001 were reclassified as follows:

	Year ended December 31, 2001
Selling expenses	1,133
General and administrative expenses	5,699
Research and development costs	**6,832**

Note 3 – Material business combinations

Birkart Group

As announced at January 9, 2002, Thiel acquired the following companies (hereinafter referred to with their subsidiaries as "the Birkart Group"):

	Interest acquired
Birkart Globistics GmbH & Co. Logistik und Service KG, Aschaffenburg, Germany	100%
Birkart Globistics Management GmbH, Aschaffenburg, Germany	100%
Dks DEUTSCHE KLEIDERSPEDITION GmbH, Aschaffenburg, Germany	100%
Birkart Austria Internationale Spedition Gesellschaft mbH, Vienna, Austria	100%
Birkart Transport AG, Muttenz, Switzerland	100%
Birkart Globistics Ltd., London, England	100%
Birkart Globistics Belgium N. V., Antwerp, Belgium	100%
Eurocentro Merci S. R. L., Milan, Italy	100%
Birkart Espana S. A., Madrid, Spain	100%
Birkart Uluslararasi Nakliyatve Ticaret Ltd., Sirketi, Istanbul, Turkey	25%
Johann Birkart CM Internationale Spedition s. p. r.o, Brno, Czech Republic	100%
Birkart Slowakei Internazionale Spedition s. r. o., Bratislava, Slovakia	100%
Birkart Globistics Magyarorszag Nemzetközi Szallitmanyozasi KFT, Budapest, Hungary	100%
DSG Service Sp. z. o. o., Warsaw, Poland	50%
Birkart-SGS Poland Sp. z. o.o, Lodz, Poland	50%
Birkart Russland Ltd., Moscow, Russia	100%
Grehake Transport, Skopje, Macedonia	100%
Birkart Romania S. R. L., Cluj, Romania	100%
Birkart International Forwarding S. A. (Proprietary), Johannesburg, South Africa	100%
Birkart International Tunisie S. A. R. L., Tunis, Tunesia	100%
Birkart Globistics Ltd., Hongkong, China	100%
Birkart Globistics (Philippines) Inc., Philippines	100%
Greshake Maroc Transport International, Tangiers, Morocco	100%
UAB "Litrans Greshake" Marijampole, Lithuania	100%
Birkart Globistics Far East Ltd., Hongkong, China	100%
Birkart Globistics (S. E. A.) Pte. Ltd., Singapore, Singapore	100%
Birkart Globistics Sendirian Berhad, Kuala Lumpur, Malaysia	100%
Birkart Sendirian Berhad International Freight Forwarding, Kuala Lumpur, Malaysia	100%
Birkart Thailand Co. Ltd., Bangkok, Thailand	100%
Jasa Bahari Birkart International Freight Forwarders, Jakarta, Indonesia	100%
Birkart Globistics Australia Pty. Ltd., Sydney, Australia	100%
Birkart Transportes International Ltda., São Paulo, Brazil	100%
Birkart Transportes Internacionales S. A., Lima, Peru	100%

The acquisition of the Birkart Group enables the Group to enter the innovative Fashion Logistics sector and to expand its activities in Europe, Asia, Africa, America and Australia. Birkart has a leading position in the Hanging Garment Business in Germany, a strong position in Asia and branches in all other continents. Excellent relationship with customers, existing long-term contracts as well as the brands "dks" and "Birkart" primarily contributed to a purchase price that resulted in recognition of goodwill.

The financial statement as of December 31, 2002, include results of operations of the Birkart Group for the period January 1, 2002, through December 31, 2002.

Of the total consideration given amounting to €72,669 (including direct expenses of acquisition), an amount of €25,565 was paid by issuing 1,145,367 ordinary shares, voting, with no par-value (capital increase by contribution in kind). As per contract, in order to determine the fair value of shares to be issued the market price was considered for a determined period of time before the date when the terms of the acquisitions were agreed to and announced. The shares were issued effective June 25, 2002.

The following table summarizes the estimated fair values of the assets and liabilities assumed at the date of acquisition:

Cash and cash equivalents	12,441
Receivable and other current assets	103,783
Property, plant and equipment	11,499
Other non-current assets	17,388
Current liabilities	(110,084)
Non-current liabilities	(27,115)
Minority interest	(56)
Fair Value of net assets	**7,856**

Of total goodwill amounting to €64,813, an amount of €45,765 was assigned to the segment Western Europe, €2,352 was assigned to Central and Eastern Europe, €1,580 to Southern Europe and €15,116 to the segment Intercontinental. Of total goodwill, no material amount is expected to be tax deductible.

LOG Group – Joint Venture

As announced in December 2001, Thiel was awarded the contract to take over logistics for the Schieder Möbel Group. The plan was to perform the contract in the form of a Joint Venture in LOG GmbH, with 74.9% of the LOG Group being held by Thiel and 25.1% by the shareholder of the Schieder Möbel Holding. After completing all legal requirements, the LOG Group started its business operations in April 2002 as a joint venture. All revenues and expenses incurred by the LOG Group after April 1, 2002, are included in the financial statements as of December 31, 2002. All expenses in connection with this project incurred by Thiel before April 1, 2002, were already included in the corresponding annual and quarterly financial statements.

LOG Group comprises the following legal entities:

	Interest acquired
LOG Beteiligungs GmbH, Bad Lippspringe, Germany	74.9%
ALCO GmbH Transport International Kamen, Bad Lippspringe, Germany	74.9%
Allfracht GmbH, Zittau, Germany	55.4%
Albatros Sp. z. o. o., Poznan, Poland	55.4%
Lippe-Logistik GmbH & Co. KG, Schieder-Schwalenberg, Germany	74.9%
MM Logistic Sp. z. o. o., Olsztyn, Poland	74.9%

The aggregate purchase price was €7,617 (including direct expenses of acquistion), an amount of €7,380 was paid by issuing 374,626 common shares. The market price for a determined period of time before the date when the terms of the acquisitions were agreed to and announced was considered in order to determine the fair value of issued shares.

The following table summarizes the estimated fair values of the assets and liabilities assumed at the date of acquisition:

Cash and cash equivalents	2,867
Receivable and other current assets	10,363
Property, plant and equipment	8,803
Other non-current assets	1,082
Current liabilities	(25,196)
Non-current liabilities	(5,665)
Minority interest	1,722
Fair Value of net assets	**(6,024)**

The goodwill amounting to €13,641 was assigned to the segment "Western Europe" and is not expected to be deductible for tax purposes.

Microlog Group

As announced on October 17, 2002 THIEL Logistik A.G. acquired 4,101,003 shares of Microlog Logistics AG, Frankfurt a. M. This represents a 67.8% stake in the share capital of Microlog Logistics AG. The acquisition was made by a contribution of 3,950,667 shares in Microlog Logistics AG in a capital increase from authorized capital of Thiel Logistik AG, and a purchase of 130,336 additional shares in Microlog Logistics AG and the acquisition of a claim to transfer of 20,000 shares in Microlog Logistics AG under a securities loan.

Of the total consideration given amounting to €44,885 (including direct expenses of acquisition), an amount of €39,574 was paid by issuing 12,444,601 ordinary shares, voting, with no par-value (capital increase by contribution in kind). The market price for a determined period of time before the date when the terms of the acquisitions were agreed to and announced was considered in order to determine the fair value of issued shares. Subsequently, THIEL Logistik A.G. submitted a voluntary purchase bid to the minority shareholders of Microlog Logistics AG at the beginning of November 2002. The offer provided for a cash payment of €16.50 per Microlog share and was accepted for 1,775,531 Microlog shares by the time the acceptance period expired on December 31, 2002. All legal requirements out of the purchase bid, especially transfer of the title, were fulfilled in January 2003. In addition, 1,200 shares were bought over the counter from the Company at the beginning of January 2003. As a consequence, the company was legal owner of 67.8% of Microlog Logistics AG shares as of December 31, 2002. Ownership of additional 1,776,731 shares was transferred to the Company in January 2003, which leads to an investment of 97.2% as of January 2003. The fulfillment of the voluntary purchase bid leads to a purchase commitment amounting to €29,296 as of December 31, 2002. Reference is made to Note 16.

The Microlog group is a global acting enterprise and will strengthen the Sector Solutions business in the Thiel Group, especially in the automotive, metal electronics and chemical industries. Microlog complements and strengthens the Thiel Group in the area of enhanced end-to-end contract logistics by adding industrial logistics and automation. These opportunities as well as potential economies of scales contributed to a purchase price that resulted in recognition of goodwill.

Microlog Group comprises the following legal entities:

	Interest acquired
Atlas Transport AG, Basel, Switzerland	67.8%
Fablog GmbH (Holding), Berlin, Germany	67.8%
Früchtetrans AG, Pratteln, Switzerland	47.5%
Geris Logistics AG, Münchwillen, Switzerland	67.8%
Geris Logistics B. V., Beringe, Netherlands	67.8%
Geris Logistics GmbH, Castrop-Rauxel, Germany	67.8%
Geris Trailer Service B. V., Valkens, Netherlands	67.8%
ips-microlog GmbH, Merzhausen, Germany	67.8%
Kenzone, Singapore, Singapore	43.4%
Loction Industrial Services, Bad Homburg, Germany	67.8%
Locton GmbH, Cologne, Germany	67.8%
LP Group SA, Pratteln, Switzerland	47.5%
MC Logistics AG, Eschen, Liechtenstein	54.3%
Microlog Asia Pacific Ltd., Singapore, Singapore	54.3%
Microlog Holding B. V., Beringe, Netherlands	67.8%
Microlog Logistics AG, Frankfurt am Main, Germany	67.8%
Microlog Logistics Pte. Ltd., Singapore, Singapore	54.3%
Microlog Personnel Services GmbH, Aschaffenburg, Germany	67.8%
Microlog Solutions GmbH, Berlin, Germany	67.8%
Micrologistics SAS, Paris, France	67.8%
Mind Solutions GmbH, Walldorf, Germany	34.7%
ML Grundbesitz GmbH, Heppenheim, Germany	67.8%
ML Grundbesitz KG, Heppenheim, Germany	61.7%
ML Hirschmann GmbH, Neckartenzlingen, Germany	47.5%
ML Immobilien GmbH, Lorsch, Germany	67.8%
ML Logistics B. V., Valkenswaard, Netherlands	67.8%
ML Verwaltungs GmbH, Heppenheim, Germany	67.8%
Nunner B. V., Valkenswaard, Netherlands	67.8%
Nunner GmbH, Leibnitz, Austria	67.8%
Nunner International B. V., Valkenswaard, Netherlands	67.8%
Nunner Logistics GmbH, Würzburg, Germany	67.8%
Nunner Lojistik Tic. Ltd. Sti., Istanbul, Turkey	67.8%
Nunner SRO, Brno, Czech Republic	50.9%
PD Logistics GmbH, Schweinfurt, Germany	47.5%
Qmark do Brazil Ltd., Bairro de Lourdes Belo Horizonte, Brazil	49.5%
Qmark Inc., Birmingham, USA	50.0%
QMark Solutions LLC, USA	50.0%
Urs Hilbi, Ricken, Switzerland	47.5%
V-Log Corp, Canada	35.0%
V-Log LLC, Birmingham, USA	35.0%

The financial statements as of December 31, 2002 include results of operations for the Microlog Group for the period October 1, 2002, until December 31, 2002.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

Cash and cash equivalents	10,126
Receivable and other current assets	45,190
Property, plant and equipment	59,168
Other non-current assets	15,517
Current liabilities	(56,826)
Non-current liabilities	(66,458)
Minority interest	(3,287)
Fair Value of net assets	**3,430**

Goodwill amounting to €41,455 was assigned to the segment Western Europe, with no material amount expected to be tax deductible.

Proforma Impact

If the acquisitions and disposals completed during fiscal year ended December 31, 2001 and during fiscal year ended December 31, 2002, occurred on January 1, 2001, the Group's proforma consolidated sales would have been €1,617,609 for fiscal year ended December 31, 2001 and €1,710,108 for fiscal year ended December 31, 2002. Proforma consolidated net income of the Group would have amounted to €55,535 for fiscal year ended December 31, 2001 and €(3,961) for fiscal year ended December 2002. Proforma consolidated operating profit would have been €86,200 for fiscal year ended December 31, 2001 and €10,939 for fiscal year ended December 31, 2002. Proforma basic and diluted earnings per share for fiscal year ended December 31, 2001 would have amounted to €0.85. Proforma basic and diluted earnings per share for fiscal year ended December 31, 2002 would have been €(0.05).

Note 4 – Equity Method Investments

As of December 31, 2002, significant investments in companies accounted for under the equity method of accounting were as follows:

Company	Percentage of control
CC CARGO CONTOR Speditionsgesellschaft mbH, Bremen, Germany	49.0%
Hellmann Beverage Logistics, Los Angeles, USA	50.0%
Locton Weiss sp. o. l., Rudno, Poland	50.0%
Locton Navis, Gbr, Hamburg, Germany	50.0%
MDS Main-Donau-Schiffahrtsgesellschaft mbH, Kehlheim, Germany	50.0%
Subitech GmbH, Mühlheim, Germany	33.3%
Thiel Systemhandelsgesellschaft mbH, Hamburg, Germany	49.0%
TRANS-SERVIS spol. s. r. o., Králuv Dvur, Czech Republic	33.3%
Zweckstätter und KVB GbR, Nürnberg, Germany	50.0%

Under the equity method, investments are stated at initial cost and are adjusted for subsequent contributions and Thiel Group's share of earnings, losses and distributions. The carrying value of investments accounted for under the equity method (investments in associated companies) amounted to €4,456 as of December 31, 2002 and €2,054 as of December 31, 2001, respectively, and approximates fair value of the Group's ownership percentage in the underlying net assets of those companies. Equity in earnings of associated companies comprise net losses amounting to €140 (2001: net gains amounting to €233).

Note 5 – Segment Reporting

Segment information

During the past two years, Thiel Group has experienced strong growth by expanding its Central European operations to include the whole of Europe, Asia, Australia, America and Africa. Strong regional distinctions between operations required the Group to build an international management structure and to align management responsibilities and internal reporting structures to reflect this development. As a result, the business segments HealthCare Logistics + Services, Contract Logistics / e-Logistics and Value-Added-Services reported until the first quarter of 2002 were reclassified into five geographical regions.

The five geographic segments were aggregated on the basis of geographic criteria and management responsibility and comprise the following regions:

Western Europe:

This segment comprises the activities in Germany, the Benelux countries and England. The emphasis of logistics services provided to customers in this region is on industries and sectors such as health care, fashion/lifestyle and automotive.

Central and Eastern Europe:

This segment comprises all the activities of the Group in the countries of Austria* (excluding Vorarlberg), Hungary, the Czech Republic, Slovakia, Poland, Bulgaria, Romania, Slovenia, Bosnia, Serbia-Montenegro, Russia and other CIS states. Revenues in this segment are mainly derived from supplying logistics services to the industries and sectors healthcare, Thiel Technical, Thiel FreshNet/Food, chemical industry and Thiel furniture.

Southern Europe:

This segment comprises operations in France, Italy, Portugal, Spain, Turkey and Vorarlberg/ Austria*. Group companies operating in this region offer logistics services to the industries and sectors metal, automotive and Thiel FreshNet/Food.

Switzerland:

Due to major regional and economic differences, all activities in Switzerland are disclosed under their own segment, separate from the EU member states. Group companies operating in this region offer logistics services primarily to the industries and sectors automotive, chemical and healthcare.

Intercontinental:

The Intercontinental segment comprises all the activities of the Group outside Europe. This segment includes activities in Asia, Australia, South Africa as well as in North and South America. However, the emphasis is clearly on Asia. Logistics services supplied in this segment are largely focused on the industries and sectors fashion/lifestyle and automotive.

The new segments have been reported since the 2nd quarter of 2002, with management evaluating individual segment performance based on segment results before interest and other financial income (expense), goodwill amortization and income taxes. Segment assets are composed of total assets excluding long-term investments and goodwill. Intersegment transactions are measured at arm's length.

The table below sets forth segment information for the fiscal years ended December 31, 2002 and 2001. To facilitate comparison, the data for fiscal year 2001 have been restated in line with the new reporting structure.

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* Individual countries have been allocated to geographic regions according to historically grown business relations and the logistics expertise of local management.

Year ended December 31, 2002	Western Europe	Central and Eastern Europe	Southern Europe	Switzerland	Inter-continental	Total reportable segments
External segment sales ...	693,247	372,803	181,231	103,772	140,368	1,491,421
Intersegment sales	26,020	11,680	8,465	375	18,262	64,802
Total segment sales	719,267	384,483	189,696	104,147	158,630	1,556,223
Segment result	(1,246)	6,371	7,444	(13,239)	2,489	1,819
Depreciation and amortization charges ..	(16,445)	(8,423)	(5,185)	(6,102)	(1,333)	(37,488)
Segment assets	665,348	148,209	83,351	131,228	33,200	1,061,336
Year ended December 31, 2001						
External segment sales ...	393,279	286,789	122,885	98,764	–	901,717
Intersegment sales	2,112	3,129	3,498	122	–	8,861
Total segment sales	395,391	289,918	126,383	98,886	–	910,578
Segment result	54,730	11,659	5,221	432	–	72,042
Depreciation and amortization charges [1)]	(8,179)	(7,763)	(4,083)	(5,172)	–	(25,197)
Segment assets	345,789	120,135	73,762	126,976	–	666,662

[1)] Depreciation and amortization charges for the year ended December 31, 2001 exclude goodwill amortization charges.

The reconciliation from total reportable segment results to consolidated income before income taxes, extraordinary result and minority interests for the years ended December 31, 2002 and 2001 is as follows:

	Year ended December 31, 2002	2001
Total reportable segment results	1,819	72,042
– Unallocated expenses	(258)	(6,977)
– Financial result	(9,781)	(6,857)
+ Equity in earnings of associated companies	(140)	233
Consolidated income before income taxes, extraordinary result and minority interests	**(8,360)**	**58,441**

The item "Unallocated expenses" comprises general corporate expenses not directly attributable to the individual segments, as well as goodwill amortization of 2001. Consequently, total reportable segment results do not equal consolidated operating income.

The reconciliation from total reportable segment assets to total consolidated assets for the years ended December 31, 2002 and 2001 is as follows:

	Year ended December 31, 2002	2001
Total reportable segment assets	1,061,336	666,662
– Eliminations	(277,526)	(152,286)
+ Goodwill not allocated to segments	260,659	125,604
+ Unallocated amounts	31,232	19,247
Total consolidated assets	**1,075,701**	**659,227**

The item "Unallocated amounts" comprises investments not allocated to segments as well as other assets not directly attributable to segments.

Products and services information

The table below sets forth net sales for the years ended December 31, 2002:

	Year ended December 31, 2002
Fashion / Lifestyle-Logistics	280,423
HealthCare-Logistics	259,848
Automotive-Logistics	234,701
FreshNet / Food-Logistics	200,251
Chemical-Logistics	167,092
Others	349,106
	1,491,421

Geographic information

The segment reporting of THIEL Logistik A.G. follows management responsibility rather than a pure geographic segmentation. Besides geographic criteria, management responsibility has also been allocated by reference to historically grown business relations and the logistics expertise of local management. The tables below summarizes pure geographic country information on both net sales and long-lived assets.

The table below sets forth net sales for the years ended December 31, 2002 and 2001:

	Year ended December 31,	
	2002	2001
Germany	608,828	322,717
Austria	400,533	320,799
Switzerland	132,701	121,882
Luxembourg	51,738	74,943
Other	297,621	61,376
	1,491,421	**901,717**

The table below summarizes long-lived assets located in the respective countries for the years ended December 31, 2002 and 2001:

	Year ended December 31,	
	2002	2001
Germany	138,267	66,775
Austria	74,751	64,161
Switzerland	64,423	56,422
Luxembourg	18,796	12,101
Other	31,928	21,637
	328,165	**221,096**

Long-lived assets comprise property, plant and equipment as well as intangible assets other than goodwill.

Other information

Revenues from major customers account for less than 5% per major customer.

Note 6 – Income Statement Components

Other operating income, net

	Year ended December 31,	
	2002	2001
Other operating income	14,102	22,778
Other operating expense	(7,903)	(2,903)
Amortization of goodwill	–	(6,822)
Other operating income, net	**6,199**	**13,053**

Other operating income primarily comprise foreign exchange gains, gain from sale on disposal of fixed assets and income from insurance claims. Other operating expenses primarily comprise foreign exchange losses.

Up to fiscal year 2001 goodwill was amortized over a period not exceeding 40 years, with the majority of goodwill amortized over a period not exceeding 20 years. With the introduction of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS 142), the financial accounting and reporting for acquired goodwill and other intangible assets was changed. Goodwill is no longer amortized, but instead tested for impairment at least annually.

Interest expense, net

	Year ended December 31,	
	2002	2001
Interest income	4,438	2,999
Interest expense	(13,496)	(10,278)
Interest expense, net	**(9,058)**	**(7,279)**

Other financial income, net

	Year ended December 31,	
	2002	2001
Dividend income from investments	1,008	348
Other financial income	537	125
Other financial expense	(2,268)	(51)
Other financial income (expense), net	**(723)**	**422**

Note 7 – Other comprehensive income

The table below sets forth components of other comprehensive income for the years ended December 31, 2002 and 2001, respectively:

	Year ended December 31,			
	2002		2001	
Unrealized gains/(losses) on securities available for sale, net of tax				
Unrealized gains that were identified this period, net of tax				
Unrealized gains that were identified this period	(1,232)		(868)	
Income taxes	279	(953)	198	(670)
Less: reclassification adjustments for gains that are part of net income, net of tax				
Reclassification adjustments	–		184	
Income taxes	–	–	(37)	147
Loss on cash flow hedges, net of tax				
Losses that were identified this period	(251)		(134)	
Income taxes	4	(247)	46	(88)
Foreign currency translation adjustment		(764)		2,399
Other comprehensive income		**(1,964)**		**1,788**

Note 8 – Income Taxes

Income tax expense is based on earnings before income taxes reported for financial statement purposes and consists of the following:

	Year ended December 31,	
	2002	2001
Current taxes	(10,451)	(15,005)
Deferred taxes	14,073	5,832
Change in valuation allowance	(329)	(1,763)
	3,293	**(10,936)**

The following table summarizes the principal components for the difference between the actual income tax benefit (expense) and the expected tax benefit (expense) based upon the Luxembourg statutory income tax rate applied to income before taxes:

	Year ended December 31, 2002
Net Income before income taxes, extraordinary result and minority items	(8,360)
Expected income tax benefit at statutory rate (31.88%)	2,665
Tax-free items of income	1,977
Effect of differing foreign income tax rates and other permanent differences	(1,376)
Investment allowances and tax benefits	634
Change in valuation allowance	(329)
Non-deductible expense	(278)
	3,293

Deferred income tax assets and liabilities consist of the following:

	December 31, 2002	December 31, 2001
Deferred income tax liabilities		
Valuation of property, plant and equipment	(26,873)	(26,536)
Goodwill	(466)	–
Valuation of securities	(326)	–
Valuation of accounts receivables	(339)	–
Other	(4,022)	(2,823)
Gross deferred tax liabilities	(32,026)	(29,359)
Deferred income tax assets		
Net operating tax loss carryforwards	26,168	3,057
Intangible Assets	4,330	–
Accruals and Provisions	3,577	–
Retirement and other benefit obligations	2,981	1,036
Capital Lease Contracts	894	–
Deferral of costs of capital increase	822	–
Other	2,150	195
Gross deferred tax assets	40,922	4,288
Valuation allowance on deferred tax assets	(1,787)	(555)
Net deferred tax liability	**7,109**	**(25,626)**

As of December 31, 2002 tax loss carryforwards amounted to €82,558 (€20,472 as of December 31, 2001) and primarily pertain to German and Swiss subsidiaries. Thereof, an amount of €62,278 (€20,072 as of December, 2001) can be carried forward indefinitely.

Note 9 – Shareholders' Equity

Capital stock

As of December 31, 2002, the Company had 85,749,990 ordinary shares, voting with no-par value, issued and outstanding, representing common stock amounting to €107,187. Thereof, 14,367,090 shares were not yet tradeable on the stock exchange. Each share represents a calculated par value of €1.25.

According to the articles of association of THIEL Logistik A.G. as of December 31, 2002, the Board of Directors is authorized through March 14, 2006, to increase capital stock up to a total amount of 74,250,010 shares, representing common stock of €92,813. Issuance is limited to specific purposes.

Issuance of common stock

Effective March 14, 2002, 5,750,000 shares were issued resulting in an increase in share capital amounting to €7,187 and an increase in additional paid in capital amounting to €92,302. The increase in additional paid in capital includes both the expenses for the capital increase and the resultant income tax effect. In connection with the acquisition of the Birkart Group, 1,145,367 shares were issued effective June 25, 2002, resulting in an increase in share capital of €1,432 and an increase in the additional paid in capital of €24,133. Following the issue of 374,626 shares effective July 11, 2002 in connection with financing the LOG Group Joint Venture, share capital was increased by €468 and additional paid in capital was increased by €6,912.

In connection with the acquisition of the Microlog Group, 12,444,601 shares of THIEL Logistik A.G. were issued from authorized capital effective October 18, 2002, resulting in an increase in share capital increase amounting to €15,556 and an increase in additional paid in capital amounting to €24,018. Reference is made to Note 3.

Distributable Retained Earnings

According to Luxembourg Corporate Law, companies located in Luxembourg have to dedicate 5% of unconsolidated net earnings to a legal reserve until the reserve equals 10% of share capital. As of December 31, 2002, the legal reserve of the Company amounted to €4,782 (€3,243 as of December 31, 2001) and is included in retained earnings and other reserves. The reserve may not be distributed to shareholders as dividend.

Pursuant to Luxembourg Corporate Law, the Company may only pay dividends up to a maximum of €54,680 as of December 31, 2002 (€25,427 as of December 31, 2001).

The reconciliation to such distributable retained earnings and other reserves as of December 31, 2002 compared to prior year is as follows:

	December 31, 2002	December 31, 2001
Consolidated retained earnings and other reserves	68,762	73,502
Accumulated earnings of subsidiaries, net	(9,300)	(44,832)
Non-distributable reserves	(4,782)	(3,243)
Distributable retained earnings and other reserves	**54,680**	**25,427**

Prior Period Adjustment

In fiscal year 2002, certain adjustments related to the business activities of prior periods have been made. In particular, fixed assets amounting to €149 (net of related income taxes amounting to €50) and a long-term receivable in connection with a pension plan amounting to €357 were reassessed. In addition, bundle debts were increased by €200 (net of related income taxes amounting to €67) and current income taxes were decreased by €1,064.

These adjustments totalling to €358 relate to prior periods and thus were excluded in the determination of net income for the current period.

Note 10 – Current and non-current assets

Trade Accounts Receivable, Net of Allowances

	December 31, 2002	December 31, 2001
Trade accounts receivable	258,906	185,286
Allowance for doubtful accounts	(14,132)	(2,200)
Total accounts receivable, net	**244,774**	**183,086**

Inventories

Inventories amounted to €11,332 as of December 31, 2002 and €4,938 as of December 31, 2001 and mainly comprise raw materials and merchandise.

Prepaid Expenses and Other Current Assets

	December 31, 2002	December 31, 2001
Short term granted loans	13,789	21
Value added tax	8,811	3,490
Prepaid expenses	4,346	1,559
Prepaid other taxes	1,554	705
Other receivable due from affiliated companies, not consolidated	1,456	589
Accounts receivable in connection with sale of fixed assets	538	18
Accounts receivable in connection with disposal of subsidiaries	13	10,020
Other prepaid expenses and current assets	5,889	3,264
	36,396	**19,666**

Assets held for sale

Management decided to dispose of a property in Hungary which is no longer been used in operations. The disposal is expected to be concluded during the first six months-period of fiscal year 2003. Consequently, this property previously disclosed under land and buildings held and used has been reclassified to assets held for sale. As of December 31, 2002 the carrying amount of this property amounted to €4,327. In fiscal year 2002 no impairment loss has been recognized with respect to this property as fair value less cost to sell exceeded its carrying amount. The property held for sale has been included in the calculation of segment assets of reportable segment Central and Eastern Europe. In 2001 no assets held for sale were recorded.

Property, Plant and Equipment, net

	December 31, 2002	December 31, 2001
Land and buildings	€190,580	€141,126
Machinery and equipment	83,906	51,817
Tools, fixtures, furniture and office equipment	35,043	16,763
Construction in progress	3,744	5,206
	€313,273	**€214,912**

Accumulated depreciation for property, plant and equipment amounted to €244,864 as of December 31, 2002 and €147,915 as of December 31, 2001. Depreciation of property, plant and equipment in fiscal year 2002 amounted to €34,269.

Intangible and Other Assets

	December 31, 2002	December 31, 2001
Software, net	€9,858	€5,338
Loans granted	4,177	2,538
Concessions, licenses and copyrights, net	5,034	846
Other	2,372	–
	€21,441	**€8,722**

Accumulated amortization for intangible assets amounted to €17,004 as of December 31, 2002 and €7,561 as of December 31, 2001. Amortization of intangible assets in fiscal year 2002 amounted to €3,557.

Goodwill

The changes in the carrying amount of goodwill for the year ended December 31, 2002 are as follows:

Year ended December 31, 2002	Western Europe	Central and Eastern Europe	Southern Europe	Switzerland	Inter-continental	Total
Balance as of January 1, 2002	22,090	58,042	33,314	12,158	–	125,604
Changes during period	110,397	3,730	6,807	(995)	15,116	135,055
Balance as of December 31, 2002	132,487	61,772	40,121	11,163	15,116	260,659

Changes in the carrying amount of goodwill are attributable to goodwill acquired during fiscal year ended December 31, 2002, except for reportable segment Switzerland where changes are due to a subsequent reduction in purchase price.

The group evaluates the recoverability of goodwill using a two-step impairment test approach at the reportable segment level. The discounted-cash-flow-method has been used to determine the fair values of reporting units. Goodwill has been tested for impairment as of September 30, 2002. As the fair values of all reporting units exceeded their book values no impairment losses have been recognized.

Net income in fiscal year 2001 amounting to €46,631 included goodwill amortization of €6,822. Earnings per share in 2001 amounted to €0.72. Net income for fiscal year 2001 excluding goodwill amortization would amount to €53,453, with basic and diluted earnings per share amounting to €0.82.

Note 11 – Leases

Capital Leases

Property, plant and equipment at year-end include the following amounts for capitalized leases:

	December 31, 2002	December 31, 2001
Land and buildings	29,126	23,575
Machinery and equipment	28,939	5,661
Tools, fixtures, furniture and office equipment	487	–
	58,552	29,236
Accumulated depreciation	(18,518)	(8,815)
	40,034	**20,421**

Future minimum lease payments at December 31, 2002, by year and in the aggregate, under capital leases were as follows:

Scheduled minimum lease payments

	2002
2003	8,684
2004	6,813
2005	5,369
2006	5,766
2007	3,812
Thereafter	17,479
Total minimum lease payments	47,923
Less amount representing interest	(8,499)
Present value of minimum lease payments	**39,424**

Operating leases

The Group has various operating lease agreements for machinery and equipment. Most leases contain renewal options, purchase options and escalation clauses. Leases do not provide for contingent rentals nor do they contain restrictions on the Group's activities concerning dividends, additional debt or further leasing. Rental expense for all operating leases was as follows:

	Year ended December 31,	
	2002	2001
Expense for operating leases	6,263	3,275

Note 12 – Financial Instruments and Risk Management

Financial Instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, trading securities, securities available for sale, trade accounts receivable, trade accounts payable and borrowings and interest rate risk management contracts.

Debt and equity securities that have readily determinable fair values are classified and accounted for in one of three categories: trading, held to maturity or available for sale. Trading securities are recorded at fair value with movements in fair value recorded in the consolidated statements of income. Investments in securities held to maturity are measured at amortized costs. Securities available for sale are recorded at fair value. Movements in fair value are excluded from earnings and recorded net of tax as a component of shareholders' equity. Management determines the appropriate classification of its investments in debt and equity securities at the time of purchase and re-evaluates such determinations at each balance sheet date.

Contractual maturities of debt securities classified as held to maturity as of December 31, 2002 and 2001 are as follows:

	December 31,	
	2002	2001
Within 1 year	374	391
After 1 year through 5 years	–	11
After 5 years through 10 years	7	7
Total debt securities	**381**	**409**

Securities available for sale comprise the following:

	December 31, 2002	December 31, 2001
Equity securities	3,153	4,145
Investment funds	3,658	3,073
Debt securities	1,387	1,196
Other investments	–	28
	8,198	**8,442**

Contractual maturities of debt securities classified as available for sale as of December 31, 2002 and 2001 are as follows:

	December 31, 2002	December 31, 2001
Within 1 year	426	–
After 1 year through 5 years	943	1,196
After 5 years through 10 years	18	–
Total debt securities	**1,387**	**1,196**

The cost, which approximates the amortized cost based on the specific identification method, gross unrealized gains, gross unrealized losses and fair value for securities available for sale for December 31, 2002 and 2001 are as follows:

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
December 31, 2001	8,967	160	(685)	8,442
December 31, 2002	9,957	34	(1,793)	8,198

Net unrealized losses associated with securities available for sale amounting to €1,350 as of December 31, 2002 (€397 as of December 31, 2001), net of tax expense of €409 (€130 as of December 31, 2001) are included in accumulated other comprehensive income.

Proceeds from the sale of securities available for sale during fiscal year 2002 (2001) amounted to €283 (€211). Net gains included in net income in fiscal year 2002 (2001) amounted to €57 (€2).

Forward Exchange Contracts and Currency Options

The Group enters into forward contracts and foreign currency options to protect against potentially adverse changes in foreign currency exchange rates and to cover a portion of both its firm foreign currency commitments. The transactions hedged include mainly accounts receivable and payable from borrowings. As of December 31, 2002, fair value amounted to €104 (liability) and is displayed as part of "accrued expenses, other liabilities and deferred income" in the balance sheet. The maximum time of exposure is 12 months.

The Group enters into interest rate swaps to hedge certain future interest payments on variable-rate debt, which meet the criteria of hedge accounting according to SFAS 133. According to SFAS 133, interest rate swap contracts are recorded at their respective fair values with gains and losses recorded in other comprehensive income. The fair value interest rate swaps is the estimated amount that the Group would receive or pay to settle the related agreements as of December 31, 2002 based upon quoted market rates. As of December 31, 2002, fair value amounted to €763 (liability) and is displayed as part of "accrued expenses, other liabilities and deferred income" in the balance sheet. The maximum time of exposure is till 2007.

Concentration of Credit Risk

Financial instruments which could potentially subject the Group to significant concentrations of credit risk consist principally of cash and cash equivalents, trading securities, securities available for sale and trade receivables. The Group maintains cash and cash equivalents and trading securities with various financial institutions and its risk management policy is designed to limit its exposure with any financial institution.

The Group controls credit risk with its customers through ongoing credit evaluation of its customers financial condition.

Note 13 – Debt and Financing Arrangements

Short-Term Debt

	Average Interest Rate	December 31, 2002	December 31, 2001
Short-term borrowings	4.51%	85,087	70,502
Current portion of long-term debt	5.69%	28,217	12,678
		113,304	**83,180**

Long-Term Debt

	Average Interest Rate	Maturity	December 31, 2002	December 31, 2001
Long-term debt	**5.69%**	**2004- 2022**	**127,941**	**91,269**

Long-term debt and short-term debt are recorded at their respective fair values.

As of December 31, 2002, commited and uncommited credit lines amounting to €344,675 (€250,659 as of December 31, 2001) are available for the Group with various banks of which €241,245 were used (€174,449 as of December 31, 2002).

Maturities of long term debt as of December 31, 2002 are as follows:

	2002
2003	28,217
2004	24,643
2005	26,892
2006	20,772
2007	20,222

Debt is secured by several mortgages totaling €48,342 (€25,740 as of December 31, 2001), and by pledges of receivables, securities and property amounting to approx. €46,570 (€24,869 as of December 31, 2001). In addition, a long-term debt of €62,500 is fully secured by the 100% stake in Quehenberger Group. Furthermore a credit line of €40,000, unused as of December 31, 2002, for the acquisition of the Microlog Group is fully secured by the stake in Microlog Group. The syndicated credit line in the Microlog Group of €50,000 is fully secured by stakes of the Microlog Holding in various subsidiaries, thereof €26,500 are used as of December 31, 2002.

Note 14 – Retirement Benefits

Defined Benefit Plans

In general, it is the Company's policy not to operate retirement plans. Accordingly, members of the Board of Directors of the Company are not covered by retirement plans. Retirement obligations shown in the balance sheet pertain to key employees and had to be assumed by the Group in the takeover of certain business acquisitions and already existed in the respective companies before the takeover. The majority of the plans are unfunded, only minor portion of the plans is funded.

Other Benefits

According to Austrian law, employees are entitled to receive a leaving indemnity on retirement or termination of employment which ranges from 2 to 12 months of final salary depending on their years of service. In addition, provisions for long service bonuses according to Austrian law are included in other benefits.

The components of the Group's pension and other benefits cost consist of the following:

	Pension benefits Year ended December 31,		Other benefits Year ended December 31,	
	2002	2001	2002	2001
Service cost	1,067	272	2,849	676
Interest cost	2,036	546	601	331
Actuarial loss/gain	(1,652)	365	(208)	(1,139)
Expected return on plan assets	(3)	(4)	–	–
Net periodic benefit costs/(gains)	**1,448**	**1,179**	**3,242**	**(132)**

Included in actuarial gain/loss are unrecognized net gains or losses resulting from changes in the amount of both the projected benefit obligation and the plan assets. The aggregate change in projected pension benefit obligation, change in plan assets and funded status were:

	Funded pension benefits December 31,		Unfunded pension benefits December 31,	
	2002	2001	2002	2001
Change in benefit obligation				
Benefit obligation at beginning of the year (including effect of business acquisition)	4,937	1,310	30,122	8,516
Service cost	149	79	918	193
Interest cost	263	65	1,773	481
Actuarial loss/gain	10	–	(1,662)	365
Benefits paid	(22)	(8)	(1,463)	(394)
Benefit obligation at end of year	**5,337**	**1,446**	**29,688**	**9,161**
Change in plan assets				
Fair value of plan assets at beginning of year (including effect of business acquisition)	322	361	–	–
Actual return on plan assets	3	4	–	–
Fair value of plan assets at end of year	325	365	–	–
Accrued pension costs	**5,012**	**1,081**	**29,688**	**9,161**

The aggregate change in other benefit obligations and funded status were:

	Unfunded other benefits December 31,	
	2002	2001
Benefit obligation at beginning of the year (including effect of business acquisition)	10,008	7,745
Service cost	2,849	676
Interest cost	601	331
Actuarial loss/gain	(208)	(1,139)
Benefits paid	(873)	(414)
Accrued benefit obligation at end of year	**12,377**	**7,199**

Amounts recognized in the balance sheet are:

	December 31,	
	2002	2001
Funded pension benefits	5,012	1,081
Unfunded pension benefits	29,688	9,161
Other benefits	12,377	7,199
Net retirement and other benefit obligations recognized	**47,077**	**17,441**

The actuarial assumptions were as follows:

	Pension benefits December 31,		Other benefits December 31,	
	2002	2001	2002	2001
Discount rate	6.0%	6.0%	6.0%	6.0%
Rate of compensation increase	2.0% – 3.0%	2.0%	2.0% – 3.0%	2.0%
Expected return on plan assets	6.0%	6.0%	6.0%	6.0%

Note 15 – Restructuring Charges

In acquiring Birkart Group, management of Thiel Group decided to layoff 90 emloyees located in Germany and Austria. As a result, involuntary termination benefit costs for these employees amounting to €3,548 were charged to a restructuring reserve as of acquisition date. Actual termination benefits paid and charged against the provision in fiscal year 2002 amounted to €1,400, resulting in a provision for restructuring charges as of December 31, 2002 amounting to €2,148. It is planned to layoff the rest of the employees in fiscal year 2003.

In connection with the takeover of the Microlog Group, management of Thiel plans to restructure the Information and Technology Business of Microlog and to terminate few employees. As a result, a provision for restructuring charges amounting to €5,400 was recognized in the financial statements as of acquisition date. It is planned to finalize restructuring process in fiscal year 2003.

Note 16 – Contingencies and Commitments

Commitments

In connection with the acquisitions of Microlog Group, the Company submitted a voluntary purchase offer to the minority shareholders of Microlog Logistics AG at the beginning of November 2002. The offer provided for a cash payment of €16.50 per Microlog share and was accepted for 1,775,531 Microlog shares by the time the acceptance period expired on December 31, 2002. Legal ownership of these shares was transferred to the Company after fulfilling all legal requirements in January 2003.

Consequently, as of December 31, 2002 the voluntary purchase bid represents a purchase commitment amounting to €29,296.

The following table sets forth long term obligations as of December 31, 2002:

	Operating lease contracts	Rental contracts	Purchase orders	Others	Total
Within 1 year	7,816	59,691	5,555	3,456	76,518
After 1 year through 5 years	16,441	181,339	–	4,161	201,941
Thereafter	2,821	114,432	–	2,281	119,534
Total	**27,078**	**355,462**	**5,555**	**9,898**	**397,993**

Contingencies

As of December 31, 2002, accruals for loss contingencies amounting to €1,000 were recognized in the balance sheet. Thereof €600 refer to a litigation resulting from the termination of a contract with a customer in Germany. The remaining amount is the total of various litigations in different companies within the group with no single amount exceeding €100. Accrued loss contingencies are shown in the line "accrued expenses, other liabilities and deferred income" in the balance sheet.

As of December 31, 2002, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business, these contingencies add up to €25,379 (€10,022 as of December 31, 2001).

Note 17 – Supplemental disclosures of cash flow information

Interest and income taxes paid

In fiscal year ended December 31, 2002, the Group paid interest amounting to €13,141 (2001: €9,219) and income taxes amounting to €12,320 (2001: €12,530).

Non-cash investing and financing activities

In connection with the purchase of fixed assets, liabilities amounting to €7,434 (2001: €2,360) were not paid by December 31, 2002.

In connection with the sale of fixed assets, liabilities amounting to €538 (2001: €11,248) were assumed by the buyer.

Capital lease obligations amounting to €17,938 (2001: €3,092) were incurred upon when the Group entered into lease contracts for new equipment.

In connection with certain business acquisitions, 13,964,594 shares with a fair value of €72,519 were issued in fiscal year 2002 (2,035,396 shares with a fair value of €45,478 were issued in fiscal year 2001). Reference is made to Note 9.

Note 18 – Stock-Based Compensation

In February 10, 2000, the Group's shareholders approved a stock option plan, which allows the Company to grant options for the purchase of THIEL Logistik A.G. registered shares to members of the Board of Directors, certain officers and key employees. For this reason, management board is authorized to increase capital by issuing registered shares up to an aggregate amount of €8,000 representing 6,400,000 ordinary shares. Stock options may be granted over a period commencing February 2000 and ending

March 14, 2006 at a price representing the offer price at the IPO for options granted before IPO, or the average share price over a period of ten days prior to the date of grant for options granted after IPO. Options become exercisable on the fifth anniversaries from the date of grant for members of the Board of Directors and on the third anniversaries from the date of grant for certain officers and key employees. Options can only be exercised four times a year during a period of ten days each: following the annual shareholders' meeting, following the issuance of yearly financial statements, following the issuance of half year report and following the issuance of 3rd quarter report.

The Group has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related interpretations in accounting for its employee stock options because the alternative fair value accounting provided under FASB Statements 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), requires the use of option valuation models that were not developed for use in valuing employee stock options. Under APB 25, because the exercise price of the Group's employee stock options exceeded the market price of underlying stock on the date of the grant, no compensation expense is recognized.

As of December 31, 2002 the Company had 1,114,000 options outstanding (2001: 796,000 options), with no options vested or forfeited as of that day. The average exercise price as of December 31, 2002 amounts to approximately €20.2 per option (2001: €21.1 per option) with a weighted average remaining life of options of 2.75 years (2001: 3.3 years).

Pro Forma Fair Value Disclosures

Pro forma information, regarding net income and earnings per share, is required by SFAS No. 123 and has been determined as if the Group has accounted for its stock option plan under the fair value method of that statement. The fair value of these options was estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions: risk free interest rates of 5.95%, dividend of 0 per share, volatility factor of 50% and an expected life of the options between 4 and 6 years.

The Black-Scholes option valuation model was developed for the use of estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation methods require the input of highly subjective assumptions including the expected stock price volatility. As the Group's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimates, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options. Using the Black-Scholes option valuation model, the weighted average value of options granted during the year ending 31 December, 2002, was €7.7 per option (2001: €7.6 per option).

Had compensation expense for the Company's stock options been recognized based on the fair value on the grant date under the methodology prescribed by SFAS No. 123, the Group's income from continuing operations and earnings per share for the years ended December 31, 2002 and 2001, respectively, would have been impacted as shown in the following table (in thousands of €, except per share):

	Year ended December 31,	
	2002	2001
Reported income from continuing operations	(5,098)	46,631
Pro forma income from continuing operations	(7,121)	45,262
Reported basic and diluted earnings per share from continuing operations	(0.07)	0.72
Pro forma basic and diluted earnings per share from continuing operations	(0.10)	0.70

Note 19 – Related Party Transactions

In 2002, the Group delivered services to certain associated companies and not consolidated companies in the normal course of business.

As a result of these transactions, the following amounts are included in the respective lines of the Consolidated Financial Statements as of December 31, 2002:

	Year ended December 31, 2002
Consolidated Statements of Income	
Net sales	14,406
Cost of sales	(11,206)
Operating expenses	(74)
Other operating income, net	688
Interest expense, net	309
Consolidated Balance Sheets	
Receivables	3,732
Payables	3,366

Effective October 17, 2002 Delton AG became major shareholder of Thiel Group via its 100% subsidiary Delton Vermögensverwaltungs AG. The sole owner of Delton AG, Stefan Quandt, is shareholder and member of the supervisory board of BMW AG and has a significant influence on BMW AG according to Statement of Financial Accounting Standards No. 57 "Related Party Disclosures".

The Thiel Group recognized revenues with BMW AG in the fourth quarter 2002 of €13,285, accounts receivable amounted to €2,776. Furthermore certain companies of Thiel Group obtained cars of BMW AG. All transactions were dealt under usual conditions, considering the "dealing at arm's length" principle.

In 2002 the Group has received services in connection with various acquisitions and projects from companies in which various members of the Advisory Board have interest in, expenses in this respect amounted to €748 (2001: €2,167). Accounts payable due to these companies amount to €336 as of December 31, 2002 (€176 as of December 31, 2001).

Note 20 – Subsequent events

Business acquisitions

In January 2003, legal ownership of additional 1,776,731 shares of Microlog Logistics AG was transferred to the Company following a voluntary purchase offer. This leads to a stake of 97.2% as of January 2003 (67.8% as of December 31, 2002). Reference is made to Notes 3 and 16.

Change in Executive Board

At its Meeting on February 12, 2003, the Board of Directors of Thiel Group accepted the request of Rodolphe Schoettel, Chief Financial Officer, to step down early from the Group's Executive Board. Rodolphe Schoettel's departure from the Board was by mutual agreement. He will be leaving on April 30, 2003.

Note 21 – Disclosure of material differences between US-GAAP and Luxembourg GAAP

Financial Statements of the Group for the years ended December 31, 2002 and December 31, 2001 are prepared in accordance with U.S. GAAP. Differences between accounting rules under U.S. GAAP and accounting rules under Luxembourg GAAP are described below:

Balance Sheet presentation

According to Luxembourg GAAP, certain balance sheet items have to be presented as a separate line item. According to U.S. GAAP, these items may be shown together with other items in the balance sheet and displayed in the notes.

Income Statement presentation

According to Luxembourg GAAP, Income Statement may be presented using the type of expenditure format or the cost of sales format. Using the type of expenditure format, all costs and expenses are displayed according to the type of expenditure ("Costs for material and supplies", "Expenses for personnel", "Depreciation", "Other operating income", "Other operating expenses", "Interest expense" and "Income taxes").

Income statement in accordance with U.S. GAAP has to be presented using the cost of sales format, with revenues and expenses classified according to their functions.

Leases

According to Luxembourg GAAP, leased equipment generally has to be included in the balance sheet of the lessor. Lease payments are included in the income statement by the lessee. According to U.S. GAAP, equipment leased under contracts classified as capital lease have to be recorded by the lessee. The lessee records a capital lease as an asset and an obligation (liability) at an amount equal to the present value of the minimum lease payments at the beginning of the lease. The asset should be recorded at the lower of the present value or the minimum lease payments or the fair market value of the asset.

Deferred taxes

In accordance with U.S. GAAP – deferred tax assets and liabilities should be recognized for all temporary differences arising between the tax base and the financial reporting base of assets and liabilities. Furthermore, U.S. GAAP requires recognition of deferred tax assets for operating tax loss carryforwards, as long as it is probable that they can be used by future taxable income. Valuation allowances on deferred tax assets have to be provided for where management believe it is more likely than not that the Group will not realize such amounts.

Provision for pensions

In accordance with Luxembourg GAAP, provisions for pension are calculated using the Entry Age Normal Method used for Luxembourg tax purposes with an interest rate of approx. 6% with total obligation recorded in the year of grant. As per U.S. GAAP, pension accruals are calculated using the projected unit credit method, with the obligation recorded ratably over the years of services of the respective employees. Weighted average increase in salaries is considered in calculating the obligation.

Other accruals

The principle of prudence is applied differently in U.S. GAAP as compared to Luxembourg GAAP. U.S. GAAP tends to have more stringent requirements for the probability of the occurrence of relevant events and for the determination of the respective obligation to be provided for.

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,2004

Consolidated Statement of Income

	January 1– September 30, 2004	January 1– September 30, 2003	July 1– September 30, 2004	July 1– September 30, 2003
	(thousands of € except per share amounts)			
Net sales	1,307,401	1,234,109	459,284	446,128
Cost of sales	(1,207,157)	(1,143,807)	(422,971)	(411,838)
Gross margin	**100,244**	**90,302**	**36,313**	**34,290**
Operating expenses				
Selling costs	(25,267)	(25,547)	(9,040)	(9,640)
General and administrative costs	(64,578)	(65,007)	(20,764)	(21,936)
Other operating income (expense), net	11,194	4,219	2,646	1,213
Total operating expenses	**(78,651)**	**(86,335)**	**(27,158)**	**(30,363)**
Operating income before restructuring and impairment	**21,593**	**3,967**	**9,155**	**3,927**
Restructuring costs	–	(14,369)	–	(2,511)
Impairment of long-lived assets	–	(5,061)	–	(1,785)
Impairment of goodwill	–	(30,746)	–	–
Operating income	**21,593**	**(46,209)**	**9,155**	**(369)**
Interest expense, net	(10,844)	(11,529)	(3,448)	(4,146)
Other financial income (expense), net	490	(6,919)	948	(2,844)
Equity in earnings of associated companies	66	209	(3)	(43)
Income (Loss) from continuing operations before income taxes	**11,305**	**(64,448)**	**6,652**	**(7,402)**
Income taxes	(4,260)	(4,984)	(2,906)	(6,104)
Income (Loss) from continuing operations	**7,045**	**(69,432)**	**3,746**	**(13,506)**
Income (Loss) from discontinued operations, net of tax	(3,587)	(58,425)	(1,596)	(10,677)
Income (Loss) before minority interests	**3,458**	**(127,857)**	**2,150**	**(24,183)**
Minority interests	(2,065)	591	(392)	778
Net income (Net loss)	**1,393**	**(127,266)**	**1,758**	**(23,405)**
Earnings per share in € – basic and fully diluted				
Income (loss) from continuing operations	0.07	(0.81)	0.03	(0.16)
Income (loss) from discontinued operations, net of tax	(0.04)	(0.68)	(0.01)	(0.12)
Net income (Net loss)	0.01	(1.48)	0.02	(0.27)
Weighted average number of shares outstanding				
Basic and fully diluted	101,476,215	85,749,990	111,474,987	85,749,990

Consolidated Balance Sheet

	September 30, 2004	December 31, 2003	September 30, 2003
	(unaudited)		(unaudited)
		(thousands of €)	
ASSETS			
Current assets			
Cash and cash equivalents	86,833	51,012	51,307
Trading securities at fair value	–	402	270
Trade accounts receivable	235,008	233,361	269,538
Accounts receivable due from associated companies	875	1,252	906
Inventories	5,234	5,509	4,739
Deferred income taxes	5,439	2,638	2,757
Prepaid expenses and other current assets	27,608	31,082	31,253
Assets held for sale	928	4,897	9,276
Assets of discontinued businesses held for sale	14,268	35,213	68,858
Total current assets	**376,193**	**365,366**	**438,904**
Non-current assets			
Property, plant and equipment, net	263,660	277,301	273,358
Intangible Assets	25,983	30,545	31,332
Goodwill	288,048	287,758	286,074
Investments in associated companies	430	1,315	1,380
Other investments	2,965	3,495	10,356
Securities, available for sale at fair value	3,791	3,668	3,819
Securities, held to maturity	370	370	381
Deferred income taxes	19,437	21,586	25,624
Other Assets	10,817	7,097	10,147
Total non-current assets	**615,501**	**633,135**	**642,471**
Total assets	**991,694**	**998,501**	**1,081,375**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings and current portion of long-term debt	101,024	157,031	146,906
Trade accounts payable	165,621	154,031	167,903
Accounts payable due to associated companies	1,048	966	4,069
Lease obligations, short-term portion	6,609	6,494	6,437
Accrued income taxes	13,703	9,755	8,248
Deferred income taxes	491	687	1,260
Accrued expenses, other liabilities and deferred income	106,407	109,024	133,928
Liabilities of discontinued businesses held for sale	12,138	34,520	37,192
Total current liabilities	**407,041**	**472,508**	**505,943**
Non-current liabilities			
Long-term debt	77,050	107,927	113,962
Lease obligations	46,501	47,031	44,379
Retirement and other employee-related obligations	48,061	46,759	46,208
Deferred income taxes	27,495	30,993	34,134
Other non-current liabilities	8,355	11,295	24,004
Total non-current liabilities	**207,462**	**244,005**	**262,687**
Minority interests	**2,122**	**2,235**	**3,185**
Shareholders' equity			
Ordinary shares – voting, no-par value	139,344	107,187	107,187
Additional paid-in capital	323,184	258,806	258,806
Retained earnings and other reserves	(86,212)	(87,605)	(58,664)
Accumulated other comprehensive income	(1,247)	1,365	2,231
Shareholders' equity	**375,069**	**279,753**	**309,560**
Total liabilities and shareholders' equity	**991,694**	**998,501**	**1,081,375**

Consolidated Statement of Cash Flows

	January 1– September 30, 2004	January 1– September 30, 2003
	(unaudited)	(unaudited)
	(thousands of €)	
Cash flows from operating activities		
Net income (loss)	1,393	(127,266)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Income (Loss) from discontinued operations	3,587	58,425
Depreciation and amortization	30,077	32,335
Impairment of long-lived assets	–	5,061
Impairment of goodwill	–	30,746
Impairment of other investments	–	7,833
Non-cash items in connection with disposal of non-current assets	(5,463)	(606)
Deferred income taxes	(2,640)	(69)
Other, net	1,348	(9)
Changes in operating assets and liabilities:		
Decrease (Increase) in trade accounts receivable and other assets	324	(15,651)
Decrease (Increase) in inventory	276	1,347
Increase (Decrease) in trade accounts payable and other liabilities	22,512	35,833
Change in retirement and other employee-related obligations	1,302	1,757
Net cash provided by operating activities	**52,716**	**29,736**
Cash flows from investing activities		
Capital expenditures	(20,699)	(28,149)
Proceeds from disposal of non-current assets	24,135	10,144
Proceeds from sale of trading securities	401	1,497
Change in other loans granted	(1,193)	7,784
Payments for acquisitions of subsidiaries, net of cash acquired	(11,350)	(70,021)
Net cash used in investing activities	**(8,706)**	**(78,745)**
Cash flows from financing activities		
Proceeds from short-term borrowings	23,946	43,586
Repayment of short-term borrowings	(79,785)	(11,000)
Proceeds from long-term borrowings	4,273	–
Repayment of long-term borrowings	(35,150)	(11,484)
Repayment in finance lease obligations	(4,596)	(8,891)
Other financing activities	(3,241)	868
Proceeds from issuance of common stock, net	94,910	–
Net cash provided by financing activities	**357**	**13,079**
Net cash used in discontinued operations	**(8,914)**	**(23,178)**
Effects of exchange rate changes on cash	368	(1,150)
Increase (Decrease) in cash and cash equivalents	**35,821**	**(60,258)**
Cash and cash equivalents at beginning of year	51,012	111,565
Increase (Decrease)	35,821	(60,258)
Cash and cash equivalents at end of period	**86,833**	**51,307**

Consolidated Statement of Changes in Shareholders' Equity

	Ordinary shares – voting, no-par value	Additional paid-in capital	Retained earnings and other reserves	Accumulated other comprehensive income	Total
			(thousands of €)		
December 31, 2002 (restated)	**107,187**	**258,806**	**68,602**	**4,293**	**438,888**
Comprehensive loss					
Net loss			(127,266)		(127,266)
Other comprehensive loss, net of tax					
Unrealized losses on securities available for sale				1,281	
Loss on cash flow hedges				(196)	
Foreign currency translation adjustment				(3,147)	
Other comprehensive loss, net of tax					(2,062)
Total comprehensive loss					(129,328)
September 30, 2003 (restated)	**107,187**	**258,806**	**(58,664)**	**2,231**	**309,560**
Comprehensive loss					
Net loss			(28,941)		(28,941)
Other comprehensive loss, net of tax					
Unrealized gains on securities available for sale				(138)	
Loss on cash flow hedges				253	
Foreign currency translation adjustment				(981)	
Other comprehensive loss, net of tax					(866)
Total comprehensive loss					(29,807)
December 31, 2003	**107,187**	**258,806**	**(87,605)**	**1,365**	**279,753**
Increase in share capital	32,157	64,378			96,535
Comprehensive loss					
Net profit			1,393		1,393
Other comprehensive loss, net of tax					
Unrealized gains on securities available for sale				126	
Loss on cash flow hedges				85	
Foreign currency translation adjustment				(2,823)	
Other comprehensive loss, net of tax					(2,612)
Total comprehensive loss					(1,219)
September 30, 2004	**139,344**	**323,184**	**(86,212)**	**(1,247)**	**375,069**

THIEL LOGISTIK A.G.

Notes to the Consolidated Financial Statements as at and for the Nine Months Ended September 30, 2004
(thousands of € except per share amounts)

1. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include all accounts of the Company and all assets, liabilities and results of operations of its subsidiaries, some of which have a minority interest. All significant intercompany accounts and transactions have been eliminated. The consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). As of January 1, 2005, Thiel Group will disclose its consolidated financial statements according to the International Financial Reporting Standards (IFRS).

Scope of consolidation

As of September 30, 2004, Thiel Group comprises 150 fully consolidated foreign and domestic subsidiaries.

Use of Estimates

Preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Management believes that estimates are reasonable.

Foreign Currency Translation

The functional currency of the Company's operations is the Euro.

The assets and liabilities of the Group's operations having a functional currency other than the Euro are translated into Euro using the exchange rate in effect at the reporting date and revenues and expenses are translated at the average rate during the reported period. Exchange gains or losses on translation of the Company's net equity investment in these operations are deferred as a separate component of shareholders' equity.

Gains and losses arising from transactions denominated in currencies other than the Euro are reflected in the income statement.

Revenue Recognition

Thiel Group generates sales from its core business segments Industry Solutions, Air & Ocean and Regional Logistics Services by providing end-to-end logistics and service solutions for industry and commerce. Sales are recognized net of applicable provisions for discounts and allowances, when realized or realizable and earned. This is usually the case when there is clear evidence of an agreement, the risk of ownership has been transferred or the service has been rendered, the price has been agreed upon, and there is adequate assurance that collection will be made.

Income Taxes

Thiel Group provides for income taxes using the liability method which requires that deferred tax assets and liabilities be recognized for the expected future tax consequences of temporary differences arising between the bases of assets and liabilities for financial reporting and income tax purposes. Currently enacted tax rates are used to determine deferred income tax.

Under this method, Thiel Group is required to record deferred income taxes on the revaluation of certain non-current assets and, in relation with an acquisition, on the difference between the fair values of the net assets acquired and their tax base. Valuation allowances on deferred tax assets are provided where management believes it is more likely than not that the Group will not realize such amounts.

Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with banks with an original maturity of three months or less.

Inventories

Inventories are stated at the lower of cost or net realizable value, with cost being determined substantially by weighted average method.

Assets Held for Sale

Thiel Group adopts SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS 144 establishes a single accounting model for the impairment or disposal of long-lived assets, including discontinued operations. Major changes include additional criteria for long-lived assets to qualify as "held for sale" and the requirement that long-lived assets to be disposed of other than by sale be classified as held and used until the disposal transaction occurs. In the Consolidated Balance Sheet as of September 30, 2004 individual assets were classified as "held for sale" and disclosed in balance sheet line item "Assets held for sale".

In the course of the reorientation of Thiel Group, the new management has decided to dispose of a number of businesses not deemed relevant in the pursuit of the new corporate strategy.

In the Consolidated Balance Sheet as of September 30, 2004, and as of all prior periods presented, assets and liabilities of businesses to be discontinued have been reclassified as assets and liabilities of discontinued businesses held for sale. In the Consolidated Statement of Income for the period ended September 30, 2004, as well as for all prior periods presented, profits and losses attributable to businesses to be discontinued have been segregated from continuing operations and reflected as discontinued operations, net of tax. The effect of net cash provided by discontinued operations has been separately disclosed in the Consolidated Statement of Cash Flows for the period ended September 30, 2004, as well as for all prior periods presented. Reference is made to note 7.

Investments

Significant investments in which the Company has 20% to 50% of the voting rights and the ability to exercise significant influence over operating and financial policies ("associated companies") are accounted for using the equity method.

Property, Plant and Equipment and Intangible Assets

Property, plant and equipment is stated at historical cost less accumulated depreciation. Additions and improvements which add to the life of the related asset or improve its utility to the Group are capitalized, whereas maintenance and repairs are expensed as incurred. Depreciation is provided using the straight-line method over estimated useful lives ranging from 10 to 50 years for plant and buildings and 5 to 25 years for machinery, fixtures and equipment.

Acquired intangible assets are recognized and amortized over their estimated useful lives ranging from 3 to 10 years.

Leasing

Thiel Group leases certain fixed assets. All leases that meet certain specified criteria representing situations where the substantial risks and rewards of ownership have been transferred to the Group are accounted for as capital leases. Capital leases are recorded at the lower of the fair market value of the leased asset or the net present value of the future rental payments at the inception of the lease. Capitalized lease assets and related leasehold improvements, if any, are amortized over the economic life of the asset or its lease term, as the case may be. All other leases are accounted for as operating leases.

Impairment Evaluation of Long-Lived Assets

Thiel Group adopts SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses financial accounting and reporting for the impairment and disposal of long-lived assets, and SFAS No.142, "Goodwill and Other Intangible Assets", with respect to the impairment.

Thiel Group reviews the carrying value of its long-lived assets, including fixed assets, investments, goodwill, and intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Recoverability of long-lived assets, excluding goodwill, is assessed by a comparison of the carrying amount of the asset (or the group of assets, including the asset in question, that represents the lowest level of separately-identifiable cash flows) to the total estimated undiscounted cash flows expected to be generated by the asset or group. If the estimated future net undiscounted cash flows are less than the carrying amount of the asset or group, the asset or group is considered impaired and expense is recognized equal to the amount required to reduce the carrying amount of the asset to its then fair value. Fair value is determined by discounting the cash flows expected to be generated by the asset, when the quoted market prices are not available for the long-lived assets. Based on the Company's review of its investments for the nine-months period ended September 30, 2004 no adjustments were required to the carrying value of long-lived assets.

SFAS No. 142 prohibits the amortization of goodwill and indefinite life intangible assets. Instead, goodwill and indefinite life intangible assets will be tested for impairment at least annually and on an interim basis when an event occurs or circumstances change between annual tests that would more-likely-than-not result in impairment. Under SFAS No. 142, goodwill is assessed for impairment by using the fair value based method. Thiel Group determines fair value by utilizing discounted cash flows. The fair value test required by SFAS No. 142 for goodwill and indefinite life intangible assets includes a two-step approach. Under the first step, companies must compare the fair value of a "reporting unit" to its carrying value. A reporting unit is the level at which goodwill impairment is measured and it is defined as an operating segment or one level below it if certain conditions are met. If the fair value of the reporting unit is less than its carrying value, goodwill is impaired and companies must proceed with step two. Under step two, the amount of goodwill impairment is measured by the amount that the reporting unit's goodwill carrying value exceeds the "implied" fair value of goodwill. The implied fair value of goodwill can only be determined by deducting the fair value of all tangible and intangible net assets (including unrecognized intangible assets) of the reporting unit from the fair value of the reporting unit (as determined in Step 1). In this step, companies must allocate the fair value of the reporting unit to all of the reporting unit's assets and liabilities (a hypothetical purchase price allocation).

SFAS No. 142 requires companies to perform the impairment test at least annually. The regular impairment test is performed by Thiel Group as of September 30 of each fiscal year. After completion of the budgeting process, the impairment test will be performed based on the values as of September 30, 2004.

Exit or Disposal Activities

In June 2002, the FASB issued SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities". SFAS 146 requires entities to recognize costs associated with exit or disposal activities only when liabilities for these costs are incurred (subsequent to a commitment to a plan) rather than at the date of a commitment to an exit or disposal plan. The provisions of SFAS 146 are to be applied prospectively to exit and disposal activities initiated after December 31, 2002.

The provisions of SFAS 146 have been applied to the accounting for restructuring costs. Reference is made to note 6.

Derivative Financial Instruments

Thiel Group adopts Statement of Financial Accounting Standard No. 133 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities", subsequently amended by SFAS 138, which requires that all derivative instruments be reported on the balance sheet at fair values and establishes criteria for designation and effectiveness of hedging relationship.

Derivative products are used for non-trading purposes including the management of foreign currency exposure and interest rate positions. Hedges of fair value exposure are entered into in order to hedge the fair value of a recognized asset or liability or a firm commitment. Thiel Group enters into hedges of cash flow exposure in order to hedge a forecasted transaction or the variability of cash flows to be paid related to a recognized liability. Changes in derivative fair values that are designated as fair value hedges are recognized in earnings as offsets to the change in fair value of related hedged assets, liabilities and firm commitments. Changes in the derivative fair values that are designated as cash flow hedges are deferred and recorded as a component of accumulated other comprehensive income until the hedged transactions occur and are recognized in earnings. Derivatives that are executed for risk management purposes but not designated as hedges under SFAS 133 and SFAS 138 are recorded at their market value and changes in fair value recognized in current earnings.

Stock-Based Compensation

Thiel Group accounts for employee stock options in accordance with Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees" and, accordingly, does not recognize compensation expense for its stock-based compensations to employees in the Consolidated Financial Statements as stock options were granted at exercise prices exceeding the respective share prices at the day of grant.

Earnings per Share (EPS)

Basic and diluted earnings per share (EPS) are based on the weighted average number of registered shares outstanding.

2. Restatements and reclassifications

Restatements due to correction of an error in prior periods

Retroactive corrections in the valuation of capital lease contracts resulted in restatements of the Consolidated Statement of Income and of the Consolidated Statement of Cash Flows for the period ending September 30, 2003, and the Consolidated Balance Sheet as of September 30, 2003.

Reclassifications

The accounting for discontinued operations in 2004 resulted in reclassifications of the consolidated financial statements as of and for the years ended December 31, 2003 and 2002 as well as for the interim consolidated financial statements as of and for the year ended September 30, 2003. Reference is made to Note 7.

3. Pro forma Disclosures

Under the assumption that all material business acquisitions completed during the nine-months period ended September 30, 2003 had occurred on January 1, 2003, the Group's pro forma consolidated sales would have been €1,272,726 for the nine-months period ended September 30, 2003. Pro forma consolidated operating loss would have been €45,538 for the nine-months period ended September 30,

2003. Pro forma consolidated net loss of the Group would have amounted to €126,135 for the nine-months period ended September 30, 2003.

Pro forma basic and diluted loss per share for the nine-months period ended September 30, 2003 would have amounted to (1.47) Euro.

4. Segment Reporting

Segmentation

The segment reporting structure of Thiel Group comprises:

Industry Solutions

Thiel Group provides logistics services for specific industry sectors in which it has developed particular specialist knowledge and expertise. In this business segment, Thiel Group offers comprehensive logistics services in particular to the automotive, fashion, media and furniture industries. The lead companies for this business segment are: Microlog Logistics AG ("Microlog") for Thiel Automotive; Birkart Globistics GmbH & Co. Logistik und Service KG ("Birkart Globistics") for Thiel FashionLifestyle; Overbruck Spedition GmbH ("Overbruck") for Thiel Media and LOG Beteiligungs GmbH ("LOG") for Thiel Furniture. In addition, Thiel FreshNet is Thiel Group's potential business unit within this segment.

Air & Ocean

In this business segment, Thiel Group bundles its air and sea transport activities. Services in this business segment are aimed at complementing Thiel Group's regional transport networks as well as services offered in Industry Solutions and Regional Logistics Services. Through its business segment Air & Ocean, Thiel Group is active in the area of intercontinental logistics services, specializing in air and sea transport services but also offering contract logistics services. Thiel Group's lead company in this business segment and the lead coordinator for non-European activities is Birkart Globistics.

Regional Logistics Services

Thiel Group's subsidiaries bundled in this business segment provide logistics services on a regional basis. Logistics services offered range from transport services to complex contract logistics, including supply chain management focusing on central and eastern Europe. Thiel Group's designated lead companies in this business segment are: delacher Logistics AG & Co. KG for Delacher, Quehenberger Logistik AG & Co. KG for Quehenberger and SÜDKRAFT Süddeutsche Kraftwagen-Speditions-GmbH for Südkraft. They have local roots and traditional client relationships in their respective regions making them particularly sensitive to their customers' needs.

Segment information

Management evaluates individual segment performance based on segment results before amortization of customer contracts, restructuring and impairment charges, interest and other financial income (expense), and income taxes. Segment assets are composed of total assets excluding long-term investments. Intersegment transactions are measured at arm's length.

The table below sets forth segment information for the nine-months period ended September 30, 2004 and 2003. To facilitate comparison, the data for the nine-months period ended September 30, 2003 have been reclassified in line with the new reporting structure.

January 1 – September 30, 2004	Industry Solutions	Air & Ocean	Regional Logistics Services	Total reportable segments
External segment sales	462,072	233,766	610,831	1,306,669
Intersegment sales	10,027	3,966	5,391	19,384
Total segment sales	**472,099**	**237,732**	**616,222**	**1,326,053**
Segment result	8,654	3,869	20,124	32,647
Depreciation and amortization charges	10,954	1,089	12,764	24,807
Additions to long-lived assets	15,003	759	7,283	23,045
Segment assets	419,713	120,747	461,559	1,002,019
January 1 – September 30, 2003				
External segment sales	459,416	204,205	569,483	1,233,104
Intersegment sales	12,026	9,347	9,419	30,792
Total segment sales	**471,442**	**213,552**	**578,902**	**1,263,896**
Segment result	9,823	(617)	12,882	22,088
Depreciation and amortization charges	11,030	1,518	14,873	27,421
Additions to long-lived assets	11,950	896	11,338	24,184
Segment assets	436,493	108,801	480,722	1,026,016

Additions to long-lived assets comprise additions to property, plant and equipment and intangible assets excluding goodwill and include amounts capitalized due to lease contracts classified as capital leases.

The reconciliation from total external segment sales to consolidated net sales for the nine-months period ended September 30, 2004 and 2003 is as follows:

	January 1 – September 30,	
	2004	2003
Total external segment sales	1,306,669	1,233,104
+ Other corporate revenues	732	1,005
Consolidated net sales	**1,307,401**	**1,234,109**

The reconciliation from total reportable segment results to income from continuing operations before income taxes for the nine-months period ended September 30, 2004 and 2003 is as follows:

	January 1 – September 30,	
	2004	2003
Total reportable segment results	32,647	22,088
– Amortization of capitalized customer contracts	(3,366)	(2,857)
– Depreciation and amortization of unallocated long-lived assets	(1,904)	(2,057)
– General corporate result before depreciation and amortization	(5,784)	(13,207)
Operating income (loss) before restructuring and impairment	**21,593**	**3,967**
– Restructuring costs	–	(14,369)
– Impairment of long-lived assets	–	(5,061)
– Impairment of goodwill	–	(30,746)
Operating income (loss)	**21,593**	**(46,209)**
– Financial result	(10,354)	(18,448)
+ Equity in earnings of associated companies	66	209
Income (loss) from continuing operations before income taxes	**11,305**	**(64,448)**

The item “General corporate result before depreciation and amortization” comprises general corporate expenses of holding companies not directly attributable to the individual segments.

As of fiscal year 2004, general corporate expenses have been allocated to the Group’s lead companies according to the input involved. As of September 30, 2004 these allocated general corporate expenses amounted to €4,999. Thereof, €1,800 have been allocated to the business segment Industry Solutions, €800 to the business segment Air & Ocean and €2,399 to the business segment Regional Logistics Services.

The item “Financial result” comprises income statement line items “Interest expense, net” and “Other financial income (loss), net”.

The reconciliation from total segment assets to total consolidated assets as of September 30, 2004 and 2003 is as follows:

	September 30,	
	2004	2003
Total reportable segment assets	1,002,019	1,026,016
+ Unallocated amounts	136,366	245,965
– Intersegment eliminations	(146,691)	(190,606)
Total consolidated assets	**991,694**	**1,081,375**

The item “Unallocated amounts” comprises investments, total assets of discontinued operations as well as assets of holding companies not directly attributable to segments.

Geographic information

The table below summarizes geographic information on net sales for the nine-months period ended September 30, 2004 and 2003:

	January 1 – September 30,	
	2004	2003
Germany	635,671	619,936
Austria	360,559	326,507
Asia	76,179	64,743
Switzerland	59,314	59,722
All other countries	175,678	163,201
Total	**1,307,401**	**1,234,109**

The table below sets forth geographic information on long-lived assets as of September 30, 2004 and 2003:

	September 30,	
	2004	2003
Germany	148,397	165,652
Austria	65,314	68,080
Asia	2,326	2,655
Switzerland	28,772	25,794
All other countries	44,834	42,509
Total	**289,643**	**304,690**

Long-lived assets comprise property, plant and equipment as well as intangible assets excluding goodwill.

Other Information

Revenues from major customers account for less than 5% per major customer.

5. Income Statement Components

Other operating income (expense)

The other operating income (expense) in the nine-months period ended September 30, 2004 amounts to €11,194 (€4,219 in the nine-months period ended September 30, 2003). This includes foreign exchange gains, gains from sale of non-current assets, gains from insurance contributions, income from reversal of provisions and the sale of the long-lived assets of the public transport businesses (ÖPNV) in Ingolstadt and Munich. Due to the fulfillment of the suspensive contractual conditions, the sale of the ÖPNV effects the results of the second quarter 2004. The transaction costs for the sale of the ÖPNV are included in general and administrative costs.

6. Restructuring Costs

In order to improve the transparency of its operating results, Thiel Group has decided to choose another format for the presentation of its Consolidated Statement of Income. All one-time expenses of the current period not attributable to operating activities have been disclosed under income statement line item "Restructuring costs".

During the nine-months period ended September 30, 2003, restructuring costs mainly comprise one-time termination benefits paid or to be paid to employees with €5,192, consulting fees regarding the elaboration and implementation of the new corporate strategy with €3,422, losses incurred from disposals of long-lived assets related to divesture programs with €834 as well as other expenses incurred in the course of the restructuring of the operations of Thiel Group with €4,921.

The restructuring process of Thiel Group was completed in the fiscal year 2003, therefore no restructuring costs are recorded in the nine-months period ended September 30, 2004.

7. Discontinued Operations

In the course of the reorientation of Thiel Group, the new management has decided to dispose of a number of businesses not deemed relevant in the pursuit of the new corporate strategy. Businesses classified as discontinued operations as of September 30, 2004, concern small and medium sized service providers in the logistics sector within Central Europe. During the third quarter of 2004, a few more small companies were added.

The healthcare business, the shareholdings in diagnosis-software specialist Dorner and Thiel Technical Logistics and Services GmbH have been sold in fiscal year ended December 31, 2003. Effective January 1, 2004, the Group's subsidiary BTL Logistics AG, Muri, Switzerland has been sold to Swiss Post. The IT-business of Microlog Group has been sold as of June 30, 2004. All other discontinued businesses are expected to be disposed of or closed within the next twelve months.

Due to the ongoing restructuring process it is likely that further businesses not deemed relevant in the pursuit of the new corporate strategy will be sold or classified as held for sale in future periods.

In the Consolidated Balance Sheet as of September 30, 2004, and as of all prior periods presented assets and liabilities of businesses to be discontinued have been reclassified as assets and liabilities of discontinued businesses held for sale. In the Consolidated Statement of Income for the nine-months period ended September 30, 2004, as well as for all prior periods presented profits and losses attributable to businesses to be discontinued have been segregated from continuing operations and reflected as discontinued operations, net of tax. The effect of net cash provided by discontinued operations has been separately disclosed in the Consolidated Statement of Cash Flows for the nine-months period ended September 30, 2004, as well as for all prior periods presented.

Assets and liabilities from discontinued businesses held for sale as of September 30, 2004 and December 31, 2003, are as follows:

	September 30, 2004	December 31, 2003
Assets of discontinued businesses held for sale:		
Trade accounts receivable	4,335	14,843
Inventories	51	365
Prepaid expenses and other current assets	6,518	9,690
Property, plant and equipment, net	382	8,840
Intangible assets	775	1,057
Goodwill	–	329
Other investments	26	26
Deferred tax assets, long-term	3	–
Other assets	2,178	63
Total assets of discontinued businesses held for sale	**14,268**	**35,213**
Liabilities of discontinued businesses held for sale:		
Short-term borrowings and current portion of long-term debt	1,897	3,237
Trade accounts payable	1,700	9,796
Lease obligations, short-term portion	–	472
Accrued income taxes	904	3,249
Deferred income taxes	2	2
Accrued expenses, other liabilities and deferred income	4,073	9,830
Long-term debt	1,802	4,257
Lease obligations	–	1,088
Retirement and other employee-related obligations	1,760	1,787
Deferred income taxes, long-term	–	776
Other non-current liabilities	–	26
Total liabilities of discontinued businesses held for sale	**12,138**	**34,520**

The following amounts related to businesses to be discontinued have been segregated from continuing operations and reflected as discontinued operations for the nine-months period ended September 30, 2004 and 2003:

	January 1 – September 30,	
	2004	2003
Net sales	22,399	101,833
Income (loss) from discontinued operations before income taxes	(3,654)	(56,895)
Income taxes	67	(1,530)
Income (loss) from discontinued operations, net of tax	**(3,587)**	**(58,425)**

The following amounts related to businesses to be discontinued have been segregated from continuing operations and reflected as discontinued operations for the three-months period July 1 – September 30, 2004 and 2003:

	July 1 – September 30,	
	2004	**2003**
Net sales	6,918	32,111
Income (loss) from discontinued operations before income taxes	(1,493)	(10,288)
Income taxes	(103)	(389)
Income (loss) from discontinued operations, net of tax	**(1,596)**	**(10,677)**

The loss from discontinued operations before income taxes in the nine-months period ended September 30, 2003 include impairment losses of goodwill relating to discontinued operations of €20,841.

8. Shareholders' Equity

Ordinary Shares

As of September 30, 2004 the Company had 111,474,987 ordinary shares, voting without nominal value, issued and outstanding, representing common stock amounting to €139,344. Each share represents a calculated par value of 1.25 Euro.

According to the articles of association of THIEL Logistik A.G. as of September 30, 2004, the Board of Directors is authorized through to March 14, 2006, to increase capital stock up to a total amount of 48,525,013 shares, representing authorized stock of €60,656. Issuance is partly limited to specific purposes.

Capital increase

The Executive Board of THIEL Logistik A.G. decided on April 20, 2004 to carry out the capital increase from authorized capital with subscription rights. The rights issue, managed by Deutsche Bank, resulted in an increase in the number of shares by 25,724,997 to 111,474,987. The share capital of Thiel Logistik AG increased from €107,187 to €139,344, additional paid-in capital increased from 258,806 to €323,184.

9. Supplemental disclosures of cash flow information

In determining net cash provided by operating activities, net income (loss) of the period is adjusted by deducting income (loss) from discontinued operations. Net cash used in discontinued operations is disclosed as a single line item in the Consolidated Statement of Cash Flows.

During the nine-months period ended September 30, 2004, change in short-term borrowings including the short-term portion of long-term debt resulted in a net decrease amounting to €55,839. Repayments in the 3rd quarter of fiscal year 2004 reduced the long-term loans by €30,877.

In the nine-months period ended September 30, 2004, the Group paid interest amounting to €9,420 and income taxes amounting to €5,330.

10. Subsequent events

Disposal of subsidiary

On October 28th, 2004, GeoPost International Management & Development Holding GmbH and THIEL Logistik A.G. agreed that GeoPost will acquire the shares in DPD Austria held by THIEL Logistik A.G. These shares, representing 25.5% of DPD Austria's capital, were originally held by non-depositary partner companies Birkart, Dachser and Nathe & Quehenberger, with each holding equal stakes. The transaction is currently awaiting approval from Austrian anti-trust authorities. All parties expect the acquisition to be finalized by the end of this year.

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OFFERING MEMORANDUM

€130,000,000

THIEL Logistics+Services

THIEL LOGISTIK A.G.

8% Senior Subordinated Notes due 2012

Deutsche Bank

Morgan Stanley

Joint Book-Running Lead Managers

December 7, 2004