

CORPORATE EXPRESS N.V.
Form 20-F
March 14, 2008

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

or

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: 31 December 2007

or

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

or

- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-16663

CORPORATE EXPRESS N.V.

(Exact name of Registrant as specified in its charter)

THE NETHERLANDS

(Jurisdiction of incorporation or organization)

Hoogoorddreef 62, 1101 BE Amsterdam ZO, The Netherlands

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

<u>Title of each Class</u>	<u>Name of each exchange on which registered</u>
American Depositary Shares, each representing one Ordinary Share at a par value of EUR 1.20 per share	The New York Stock Exchange
Ordinary Shares at a par value of EUR 1.20 per share	The New York Stock Exchange*

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*

Not for trading, but only in connection with the registration of American Depositary Shares representing such Shares pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None
(Title of class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

8 1/4% Senior Subordinated Notes due 2014
7 7/8% Senior Subordinated Notes due 2015
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

182,847,847 Ordinary Shares
53,281,979 Preference Shares A
0 Preference Shares B

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

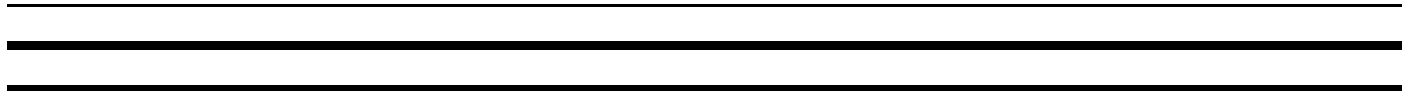
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which financial statement item the registrant has elected to follow.

ITEM 17 ITEM 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No



2007 Annual Report and Form 20-F

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ABOUT THIS REPORT

Cautionary statement (regarding forward-looking statements)

This Annual Report (on Form 20-F) contains various forward looking statements (within the meaning of the US Private Securities Litigation Reform Act of 1995) that reflect management's current views with respect to future events and financial operations and performance. The words 'believe', 'expects', 'anticipate', 'intend', 'may', 'plan', 'estimate', 'will', 'should', 'could', 'aim' or 'might', or, in each case, their negative, or similar expressions, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements appear in a number of places throughout this Annual Report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth strategies and the industry in which we operate.

Although we believe that the expectations reflected in these forward-looking statements are reasonable, we can give no assurances that they will materialise or prove to be correct. Because these statements involve risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of, among others:

competition from local and international suppliers of office products to businesses and institutions

consolidation in the office products industry

changes in international and local economic, political, business and industry conditions

our ability to successfully develop and expand the range of products we offer to customers

our ability to enter new and develop existing geographical markets

fluctuations in energy and freight costs

fluctuations in currency exchange rates

our ability to retain key personnel

our ability to manage our international operations and integrate our existing and future acquisitions into our business, and

changes in our business strategy and development plans.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those disclosed under 'Risk factors'.

These forward-looking statements speak only as of the date of this Annual Report. We undertake no obligation to publicly update or revise any forward-looking statements, whether as result of new information, future events or otherwise, other than as required by law or regulation. Accordingly, prospective investors are cautioned not to place undue reliance on any of the forward-looking statements.

Use of non-GAAP financial measures

Corporate Express presents certain non-GAAP financial measures in this Annual Report that we believe provide useful information.

In the Group Financial Review and Financial Review per Business Segment, we discuss changes at constant exchange rates and 'organic' sales growth. These non-GAAP financial measures have been presented together with a reconciliation of the non-GAAP figures to the GAAP

figures. The

non-GAAP financial measures should be considered in addition to measures of financial performance reported in our primary financial statements.

Below we provide an explanation of why Corporate Express believes the non-GAAP measures used in this Annual Report provide useful information regarding our financial condition and results of operations.

Constant exchange rates

While our reporting currency is the euro, the majority of our business is conducted in currencies other than the euro. The position in relation to the US dollar is particularly relevant. Results of subsidiaries denominated in currencies other than the euro are translated into euro at an average exchange rate for the period. In addition to a discussion of these results at actual exchange rates, we include analysis of the performance of our businesses based on constant exchange rates.

We provide constant exchange rate analysis to give a year-on-year measure of changes in our financial condition and results of operations which excludes the effect of fluctuations in currency exchange rates because fluctuations are outside of our control and may distort our underlying performance and result. Changes of results at constant exchange rates as disclosed in this Annual Report are calculated by translation of results of the earlier year under discussion, at the euro average exchange rate of the latter year being discussed.

Changes of results at constant exchange rates can be materially different to changes based on our reported results, because average exchange rates of the earlier year can be significantly different from average exchange rates of the latter year under discussion.

'Organic' sales analysis

The 'organic' sales analysis presented in this Annual Report eliminates all factors that disturb a like-for-like comparison. In addition to the currency exchange rate movements discussed above, these factors include such items as acquisitions, divestments, variations in the number of working days and any movements between gross-based sales and net-based sales for similar activities from a customer perspective.

We use 'organic' sales analysis, in conjunction with constant exchange rates analysis, to give a measure of the underlying year-on-year growth. The factors mentioned above can have a significant impact on a business segment's reported results. Their exclusion provides a useful insight into the underlying performance of the business segment and enables us to monitor the performance of both the underlying activities and acquired activities.

Organic performance can be materially different to the reported performance of a business segment. In each instance where we present organic results, we also present a table which illustrates the basis on which the result is derived and a reconciliation to the nearest comparable GAAP measure.

Reclassification

Corporate Express completed the sale of ASAP Software on November 2007. Previous years have been restated to present the ASAP Software business segment as a discontinued operation. For further information on this restatement, see Note 6 and Note 7 to the Consolidated Financial Statements.

Publications

This report complies with the regulations in the Netherlands regarding financial reporting and is also the basis of Corporate Express' Annual Report on Form 20-F. A cross-reference table to Form 20-F is included in this report on page 218. Exhibits to the Form 20-F will be filed with the SEC.

Presentation of financial and other information

Corporate Express' financial statements have been prepared on the basis of the International Financial Reporting Standards ('IFRS'). A summary of our accounting policies is given in Note 2 to the Consolidated Financial Statements.

Corporate Express' accounting policies under IFRS vary in certain respects from accounting principles generally accepted in the United States of America ('US GAAP').

Corporate Express historically included a note in its financial statements explaining the effect that the application of US GAAP would have had on net result and shareholder's equity as reported under IFRS. On 21 December 2007 the U.S. Securities and Exchange Commission (SEC) approved rule amendments allowing foreign private issuers to issue financial statements without reconciliation to US Generally Accepted Accounting Principles (US GAAP) if they are prepared using International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The rule amendments apply to financial statements covering years ended after 15 November 2007. As the Corporate Express financial year ended on 31 December 2007, we will not longer present a reconciliation of IFRS to US GAAP.

The euro is Corporate Express' reporting currency. Exchange rate information, including Noon Buying Rates in New York, is given on page 202.

The use in this Annual Report of the terms 'we', 'us', 'our', the 'Corporate Express Group', the 'Group', 'Corporate Express' and the 'Company' refer to Corporate Express NV and its subsidiaries on a consolidated basis, except when otherwise specified.

Amounts are rounded and hence (sub) totals may not therefore be equal to the arithmetic sum of the items composing such (sub) totals.

Documents on display

Copies of this Annual Report and the documents referred to within this Annual Report are available for inspection upon request at the Corporate Express' Corporate Centre at Hoogoorddreef 62, 1101 BE Amsterdam ZO, the Netherlands (telephone +31 (0)20 651 11 11), on our website www.cexpgroup.com and the SEC's public reference room located at 100 F Street, NE, Washington, DC, 20549.

In addition, Corporate Express' SEC filings are also available on the SEC's website at www.sec.gov.

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CHIEF EXECUTIVE'S REVIEW

2007 was a year of significant changes. Changes which will determine the course of Corporate Express for many years to come.

The changes we have made stem from the results of a strategic review which identified how Corporate Express could become a more operationally focused and sales driven organisation. As a result, we divested our software distribution business and changed the name of the company from Buhrmann to Corporate Express to better reflect our transformation into a truly global business-to-business player in the office supplies market. We have appointed new management and changed the operational structure of the Company to improve our execution and performance. I am confident that these changes will enable our Company to perform to its full potential and create growth and value for all our stakeholders, including our customers, employees and especially our shareholders.

In my first message to you, I would like to explain the most important outcomes of the strategic review we commenced in March 2007.

Firstly, having taken our pre-existing position into consideration, we have concluded that a stand-alone position as a global business-to-business player in the office products market is the best way to create long-term value for our business. We operate in an attractive market, we have a great trade name, an extensive assortment including highly rated private branded products and the confidence of our customers and suppliers. We have a strong infrastructure, leading logistical and eCommerce capabilities and excellent teams of people around the world.

Secondly, although our long-term strategy is solid, we have to improve significantly our operational execution and performance in order to capitalise on our strong position. To achieve our full potential we need to **'Focus. Execute. and Deliver.'**

We have to focus on getting the basics right. We need to grow sales by increasing our share of wallet, improving category offering, building a stronger mid-market position, and strengthening our geographic footprint.

To improve our execution, we have to become a truly sales driven company helping our customers to focus their resources, energy and time on their core business. A newly formed Executive Management Group will ensure that we are much more operationally focused and closer to the business. They are already in the process of implementing organisational changes, centralising key support functions and re-directing marketing and sales groups.

What delivers performance is the motivation and energy of our people to deliver satisfaction to our customers. We want to make it easy for them to choose the best products they need in their offices. We aim to help them to be more efficient and productive so they can focus on their core business instead of non-strategic tasks.

These structural changes require a transformation of our company culture: we will change the way people work. Clear, specific targets and key performance indicators will be applied throughout the Company. Historically most of our businesses have shown sound growth profiles, as our European business is currently enjoying. With this in mind and with the North American business being stabilised and improving its organic growth, we feel comfortable that we are moving towards achieving our growth target of 6 percent average organic growth over the period 2008-2010 leading to an expected EBITDA of at least 7 percent for our Global Office Products, including overhead costs. While we are fully aware the economic outlook for 2008 is uncertain, we are confident our actions and strategic priorities put us in a robust position to outperform the market. We cannot expect that the financial results will immediately reflect the profound changes that are taking place in our Company but we anticipate that the results of our operational improvements will start to come through during 2008.

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Since becoming CEO on 1 October 2007, I have visited many of our operations, customers and shareholders around the world, explaining our strategic initiatives and recently announced changes. I am pleased to say that these audiences have been receptive to our **'Focus. Execute. Deliver.'** approach.

In spite of our strategy to continue on a stand-alone basis, on 19 February 2008 we received an unsolicited proposal by Staples to acquire the shares in our Company. We are of the opinion that this proposal significantly undervalues the company and fails to reflect Corporate Express' prospects. We do not believe the proposal is in the best interests of our shareholders and other stakeholders. We therefore rejected this proposal.

I would like to recognise the contribution of my predecessor Frans Koffrie, who was in charge of the transformation of a diversified holding company into a focused global office products supplier. We are all grateful for what he has achieved, creating the springboard for the next phase of development for our Company.

None of our achievements would be possible without the efforts of our employees, whom, on behalf of our boards, I would like to thank. I recognise that 2007 was a challenging year but the changes we have made position Corporate Express well for the next phase of its growth and create exciting opportunities and benefits for our shareholders, customers, suppliers and employees.

Peter Ventress
CEO

KEY FIGURES

The following tables present key figures as of and for the years ended at 31 December 2007 and 2006. The key figures should be read in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Annual Report. Additionally, please see the Group Financial Review in Chapter 2 starting on page 14 for a description of major events that may effect the comparability of the results of operations as presented below.

Income statement data	2007	2006
in millions of euro		
Net sales from continuing operations(1)	5,631	5,497
Gross contribution	1,840	1,802
Operating result	201	223
Result before taxes	86	134
Taxes	3	[10]
Net result from continuing operations	89	124
Net result from discontinued operations	106	18
Net result total Group	195	142
Attributable to:		
Holders of ordinary shares Corporate Express NV	178	123
Minority interests in Group companies	17	19
	195	142
Balance sheet data	2007	2006
in millions of euro, at period end		
Goodwill(1)	1,420	1,531
Working capital	563	560
Total assets	3,799	4,178
Long-term borrowings	1,128	1,350
Total equity	1,583	1,527
Other data total Group	2007	2006
in millions of euro, at period end		
A Net cash provided by operating activities	223	232
B Net cash from/used in investing activities	117	[381]
A + B Cash flow available for financing activities	341	[149]

(1) Prior year data have been adjusted to reflect the fact that the ASAP Software business segment is reported as discontinued.

Per ordinary share	2007	2006
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Per ordinary share	2007	2006
in euro, unless stated otherwise, at period end		
Basic net result per share attributable to holders of ordinary shares Corporate Express NV	0.98	0.68
Number of ordinary shares outstanding at year-end (in thousands)	182,848	180,905
Dividend declared	0.21(1)	0.21

(1) Subject for approval of the Annual General Meeting of Shareholders.

2007 Result per division

BIOGRAPHIES EXECUTIVE BOARD

Peter Ventress

Function: CEO (as per October 2007), joined the Company in 1999

Responsibilities within Executive Board (as at 31 December 2007): Office Products US, Office Products Europe, Strategy, Investor Relations & Corporate Communications, General & Legal Affairs and Internal Audit

Nationality and year of birth: British, 1960

Education: Masters degree in Modern History and Modern Languages (Oxford University), MBA (Open University London)

Previous positions: 2007: Member Executive Board

2005: President Corporate Express Europe 1999-2005: Several management positions within Corporate Express

Before 1999: Management positions in U.K. paper merchanting companies

Shares held in the Company as at 31 December 2007: none(1)

(1) On the date of this report, Mr Ventress holds 43,605 ordinary shares in the Company (see Remuneration Report).

George Dean

Function: Member Executive Board (as from 1998), joined the Company in 1990

Responsibilities within Executive Board (as at 31 December 2007): Office Products Australia, Office Products Canada, Printing Systems Division, Human Resources, Group Real Estate

Nationality and year of birth: British, 1947

Education: Bachelor of Science Honours degree in Chemical Engineering (University of Edinburgh)

Previous positions: 1996: President Paper Merchanting Division of the Company until its divestment in 2003

1990: MD of Howard Smith Paper Group Ltd

Before 1990: Wiggins Teape Group for a period of 21 years

Shares held in the Company as at 31 December 2007: none

Frans Koffrie was President and CEO until 29 September 2007 and Mark Hoffman was Member of the Executive Board until 27 March 2007.

George Dean will resign from the Executive Board after the Annual General Meeting of Shareholders in April 2008 and will retire from the Company in May 2008.

Floris Waller

Function: CFO (as from 1999), joined the Company in 1999

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Responsibilities within Executive Board (as at 31 December 2007): Accounting & Control, Corporate Finance & Group Treasury, Corporate Tax & Pensions, Risk Management, Information Technology, Mergers, Acquisitions & Divestments, Holdings and (jointly with CEO) Investor Relations & Internal Audit

Nationality and year of birth: Dutch, 1958

Education: Masters degree in Business Economics, CPA degree (both Erasmus University, Rotterdam)

Previous positions: various financial management positions at Unilever over a period of 15 years

Shares held in the Company as at 31 December 2007: 4,235

MANAGEMENT STRUCTURE

Executive Management Group

Peter Ventress 1960, Chairman, Executive Board and CEO

Floris Waller 1958, Vice Chairman, Executive Board and CFO

George Dean 1947, Executive Board

Tim Beauchamp 1955, SVP Distribution Operations

Bauke Broersma 1952, SVP Personnel & Organisation ad interim

Peter Damman 1962, President Office Products Europe

Dick Dijkstra 1960, SVP Information Technology and CIO

Jay Mutschler 1952, President Office Products US

A vacancy exists for the SVP Merchandising & Marketing function

Corporate officers

Kees Bangma 1956, Corporate Finance & Group Treasury

Rutger Goldschmeding 1961, Accounting & Control

Roelof Hoving 1962, Corporate Tax & Pensions

Heidi van der Kooij 1962, General Counsel & Company Secretary

Major operations

Corporate Express US

Jay Mutschler 1952, President

Robert VanHees 1969, SVP Finance & Administration and CFO

Corporate Express Europe

Peter Damman 1962, President

Rob Peters 1966, SVP Finance & Administration and CFO

Corporate Express Australia

Grant Harrod 1962, Managing Director & CEO

Grant Logan 1952, CFO

Printing Systems

Carl Thomas 1947, President

Gerhard Nijhuis 1949, Financial Director

Internal Audit

Cor Zwart 1946

THE BUSINESS

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ABOUT THE COMPANY

General information

Corporate Express is one of the world's leading suppliers of office products to businesses (Business-to-business or B2B). With its proprietary distribution network spanning 32 countries (including strategic alliances and partners) across Europe, North America and Australia. Corporate Express believes that it is the leading B2B supplier of office products in the United States, Australia, Norway, Sweden, Germany and the Benelux, and is one of the top three suppliers of such products in the United Kingdom, Canada, New Zealand, Ireland and Austria. Although Corporate Express has a long history as a distribution and trading company, for the last decade it has focused its business on the supply of office products. This trend has been underlined by recent announcements of disposals of non-core businesses (ASAP Software and Veenman Germany) and acquisitions in key focus areas (ATG in Norway and Sweden, and Davenport in Canada). The decision to rename Buhrmann NV into Corporate Express NV in the spring of 2007 also reconfirmed our focus on office products. We also supply graphic equipment and related services. In July 2007 Corporate Express established a permanent presence in Hong Kong and China to facilitate direct sourcing of primarily privately branded office products from Asian manufacturers.

In 2007, our nearly 18,000 employees, working from more than 350 locations in 21 countries, generated annual sales of €5.6 billion.

In response to a growing demand from our customers, we offer a single-source supply solution, a 'one-stop-shop', that is designed to help customers streamline their purchasing efforts and reduce their total costs. We are also increasingly offering our customers other ranges of business products including non-traditional office products such as facility supplies, print & forms, educational supplies and promotional marketing items.

The majority of our office products is sold through contracts with major companies with which Corporate Express has integrated eCommerce systems, including customised Internet sites. Over 45% of our office products are sold via eCommerce systems. eCommerce reduces customers transaction costs significantly and speeds up their ordering process by enabling them to select and order products on-line.

Structure

Corporate Express NV, the parent company of a group of subsidiary companies, conducts its business on a global basis. Our significant subsidiaries are listed on page 196. All subsidiaries are directly or indirectly wholly owned by Corporate Express NV, except for Corporate Express Australia Ltd and its subsidiaries, in which Corporate Express owned 58.82% at year-end.

Corporate Express reports its results in three office products regions, and the Printing Systems Division:

Corporate Express North America includes the activities of Corporate Express in the United States and Canada.

Corporate Express Europe, covers the activities of Corporate Express in 24 European countries, including strategic alliances and partners.

Corporate Express Australia consists of our fully consolidated business in Australia and New Zealand (58.82% share ownership)

The Printing Systems Division operates in six countries in Europe.

The various office products businesses report to Corporate Express' newly formed Executive Management Group (EMG), which leads the company operationally. In addition to the Executive

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Board members, the EMG consists of senior geographical and functional leaders. The Corporate Center, which is primarily located in Amsterdam, the Netherlands, supports the operations of the Group as well as the Executive Board. Corporate costs are reported as a separate activity.

History

Corporate Express NV has evolved from the Koninklijke Nederlandsche Papierfabrieken NV (KNP), which was incorporated in 1875. In 1993 Koninklijke Nederlandsche Papierfabrieken NV merged with Bührmann-Tetterode NV and VRG-Groep NV. The resulting conglomerate, NV Koninklijke KNP BT (KNP BT) offered paper and packaging products, business services and a variety of other distribution activities. During 1997 and 1998, the packaging activities and the paper manufacturing subsidiaries were divested and the remaining business and distribution services were renamed Buhrmann NV.

In 1999, Buhrmann expanded its office products activities with the acquisition of Corporate Express Inc., operating in North America, Europe and Australia and running a distribution business for office and computer supplies, office furniture, imaging and computer graphic supplies as well as desktop software (ASAP Software). In 2001, Buhrmann strengthened its office products activities with two acquisitions: the North American office products business of USOP and the European office products division of Samas. In 2000 the Information Systems Division was divested and in 2003 the Paper Merchanting Division was sold to the Australian-based PaperlinX to narrow our focus on the office products market.

In 2006 and 2007, we made a smaller number of acquisitions, of which the most significant was the Scandinavian office products company Andvord Tybring-Gjedde (ATG), but it also included Coastwide Laboratories Inc in the USA, Educational Experience Pty Ltd in Australia, and Davenport in Canada. Finally, in 2007, Corporate Express divested its desktop software activities (ASAP Software, Inc.) and its German copier activities (Veenman Deutschland GmbH), and was renamed Corporate Express NV, confirming the Company's focus on office products.

Strategy

As a services and distribution company, Corporate Express aims to provide a wide range of business products that are essential to our customers in their daily work. Corporate Express works on a business-to-business basis and use direct distribution to help our customers reduce their process related procurement costs. Corporate Express has a strong technological focus and use eCommerce systems, including customised Internet sites, to streamline the supply chain.

Corporate Express is committed to delivering sustainable and profitable growth. Corporate Express aims to achieve this growth primarily organically by increasing market share in the large account segment which at 31 December 2007 accounted for approximately 80% of our sales, and by growing our mid-market share. In addition to sales growth, we believe that there is opportunity to strengthen our geographical footprint by acquisition across Europe and, potentially, there may be viable options in high growth emerging markets.

Our initiative for growing sales and securing a greater share of our customers' expenditures is by focusing on selling our office products line of business to the full potential of our customers, and broadening our product range. We are meeting a wider set of our customer needs because we offer not only traditional office products, such as print and forms, promotional articles and furniture, but also non-traditional office products such as facility products and products from adjacent markets such as educational supplies. This helps to position Corporate Express as the preferred single-source supplier of our customers. Our innovative systems help streamline the ordering process, which reduces cost and the effort required to manage multiple suppliers, and brings productivity into the hands of our customers.

Corporate Express also believes that there is an increased trend among large companies to outsource non-strategic tasks and in this area our business has experienced growth.

As we focus on generating profitable growth, we have also identified a number of ways to improve our margins. We have developed a successful range of private brand products, notably the Corporate Express brand, through which we deliver customers competitive alternatives to well-known branded products. Currently Corporate Express has approximately 25% of its global sales under its private brand.

Additionally, our preferred supplier program is helping us to focus our procurement efforts on a reduced number of suppliers. This process is being reinforced by the establishment in July 2007 of a permanent presence in Hong Kong and Shenzhen, P.R. China to facilitate direct sourcing of primarily privately branded office products from Asian manufacturers. Corporate Express believes that this new infrastructure will help to better control the supply chain and reduce procurement costs. Corporate Express believes that it will also be able to directly influence manufacturers to become more environmentally conscious with regard to issues such as production, packaging and waste.

For a discussion of the risks associated with the implementation of the Company's strategy, see pages 87 to 91.

Industry context

Corporate Express does business primarily in the office products market. The office products market is relatively consolidated in the large account segment, but it is significantly fragmented in the mid-market and small office/home-office segments, that are characterized by many small and medium-size players. Corporate Express believes that in addition to the large account segment, the major players in the market, including Corporate Express, may have the opportunity to continue consolidating the markets, both through organic and acquisition-driven growth.

Market segmentation by channel

The business consumable market is served by numerous players of all sizes and with a variety of business models. These include manufacturers of office products with direct distribution capabilities, paper merchants and other distributors with adjacent activities, supermarket chains, general department stores and copier resellers. With respect to dedicated distributors of office products, the market is divided into direct distributors, mail order and retail outlets. Corporate Express operates primarily as a direct distributor, using the brand name Corporate Express.

Direct distributors

The direct distributors' channel is subdivided into larger and smaller players. The key differentiators are geographical spread and reliance on wholesalers, both for supply and maintaining inventories.

Contract distributors (such as Corporate Express) primarily serve customers with a high number of office workers ('white collar'), often in several locations, mostly on the basis of exclusive multi-year contracts. Customers are generally guaranteed next day delivery, provided with advanced IT and eCommerce options, and given access to private brands. Due to the higher service levels and lower total costs of ownership that are offered, contract distribution is the most frequently used channel for medium-size and large companies in the office products markets.

In the top segment of the market, which has traditionally been Corporate Express' core business, there are very few large players who are able to provide the required level of service. The range of products a single distributor supplies to customers in this segment is being extended. Transactional distributors generally serve medium and small business customers in a limited geographical area

without formal contracts. Most of these companies are relatively small and carry a limited range of products in stock and use wholesalers extensively. Some of these distributors operate as 'stock-less dealers' relying entirely on wholesalers for their fulfillment.

Mail order

Mail order the distribution of catalogues, using database marketing-caters mainly to small- and medium-sized companies and private individuals. While their procurement and order fulfillment functions are similar to contract stationers, direct marketers offer a narrower assortment of products, sell primarily through catalogues rather than a direct sales force and generally use generic third parties to deliver products.

Retail outlets

Retail outlets, which require locations accessible by individual customers, generally serve private individuals and small businesses. Customers obtain their products at the retail outlet, which often offers a somewhat different range of products than in the business-to-business channels. Activities in this channel require significant real estate positions including the related financial commitments.

Competitive factors

Corporate Express operates in a highly dynamic and competitive marketplace, particularly because competition is not limited to market participants with a specific position in a channel. Also, within each channel there are multiple players who offer alternative solutions for the demand side of the market. More details of competition within our channels are provided in the sections on the Company's business segments.

The three most significant competitive factors in the office products industry are service (ease of ordering, delivery speed and reliability), price and the efficiency created in terms of the customers' total procurement costs.

Large players have a competitive edge in offering attractive pricing, IT capabilities, geographical footprint, private brands and a wide choice of products. However, service aspects such as fast and complete delivery can be achieved by players of any size, which ensures that competition remains vigorous.

Product quality is less an issue since all distributors can carry or source the same or similar products. Private brand strategies are also designed to differentiate in this area.

Our office supplies business competes successfully in these markets on the basis of its high quality information technology and logistics capability, its customised and value added services and the breadth of its assortment. These aspects aim to achieve benefits to customers in terms of managing the 'total cost of ownership' when procuring office products.

Seasonality

Our sales correlate with white-collar employment and the average amount spent per employee. The sales of our consumable products have a strong relationship with the number of effective working days in a reporting period, in which the employees from our customers are at work. However, the sales of certain product categories of a more discretionary nature, such as furniture, do not closely correlate with the amount of working days.

Trends

Customers seek increasingly to control the volume of office products purchased by centralising their contractual arrangements. At the same time, they also expect delivery to multiple locations at a local, regional, national or international level. Paying attention to the cost structure of our (potential) customers may lead to the customer deciding to outsource non-strategic tasks such as the procurement of office products.

Therefore Corporate Express believes that large companies will increasingly see the benefits of using a single-source supplier. This allows them to consolidate purchasing power and to create efficiencies by eliminating the internal costs associated with complex, multiple deliveries, multiple invoices and varied ordering procedures. It also allows them to compare, monitor and manage purchasing patterns of departments, locations and business units.

Major players in the industry, including our office supplies business, continue to invest in extensive information technology, eCommerce and logistic infrastructures. The low value per order, high order volume, dispersed ordering points and multiple delivery locations require a sophisticated and efficient infrastructure for fulfilling these requirements in an economically sensible way.

Customer relations and marketing

Corporate Express markets and sells its products and services to both contract and non-contract business customers through a network of central account managers and local sales representatives.

Many contract customers enter into agreements that set service levels for certain products over a particular period, typically a minimum of two or three years, after which contracts are rolled over or re-tendered.

Marketing is limited primarily to supporting the trade name, private product branding and promotional support of certain product categories.

Supplier relations and merchandising

Most products are purchased directly from manufacturers, who deliver directly to Corporate Express' distribution or mixing centers. Lower volume items are sourced from various types of wholesalers.

Our strategy has been to establish preferential relationships with certain suppliers who can offer mutually attractive supply chain economics, while reducing the number of products per category in our assortment.

To further maximise its purchasing power, Corporate Express has been consolidating its purchases from key suppliers. This includes the sourcing of office products sold under private brand names. Our preferred supplier initiative increases our relevance to the suppliers with whom we do business. This leads to improved terms and conditions resulting in lower sourcing costs and working capital.

In 2007, Corporate Express established a presence in Hong Kong and Shenzhen, China, to facilitate the direct sourcing of office products from Asian manufacturers. Going forward, a substantial proportion of Corporate Express' privately branded products will be handled through this global sourcing organisation.

Notwithstanding long term supplier relationships, Corporate Express is subject to short term price changes caused by fluctuating prices of commodities.

Information Technology and logistics

Customers have visibility towards Corporate Express' product assortment through our online ordering systems and printed catalogues.

Orders are placed via a variety of eCommerce systems or by traditional ways such as telephone, fax or mail. Corporate Express' larger distribution centres have an average of 10,000 stock keeping units. Orders for items in stock are routed to the appropriate distribution centre for order fulfillment. Orders for items that are not part of the regular stock are usually transmitted electronically to suppliers or wholesalers for delivery to our distribution centres or directly to customers.

Corporate Express is usually able to acquire most items that are not available within its own inventory in the same ordering time frame as stock items. These are then shipped with the items in-stock. First time fill rates are generally around 98%.

Corporate Express' advanced logistics system is key to its efficient distribution network, which allows for next-day delivery in all of its office products markets.

In general, Corporate Express operates from a single regional distribution centre that supports multiple distribution break-points. A combination of owned vehicles and third-party delivery services is used to deliver office products.

GROUP FINANCIAL REVIEW

COMPARISON 2007 AND 2006

Major events in 2007 and 2006

The Financial Review should be considered in light of the following, major events:

2007

On 12 November 2007 we completed the sale of ASAP Software to Dell Inc. for a total consideration of US\$353 million. After considering the impact of related transaction expenses and taxation, the transaction resulted in a gain of €97 million. The proceeds have largely been used to pay down debt.

In October 2007 we announced the outcome of our strategic review and as a result have implemented a series of strategic initiatives and organisational changes designed to transform the Company into a more operationally focused and sales driven organisation.

In July 2007 we announced the establishment of a permanent presence in Hong Kong and China to facilitate direct sourcing of primarily privately branded office products from Asian manufacturers.

A number of smaller acquisitions were completed of which Davenport in Canada was the most significant.

2006

In 2006, we announced the organisational restructuring of Corporate Express North America. The geographic profit centre approach was replaced by a product line and customer segment driven organisation. For this restructuring and the centralisation of back office functions in North America announced in 2005, provisions were recorded in 2006 which are presented as special items.

In September 2006 the acquisition of Andvord Tybring-Gjedde (ATG), the leading office products group in the Nordic region, was completed. Total purchase consideration for the acquisition of ATG was €246 million, which was financed by borrowings under existing debt facilities.

We also completed a number of smaller acquisitions in Europe, Australia and North America, of which Coastwide Laboratories Inc. in the USA and The Educational Experience Pty Ltd. in Australia were the most significant.

Critical accounting policies and estimates

Our main accounting policies are set out in Note 2 to our Financial Statements. The accounting policies and estimates that are most critical in determining the presentation of operating results and financial condition and which require subjective or complex judgments from management are listed in Note 3 to our Financial Statements.

Corporate Express' accounting policies under IFRS vary in certain respects from accounting principles generally accepted in the United States of America ('US GAAP'). On 21 December 2007 the Securities and Exchange Commission (SEC) approved rule amendments pursuant to which financial statements from foreign private issuers in the U.S. will be accepted without reconciliation to U.S. Generally Accepted Accounting Principles only if they are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). We prepare our financial statements in accordance with IFRS as issued by the IASB. The rule amendments apply to financial statements covering years ended after 15 November 2007.

Comparability

On 12 November 2007, we completed the sale of ASAP Software to Dell Inc. Prior to the sale, ASAP Software was a separate business segment and as a result of the disposal, the financial statements have been adjusted with the results of operations of ASAP Software presented as 'net result from discontinued operations'. Therefore the historical statements included herein have been adjusted and reflect the continuing operations of Corporate Express to conform to this presentation.

As of 1 January 2007, the activities of Graphic Systems and the Veenman copier businesses were combined in the business segment Printing Systems. The segment presentation has been adjusted accordingly (and retrospectively).

As of 1 January 2007, postage expenses relating to the mailing activity in our print and forms business, which are reimbursed by our customers, have been accounted for on a 'gross' basis instead of on a 'net' basis, as was previously the case. As a result, 2007 reported sales, gross contribution and operating expenses all increased by €19 million or approximately 0.3%, 1.0%, and 1.1% respectively, compared to 2006.

Key figures

	2007	2006	Change in %	Change at constant rates(1)
in millions of euro, unless stated otherwise				
Net sales	5,631	5,497	2.4%	6.7%
Gross contribution	1,840	1,802	2.1%	6.4%
Operating expenses	[1,639]	[1,579]	3.8%	8.3%
Operating result	201	223	[9.7%]	[7.4%]
Gross contribution as a percentage of net sales	32.7%	32.8%		
Operating expenses as a percentage of net sales	29.1%	28.7%		
Operating result as a percentage of net sales	3.6%	4.1%		

(1)

See 'Use of non-GAAP Financial Measures' on page 3.

Our Global Office Products business suffered from the negative effects of the organisational changes in 2006 in the Office Products North America business segment combined with lower market growth rates and a higher degree of competitive pressure in North America. The decline in operating result of the Office Products North America business segment could only partially be offset by the significant improvement in the performance of the Office Products Europe business segment, specifically helped by strong sales growth in the Nordic region, due to in part the acquisition of ATG in 2006, and general economic growth in Europe. In addition, the Office Products Australia business segment contributed strong results, largely due to positive economic conditions in Australia, even though 2007 was mainly a year of consolidation.

The operating result of the Printing Systems Division improved, due both to efforts to control costs and the generally positive investment climate in the printing sector.

Net sales

Net sales for the Group increased by 2.4% to €5,631 million in 2007, from €5,497 million in 2006. At constant exchange rates, net sales increased by 6.7%; Global Office Products grew by 7.3% and the Printing Systems grew by 2.3% at constant exchange rates. Total net sales on an organic basis increased by 2%.

Sales in the Office Products North America business segment increased 1% at constant rates. Continued economic uncertainty and increased (price) competition negatively impacted sales. Our net

sales in the Office Products North America business segment were also impacted by the lingering effects of last year's reorganisation process. The Office Products Europe segment showed strong sales growth, helped by the acquisition of ATG in 2006, whereas Office Products Australia continued its very satisfying performance.

We continued extending our product range and benefited from strong sales growth in facility supplies, document and print management and promotional products. Furniture sales suffered from reduced spending on discretionary items. Office Products Australia benefited from increased sales in educational supplies as a result of the acquisition of Educational Experience in 2006. Overall, we strengthened our positions in the strategic and large accounts segments while achieving modest growth in the mid-markets.

The table presents a calculation, on an organic(1) basis, of the development of net sales for the Group.

	2007	2006	Change in %
	<u> </u>	<u> </u>	<u> </u>
in millions of euro, unless stated otherwise			
Net sales	5,631	5,497	
Effect of currency exchange rate movements		[238]	
Net sales at constant exchange rates	5,631	5,259	7%
Acquisitions and divestments	[38]	230	
Adjustment for 'imputed sales'	7	28	
Variation in the number of working days	26		
	<u> </u>	<u> </u>	
Net sales on an organic basis	5,626	5,517	2%

(1) See 'organic' sales analysis on page 4.

Gross contribution

Gross contribution increased from €1,802 million in 2006 to €1,840 million in 2007, an increase of 2.1% or 6.4% at constant exchange rates. Global Office Products increased by 7.2% and the Printing Systems Division declined by 1.4%. As a percentage of net sales, gross contribution decreased only slightly, from 32.8% in 2006 to 32.7% in 2007. The change in accounting for postage expenses that are reimbursed by our customers impacted gross contribution positively by €19 million.

The regional office products business segments showed varying levels of performance. The gross contribution margin declined substantially in North America due to mainly difficulties in fully passing on supplier price increases, as well as (relative) stronger growth in lower margin customer segments (strategic and large) and lower margin product groups (facility supplies, computer supplies and paper). Both Office Products Europe and Australia, however, were able to improve their gross contribution margins. The Office Products Europe business segment benefited from the inclusion of ATG, and the success from pan-European merchandising and margin improvement initiatives. The Office Products Australia business segment benefited from sales of educational supplies. We were also able to further grow our share of own brand-sales; in North America we introduced a full range of writing instruments and discretionary items such as white boards.

Operating result

Operating result of the Group declined 9.7% from €223 million in 2006 to €201 million in 2007. At constant exchange rates the decline was 7.4%. Operating result as a percentage of net sales decreased from 4.1% in 2006 to 3.6% in 2007. The decline was fully due to the weak performance in the Office

Products North America business segment. In the Office Products Europe and Office Products Australia business segments, we achieved strong growth of operating results.

In North America the operating expense growth was limited to 2.0%, but when excluding the impact of the accounting change for postage expenses, operating expenses were equal to last year. Operating expenses developed satisfactory, largely due to cost saving initiatives, especially in non-sales related areas, however against a declining gross contribution. The operating expenses of the Printing Systems Division were favourably impacted by the positive result of €10 million on the sale of Veenman Germany. On the other hand, our consolidated operating results were negatively affected by increased expenses at the corporate level, primarily due to higher fees (mostly relating to the strategic review) and termination payments for departing board members. Corporate operating expenses, not allocated to the business segments, were €27 million in 2007 compared to €4 million in 2006. Total share-based payment charges amounted to €8 million in 2007 (€8 million in 2006) and were allocated to the business segments.

Regarding pensions, total operating expenses included income of €21 million in 2007 and €22 million in 2006 mainly related to the financing portion (interest cost less expected return on plan assets) of the pension plan in the Netherlands, which is by far the largest defined benefit plan in the Group. Of this income approximately €18 million in 2007 and €20 million in 2006 is included in Corporate operating expenses relating to the inactive participants in this plan. The assumptions used to calculate the pension income and benefit obligations of this plan are listed in Note 22 of the Financial Statements. A change in the assumptions used to calculate the pension obligation and related costs (service cost and interest cost) resulted in a higher net pension income of approximately €2 million in 2007. The average expected rate of return on plan assets for the Dutch plan was 6.7% in 2007 and 6.6% in 2006. The actual return on plan assets of the pension plan in the Netherlands, after investment fees and administration expenses, was 2% in 2007 and 7% in 2006.

Special items included in operating expenses in 2007 and 2006

In 2007, there were one-off costs (before tax) of €30 million. We incurred €22 million of one-off costs in the Office Products North America business segment, related primarily to personnel reduction at U.S. headquarters and investments in our logistics infrastructure. In the Office Products Europe business segment, we incurred one-off costs of €8 million, consisting of a €6 million provision for the planned consolidation of our German distribution centres (including a provision for to be terminated lease obligations) and €2 million relating to a reorganisation programme for Corporate Express Italy. As part of Corporate expenses we recorded €5 million in relation to the termination of the contracts of Frans Koffrie, former CEO of Corporate Express NV, and Mark Hoffman, former President and CEO of Corporate Express North America. One-off cost of €5 million related to the reclassification of two defined contribution plans into a defined benefit plans in the Netherlands. The book profit on the sale of the Veenman Germany activities amounted to €10 million.

In 2006, we recorded special items of €40 million. We incurred €35 million of one-off costs, such as double running and relocation expenses, for the centralisation of back-office functions and the streamlining of the organisation in North America. We also recorded €5 million of one-off costs for optimising our facilities in the Benelux and the further restructuring of Veenman Germany.

Excluding these special items, operating expenses would have increased by 9.0% at constant exchange rates and operating result would have decreased by 9.1% on the same basis.

Financial items

	<u>2007</u>	<u>2006</u>
in millions of euro, unless stated otherwise		
Financing expenses	[115]	[96]
Subsequent result from disposal of operations		7
Taxes	3	[10]
	<u> </u>	<u> </u>
Total financial items	[112]	[99]
	<u> </u>	<u> </u>

Financing expenses related to refinancing**Other financing expenses**

In 2007 and 2006 no expenses were recorded relating to refinancing activities.

	<u>2007</u>	<u>2006</u>
in millions of euro, unless stated otherwise		
Cash interest expenses	[85]	[74]
Interest income	4	3
Dividend Preference Shares	[11]	[11]
Non-cash interest	[10]	[10]
Exchange results due to translation of long-term internal and external borrowings	[13]	[4]
	<u> </u>	<u> </u>
Total other financing expenses	[115]	[96]
	<u> </u>	<u> </u>

Cash interest expenses in 2007 were up €10 million, as a result of increased capital need, following the acquisitions of ATG and Educational Experience, and a slightly increased average blended interest rate.

Non-cash interest includes amortisation cost related to long-term borrowings, such as the imputed interest on the convertible bond, and amortisation of capitalised financing costs.

The exchange results in 2007 and 2006 relate to translation differences on the mismatch between inter-company loans that do not qualify as permanent investments and the currency overlay for our external debt.

Subsequent result from disposal of operations

In 2006 a pre-tax (non-cash) benefit of €9 million (€6 million net of tax) was recorded as an accounting consequence of transferring pension assets and liabilities from Corporate Express' Dutch pension fund following the divestment of our former Paper Merchanting Division in 2003. An amount of €1 million was released from provisions related to divestments of prior years.

Taxes

Our international operations are subject to income taxes of different jurisdictions with varying statutory tax rates. Corporate Express' effective tax rate was 3% income in 2007 and 7% cost in 2006. The effective tax rate is determined based on the ratio of taxes to the amount of result from operations before taxes and expenses related to the Preference Shares A, as these dividends are non-tax deductible. For a detailed calculation of the effective tax rate, see Note 14 to the Financial Statements.

The tax benefit of €3 million in 2007 includes a benefit of €30 million as the result of further recognition of deferred tax assets and releases of deferred tax liabilities. The tax expense of €10 million in 2006 includes a benefit of €3 million as the result of lower net deferred tax liabilities due to the enacted change of the tax rate in the Netherlands in fiscal year 2007 (from 29.6 to 25.5%). Further, the

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2006 tax expense was reduced by €4 million following the assessment of the outcome of a tax dispute in Italy and by €2 million as result of the recognition of deferred tax assets due to, among other things, the increased funding level of the Dutch pension scheme.

Net result

	2007	2006
in millions of euro, unless stated otherwise		
Operating result	201	223
Total financial items	[112]	[99]
Net result from continuing operations	89	124
Net result from discontinued operations	106	18
Net result total Group Attributable to:	195	142
Holders of ordinary shares Corporate Express NV	178	123
Minority interests in Group companies	17	19

Minority interests represent the 41.2% (2006: 46.5%) share at year-end of third-parties in the net result of Corporate Express Australia Ltd. In April 2007, Corporate Express Australia completed an off-market share buyback. As a result of strong shareholder participation, the size of the original buyback target was increased from AU\$50 million to approximately AU\$90 million. In doing so, 16,984,761 of its fully paid ordinary shares were purchased at the buyback price of AU\$5.30 per share. Corporate Express chose not to participate in the buy-back, thereby increasing its interest in Corporate Express Australia to 58.8%.

Previously, following Corporate Express Australia's on-market share buy-back in 2006, Corporate Express had increased its share from 53.1% to 53.5%.

Net result from discontinued operations

In the financial statements and other financial information included in this annual report on Form 20-F, business activities that were divested, are reported under discontinued operations in accordance with IFRS 5. As a result, Corporate Express' financial reporting is based primarily on continuing operations.

In 2007, ASAP Software results are presented retrospectively in the line 'net results from discontinued operations', and cash flows are presented retrospectively as the line items 'net cash from operating/investing/ financing/discontinued operations'. See Note 6 to our Financial Statements. The result on the sale of the Veenman Germany business is presented as income under the line item 'other operating expenses', since due to its size it cannot be considered a discontinued operation.

The income statements and cash flow statements have been adjusted for the comparative periods 2006-2005 to reflect discontinued operations. The individual lines of the income statement reflect only continuing operations of Corporate Express Group for all years presented.

Net result attributable to holders of ordinary shares

The net result of €178 million attributable to shareholders of Corporate Express NV in 2007 translates to basic earnings per share of €0.98. Excluding the tax-adjusted impact of special items, exchange results due to the mismatch between inter-company borrowings and external borrowings as reported under net financing costs and amortisation of intangibles, net result in 2007 would have amounted to €124 million, compared to €151 million in 2006, an 18% decrease, representing €0.68 per ordinary share in 2007, compared to €0.84 in 2006.

A dividend has been proposed of €0.21 per share.

Liquidity

Corporate Express' liquidity requirements arise primarily from the need to fund the expansion of its business in the form of working capital requirements, capital expenditure and restructuring or similar projects. Corporate Express' primary source of liquidity is cash generated from operations. The following table sets forth the cash flow movements for the periods indicated.

	Twelve months ended 31 December	
	2007	2006
in millions of euro, unless stated otherwise		
Net cash from operating activities, <i>continuing</i> operations	227	188
Net cash from operating activities, <i>discontinued</i> operations	[5]	45
A Net cash from operating activities total Group	223	232
Net cash from investing activities, <i>continuing</i> operations	121	[376]
Net cash from investing activities, <i>discontinued</i> operations	[4]	[5]
B Net cash used in investing activities total Group	117	[381]
A+B Cash flow available for financing activities	341	[149]
C Net cash from financing activities	[365]	103
A+B+C Net cash flow	[24]	[45]

Net cash provided by operating activities

Operating result adjusted for non-cash items (such as depreciation of tangible fixed assets, amortisation of internally used software and intangible assets and additions/releases of provisions) was €27 million lower in 2007 than in 2006.

Working capital increased by €22 million in 2007, compared to an increase of €68 million in 2006. As a percentage of net sales, working capital (four-quarter rolling average) increased to 11.0% as a result of increased inventory levels reflecting an extended supply chain due to the increased direct sourcing out of Asia and temporarily increased inventory related to changes in our distribution infrastructure.

Profit tax payments were €1 million lower and other operational payments (such as for restructuring) were €10 million lower in 2007 compared to 2006. Payments regarding the defined benefit pension plans of €7 million were €6 million lower than in the previous year, as 2006 included an additional contribution in the U.K. scheme of £3.8 million.

The net effect was an amount of €227 million of cash from operating activities, continuing operations in 2007, compared to €188 million in 2006. Net cash from operating activities, discontinued operations was negative €5 million in 2007 compared to positive €45 million in 2006.

Net cash used in investing activities

Net capital expenditure of €82 million in 2007 was €8 million higher than in 2006 (€74 million). A significant portion of our capital expenditure relates to the development of information technology, eCommerce and logistics systems.

Cash used for acquisitions and received from divestments amounted to an inflow of €203 million in 2007, compared to an outflow of €303 million in 2006. In 2007 we acquired Davenport in Canada, Møller & Landschultz in Denmark and some smaller acquisitions and divested of ASAP Software and

Veenman Germany. In 2006 the amount mainly related to the acquisition of ATG, and to a lesser extent to that of Coastwide Laboratories in the USA as well as a number of smaller acquisitions.

Net cash used in financing activities

On 12 November 2007 we completed the sale of ASAP Software for a total consideration of US\$353 million. The net proceeds have been used to pay down debt. Cash interest expenses in 2007 were up €13 million, as a result of an increased capital need, mainly due to acquisitions, and a slightly increased average blended interest rate. In 2006 Corporate Express acquired ATG for a total purchase consideration of €246 million, which was financed by borrowings under the existing debt facilities. In both 2007 and 2006 Corporate Express paid cash dividends on its Preference Shares A of €11 million.

In 2007 Corporate Express paid €21 million of dividends on its ordinary shares (2006: €15 million) which is approximately 48% of the total dividend declared on ordinary shares. The dividend was paid out in stock or cash at the option of the shareholder.

Payments to minority shareholders were €68 million in 2007 and €10 million in 2006. This includes dividends paid to minority shareholders of Corporate Express Australia and buy-backs by Corporate Express Australia of its own shares in which Corporate Express did not participate.

Net cash flow

The resulting net cash flow was negative €24 million in 2007 compared to negative €45 million in 2006, reflected in the movements in net liquid funds.

Trend information

In 2007, we revisited our strategy, made a number of changes in senior management and addressed most of the internal issues in our U.S. business. We started to implement a number of initiatives designed to re-focus and simplify our business. Our new strategic initiatives, announced in October 2007, will enable us to unlock the full potential of our Company. We cannot expect that the financial results will immediately reflect the profound changes that are taking place in our Company but we anticipate to see the results of our operational improvements coming through during 2008, while we are fully aware the economic outlook for 2008 is uncertain.

GROUP FINANCIAL REVIEW

COMPARISON 2006 and 2005

Major events in 2006 and 2005

The Financial Review should be considered in light of the following major events:

2006

See page 20 for major events in 2006.

2005

On 31 March, the repurchase of all of the issued and outstanding Preference Shares C was completed for an aggregate purchase price of US\$520 million in cash. To fund this transaction, Corporate Express issued 7⁷/₈% of Senior Subordinated Notes due 2015 (2015 Notes) with an aggregate principal amount of US\$150 million in

February 2005. An amount of €250 million was raised by a discounted rights issue of 39.3 million ordinary shares in March 2005.

Another significant special item that was recorded in 2005 was the restructuring of customer care and back-office activities in North America.

Key figures

	2006	2005	Change in %	Change at constant rates(1)
in millions of euro, unless stated otherwise				
Net sales	5,497	5,118	7.4%	7.9%
Gross contribution	1,802	1,696	6.2%	6.7%
Operating expenses	[1,579]	[1,497]	5.4%	5.9%
Operating result	223	199	12.1%	12.6%
Gross contribution as a percentage of net sales	32.8%	33.1%		
Operating expenses as a percentage of net sales	28.7%	29.3%		
Operating result as a percentage of net sales	4.1%	3.9%		

(1)

See 'Use of non-GAAP Financial Measures' on page 3.

Net sales

Net sales for Corporate Express Group increased by 7.4% to €5,497 in 2006, from €5,118 in 2005. At constant exchange rates the increase was 7.9%. Net sales on organic basis increased 5%.

Overall market conditions were favourable with higher levels of white-collar employment and increased average spend on office products per employee. However, economic growth in North America slowed during the second half of the year. Markets in Europe improved gradually during the course of the year with still significant differences between individual countries.

We put more focus on the profitability of sales growth in the large account segment. We were pleased that our initiatives in the mid-market segment started to pay off. In North America, our internal focus on the streamlining of the sales activities impacted new business generation negatively resulting in a reduced organic growth rate in the last months of the year.

The success of our product range extension was particularly reflected in strong sales growth in facility supplies, helped by the acquisition of Coastwide Laboratories in May of this year and improved

performance in document and print management. In Australia we acquired Educational Experience, an educational supplies business, and also completed some other relatively small acquisitions. Our position in Europe was considerably strengthened by the acquisition of ATG, that has held a leading position in the Nordic region.

Printing Systems Division doubled its operating result mainly by achieving 11.8% sales growth, while keeping costs under control.

The table below presents a calculation, on organic(1) basis, of the development of net sales for the Group.

	<u>2006</u>	<u>2005</u>	<u>Change in %</u>
in millions of euro, unless stated otherwise			
Net sales	5,497	5,118	
Effect of currency exchange rate movements		[23]	
Net sales at constant exchange rates	5,497	5,095	8%
Acquisitions and divestments	[155]	25	
Adjustment for 'imputed sales'	7	7	
Variation in the number of working days	21		
Net sales on an organic basis	5,370	5,127	5%

(1) See 'organic' sales analysis on page 4.

Gross contribution

Gross contribution increased by 6.7% at constant exchange rates. As a percentage of net sales, gross contribution showed a decline from 33.1% in 2005 to 32.8% in 2006. Gross contribution was unfavourably impacted by price erosion following re-tendering and new contract wins in a very competitive market place and paper purchase price increases that could only be passed on to customers on a delayed basis as well as the negative mix impact of the change in product mix. Also, we experienced higher shares of lower margin large accounts and lower margin product categories such as computer supplies and an adverse business mix (i.e. strong growth in Printing Systems which realises relatively lower margin levels). These margin pressures could be partially offset by the benefits from our private brands and merchandising initiatives as well as overall margin management.

Operating result

Operating result of the Group increased 12.1% from €199 million in 2005 to €223 million in 2006. At constant exchange rates the increase was 12.6%. Operating result as a percentage of net sales increased to 4.1%.

The improvement in the operating result was due to an increase in the gross contribution of 6.7% at constant exchange rates, which was partially offset by an increase in operating expenses of 5.9% at constant exchange rates.

Total share-based payment charges amounted to €8 million in 2006 (€7 million in 2005) and were allocated to the business segments. Corporate operating expenses, not allocated to the business segments, were €4 million in 2006 compared to €12 million in 2005, due to favourable pension income and lower incidental expenses.

Regarding pensions, total operating expenses included income of €22 million in 2006 and €18 million in 2005 mainly related to the financing portion (interest costs less expected return on plan assets) of the pension plan in the Netherlands, which is by far the largest defined benefit plan in the

Group. Out of this income, approximately €20 million in 2006 and €17 million in 2005 is included in Corporate operating expenses, and relates to the inactive participants of the plan. The assumptions used to calculate the pension income and benefit obligations of this plan are listed in Note 22 of the Financial Statements. A change in the assumptions used to calculate the pension obligation and related costs (service and interest costs) resulted in a higher net pension income of approximately €2 million in 2006. The average expected rate of return on plan assets for the Dutch plan was 6.6% in 2006 and 7.0% in 2005. The effect of a lower rate on the expected return on plan assets, which is part of the calculation of net pension income, was offset by a higher fair value of the plans' assets in 2006 compared to 2005. The actual return on plan assets of the pension plan in the Netherlands, after investment fees and administration expenses, was 7% in 2006 and 15% in 2005.

Special items included in operating expenses in 2006 and 2005

In 2006, we incurred in total €35 million in one-off costs, such as double running and relocation expenses, for the centralisation of back-office functions and the streamlining of the organisation in North America. We also recorded €5 million for optimising our facilities in the Benelux and the further restructuring of Veenman Germany.

In 2005, in the Office Products North America business segment we recorded a €10 million charge for the centralisation of local administrative operations such as credit and collections and customer care. A charge of €4 million was recorded in the Office Products North America business segment to settle with the U.S. Department of Justice allegations that Corporate Express Office Products submitted false claims in connection with the sale of office products to U.S. government agencies that were from countries of origin not designated under the Trade Agreements Act. Restructuring charges of €8 million were recorded related to the German furniture business, Veenman Germany and Corporate Express Benelux.

Excluding these special items, operating expenses would have increased 4.4% at constant exchange rates and operating result would have increased 19.8% on the same basis.

Financial items

	<u>2006</u>	<u>2005</u>
in millions of euro, unless stated otherwise		
Refinancing expenses		[85]
Other financing expenses	[96]	[106]
Subsequent result from disposal of operations	7	5
Taxes	[10]	[12]
Total financial items	[99]	[198]

Financial expenses related to refinancing

In 2006 no expenses were recorded relating to refinancing activities. In 2005 Corporate Express placed the 2015 Notes, the proceeds of which were used to repurchase the Preference Shares C, together with a discounted rights issue which raised €250 million. The expenses related to the placement of the 2015 Notes and the discounted rights issue have been recorded as a deduction from the proceeds and have not been recorded in the income statement. The repurchase of the Preference Shares C resulted in a charge of €85 million in 2005. This special item constitutes the difference between the value paid and the book value of the liability and conversion option which were both recorded as debt.

Other financing expenses

	2006	2005
	_____	_____
in millions of euro, unless stated otherwise		
Cash interest expenses	[74]	[64]
Interest income	3	3
Dividend Preference Shares	[11]	[19]
Non-cash interest	[10]	[8]
Exchange results due to translation of long-term internal and external borrowings	[4]	[18]
	_____	_____
Total other financing expenses	[96]	[106]
	_____	_____

Cash interest expenses in 2006 were up €10 million, mainly as result of the financing of the acquisition of ATG. Non-cash interest includes amortisation cost related to long-term borrowings, such as the imputed interest on the convertible bond, and amortisation of capitalised financing costs.

The exchange results in 2006 relate to translation differences in the mismatch between intercompany loans that do not qualify as permanent investments and the currency overlay for our external debt. The exchange results in 2005 include a similar mismatch, but relate predominantly to the Preference Shares C which were denominated in US\$ and translated into euro. The accrual for dividend on Preference Shares decreased due to the repurchase of the Preference Shares C in March 2005.

Subsequent result from disposal of operations

In 2006 a pre-tax (non-cash) benefit of €9 million (€6 million net of tax) was recorded as an accounting consequence of transferring pension assets and liabilities from the Corporate Express Dutch pension fund, following the divestment of our former Paper Merchanting Division in 2003. An amount of €1 million was released from provisions related to the divestments of prior years. The release in 2005 of €5 million relates to our former subsidiary Kappa Packaging which was divested in 1998.

Taxes

Our international operations are subject to income taxes of different jurisdictions with varying statutory tax rates. Corporate Express' effective tax rate was 6.8% in 2006 and 9.0% in 2005. The effective tax rate is determined based on the ratio of taxes to the amount of result from operations before taxes and expenses related to the Preference Shares A (and C in 2005), as these items are exempted from taxes. (For a detailed calculation of the effective tax rate, see Note 14 to the Financial Statements).

The tax expense of €10 million in 2006 million includes a benefit as the result of lower net deferred tax liabilities due to the enacted change of the tax rate in the Netherlands as per fiscal year 2007 (from 29.6 to 25.5%). Further, the 2006 tax rate was positively influenced as a result of a favourable development of a tax dispute in Italy (€4 million) and a further recognition of deferred tax assets (€2 million) among others due to the increased funding levels of the Dutch pension scheme.

In 2005, taxes include a €4 million benefit due to the further recognition of deferred tax assets.

Net result

	2006	2005
	<u> </u>	<u> </u>
in millions of euro, unless stated otherwise		
Operating result	223	199
Total financial items	[99]	[198]
Net result from continuing operations	124	1
Net result from discontinued operations	18	20
Net result total Group Attributable to:	142	21
Holders of ordinary shares Corporate Express NV	123	2
Minority interests in Group companies	19	19

Minority interests represent the 46.5% (2005: 46.9%) share at year-end of third-parties in the net result of Corporate Express Australia Ltd. In April 2005, Corporate Express Australia completed its off-market share buy-back. A total of 6.3 million of its own shares was purchased for A\$35 million. Corporate Express chose not to participate in the buy-back, thereby raising its interest in Corporate Express Australia to 53.1%. As a result of Corporate Express Australia's on-market share buy-back in 2006, Corporate Express' share increased further, from 53.1% to 53.5%.

Net result attributable to holders of ordinary shares

The net result of €123 million attributable to shareholders of Corporate Express NV in 2006 translates to basic earnings per share of €0.68. Excluding the tax-adjusted impact of special items, exchange results due to translation of long-term internal and external borrowings as reported under net financing costs, and amortisation of intangibles, net result in 2006 would have amounted to €151 million, compared to €119 million in 2005, a 27% increase, representing €0.84 per ordinary share in 2006, compared to €0.71 in 2005.

In line with the Dividend Policy, a dividend was proposed and paid of €0.21 per share.

Liquidity

Corporate Express' liquidity requirements arise primarily from the need to fund the expansion of its business, working capital requirements, capital expenditure and restructuring. Corporate Express' primary source of liquidity is cash generated from operations. The following table sets forth the cash flow movements for the periods indicated.

	Twelve months ended 31 December	
	2006	2005
	<u> </u>	<u> </u>
in millions of euro, unless stated otherwise		
Net cash from operating activities, <i>continuing</i> operations	188	216
Net cash from operating activities, <i>discontinued</i> operations	45	15
A Net cash from operating activities total Group	232	232
Net cash from investing activities, <i>continuing</i> operations	[376]	[81]
Net cash from investing activities, <i>discontinued</i> operations	[5]	[5]
B Net cash used in investing activities total Group	[381]	[86]
A+B Cash flow available for financing activities	[149]	145
C Net cash from financing activities	103	[199]
A+B+C Net cash flow	[45]	[54]

Net cash provided by operating activities

Operating result adjusted for non-cash items (such as depreciation of tangible fixed assets, amortisation of internally used software and intangible assets and additions/releases of provisions) was €26 million higher in 2006 compared to 2005.

Working capital increased by €68 million in 2006 in comparison with an increase of €30 million in 2005. As percentage of net sales, working capital (four-quarter rolling average) increased to 10.7%, as a consequence of the growth of our business and increased inventory levels reflecting an extended supply chain due to increased direct sourcing out of Asia.

Profit tax payments were €2 million higher and other operational payments (such as for restructuring) were €10 million higher in 2006 compared to 2005. Payments regarding the defined benefit pension plans of €13 million were €4 million higher than in 2005, including an additional contribution in the U.K. scheme of £3.8 million.

The net effect was a decrease of €28 million in cash from operating activities, continuing operations from €216 million in 2005 to €188 million in 2006. Discontinued operations delivered net cash from operating activities of €45 million in 2006 and €15 million in 2005.

Net cash used in investing activities

Net capital expenditure of €74 million in 2006 was €16 million higher than in 2005 (€58 million). A significant portion of our capital expenditure represents the development of information technology, eCommerce and logistics systems.

Cash used for acquisitions amounted to €303 million in 2006, mainly related to the acquisition of ATG and to a lesser extent to that of Coastwide Laboratories in the USA and a number of smaller acquisitions. In 2005, cash used for acquisitions amounted to €20 million relating to several small asset acquisitions (in the Office Products North America business segment and in the Office Products Australia business segment).

Net cash used in financing activities

In 2006 Corporate Express acquired ATG for a total consideration of €278 million (excluding debt and including fees a purchase consideration of €246 million) which was financed by borrowings under the existing debt facilities. Mainly as a result of the increased borrowings, interest payments in 2006 were up €13 million.

In 2005, Corporate Express placed the 2015 Notes with an aggregate principal amount of US\$150 million. The net proceeds of the 2015 Notes were US\$142 million (€110 million), after deduction of transaction expenses. Corporate Express also executed a discounted rights issue which raised €239 million, after deduction of transaction expenses. The proceeds of the 2015 Notes and discounted rights issue were used to finance the repurchase of the Preference Shares C for US\$520 million (€401 million).

In both 2006 and 2005 Corporate Express paid cash dividends on its Preference Shares A of €11 million. All Preference Shares C were repurchased in 2005.

In 2006 Corporate Express paid €15 million in dividends on its ordinary shares (2005 €12million) which is about 48% of the total dividend declared on ordinary shares. The balance was paid out as dividend in stock at the option of the shareholder.

Payments to minority shareholders were €10 million in 2006 and €31 million in 2005. This includes dividends paid to minority shareholders of Corporate Express Australia and the buy-back by Corporate Express Australia of its own shares in both 2006 and 2005 in which we did not participate.

Net cash flow

The resulting net cash flow was negative €45 million in 2006 compared to negative €54 million in 2005 which was reflected in the movements in net liquid funds.

OVERVIEW OF BUSINESS SEGMENTS**OFFICE PRODUCTS NORTH AMERICA****Introduction**

Headquartered in Broomfield, Colorado, Corporate Express North America is a leading business-to-business supplier of office products and related services in North America. Office Products North America includes the office products businesses of Corporate Express in the U.S. and Canada and the operations for promotional marketing (PROMO), document and print management (DPM) and imaging and computer graphic supplies (ICGS).

Corporate Express North America manages a dynamic assortment of about 50,000 items from some 170 locations. It operates approximately 1,100 dedicated delivery vehicles and has around 10,000 employees, including 1,600 sales representatives.

Business strategy

Corporate Express North America aims to consolidate its leading position in the large account business, which currently represents over 80% of sales. The business also aims to further increase sales in the very sizeable midmarket sector.

The business continues to leverage its distribution channel by extending its product range, focusing in particular on the fragmented facility supplies market.

Corporate Express North America is pursuing various sourcing initiatives including forming partnerships with key suppliers on a global basis in order to strengthen category management, utilise inherent purchasing power and expand private brands where it makes economic sense. The aim is to increase sourcing potential, brand awareness and customer loyalty as well as to improve margins.

Key figures

	2007	2006	Change in %	Change at constant rates(1)
in millions of euro, unless stated otherwise				
Net sales	2,967	3,187	[6.9%]	1.0%
Gross contribution	969	1,074	[9.7%]	[2.1%]
Operating expenses	[886]	[943]	[6.0%]	2.0%
Operating result	83	131	[36.8%]	[31.7%]
Gross contribution as a percentage of net sales	32.7%	33.7%		
Operating expenses as a percentage of net sales	29.9%	29.6%		
Operating result as a percentage of net sales	2.8%	4.1%		

(1) See 'Use of non-GAAP financial measures' on page 3.

Competition

Corporate Express North America believes that customers in the office supplies market prefer to deal directly with large value-added office products suppliers. These can provide the lowest total cost of managing their office products needs, while guaranteeing high levels of service, convenience and rapid delivery. From this perspective, the largest competitors are the business services activities of OfficeMax, Office Depot, and Staples. These businesses and many smaller, often regional, office products distributors and other businesses which are penetrating the office products market compete for the contracts or other arrangements to sell office products to many of the same kinds of customers as Corporate Express does.

Comparison of 2007 and 2006

As of 1 January 2007, postage expenses relating to the mailing activity in our print and forms business, which are reimbursed by our customers, have been accounted for on a 'gross' basis instead of on a 'net' basis, as was previously the case. As a result, 2007 reported sales, gross contribution and operating expenses all increased by €19 million or approximately 0.6%, 1.7%, and 2.0% respectively, compared to 2006.

Net sales

Net sales of Office Products North America declined by 6.9%, from €3,187 million in 2006 to €2,967 million in 2007. The sales performance was strongly impacted by the weakening of the US dollar against the euro. At constant exchange rates, sales increased by 1.0%. On an organic basis, sales decreased by 1%. Continued economic uncertainty in North America combined with increased (price) competition had a negative effect on sales. Despite on average modest price inflation, certain product categories, such as paper, suffered from sharply higher prices. The U.S. office supplies market showed no growth, particularly due to reduced spending on discretionary items (such as white boards, beamers and furniture) and a decelerating growth of white-collar employment.

Our net sales in the Office Products North America business segment were also impacted by the lingering effects of last year's reorganisation process. Management's attention is focused on adapting our U.S. operations to address the increasingly competitive market conditions and to improve our operating results by focusing on various sales activities.

Organic sales growth recovered in the last quarter; we regained our strong position in the large accounts segment, while growth in de mid-market was still below average.

We achieved strong sales growth in facility supplies, helped by the acquisition of Coastwide Laboratories in 2006, and by the launch of the Sustainable Earth product line, an environmentally friendly cleaning products with Green Seal Certification. Document and print management and promotional marketing products also performed well in 2007 with healthy sales growth. The reduced spending on discretionary items was most evident in our furniture business.

We generated strong sales in Canada, winning market share in office supplies and furniture, at the time the local market was growing rapidly due to strong demand for natural resources. End of August 2007, we acquired Davenport, an office supplies and furniture distribution company based in Ontario.

The table presents a calculation, on an organic(1) basis, of the development of net sales.

	<u>2007</u>	<u>2006</u>	<u>Change in %</u>
in millions of euro, unless stated otherwise			
Net sales	2,967	3,187	
Effect of currency exchange rate movements		[252]	
Net sales at constant exchange rates	2,967	2,935	1%
Acquisitions and divestments	[16]	19	
Adjustment for 'imputed sales'	7	28	
Variation in the number of working days	9		
Net sales on an organic basis	2,966	2,982	[1%]

(1) See 'organic' sales analysis on page 4.

Gross contribution

Gross contribution declined by 2.1% at constant exchange rates. As a percentage of net sales, gross contribution decreased to 32.7% from 33.7%. The change in accounting for postage expenses that are reimbursed by our customers impacted gross contribution by €19 million positively. The decline was mostly due to difficulties in fully passing on supplier price increases. We also experienced a negative product mix, with higher shares of lower margin product groups such as facility supplies, computer supplies and paper, and relatively increased sales to lower margin strategic and large account customers. These margin pressures could partially be offset by the margin benefits from our private brands and preferred supplier initiatives. Private brands amounted to 31% of sales, helped by the success of a full range of writing instruments and discretionary items such as white boards.

Operating result

Operating result declined due to lower sales volumes and price pressure that could only partially be offset by cost saving initiatives with respect to non-sales related activities and functions. In 2007, we recorded €22 million of one-off charges, primarily related to personnel reduction costs at our U.S. headquarters and investments in our logistics infrastructure. One-off and restructuring costs in 2006 amounted to €35 million.

We also incurred integration expenses related to the acquisition of Davenport in Canada.

Excluding the impact of the aforementioned one-off costs and the impact of the above mentioned accounting change for postage expenses, operating expenses were equal to last year at constant rates. Excluding these one-off items, operating result would have declined from €166 million in 2006 to €105 million in 2007.

Comparison of 2006 and 2005

Key figures

	2006	2005	Change in %	Change at constant rates(1)
in millions of euro, unless stated otherwise				
Net sales	3,187	3,048	4.4%	4.8%
Gross contribution	1,074	1,054	1.9%	2.2%
Operating expenses	[943]	[911]	3.5%	3.9%
Operating result	131	143	[8.2%]	[8.3%]
Gross contribution as a percentage of net sales	33.7%	34.6%		
Operating expenses as a percentage of net sales	29.6%	29.9%		
Operating result as a percentage of net sales	4.1%	4.7%		

(1) See 'Use of non-GAAP financial measures' on page 3.

Net sales

Net sales of Office Products North America increased 4.4% from €3,048 million in 2005 to €3,187 million in 2006. At constant exchange rates, the increase was 4.8%. On an organic basis, sales increased 4%.

2006 was a year of considerable change for Office Products North America. The U.S. Office Products organisation was transformed from a geographical profit centre structure to a product line and customer segment driven organisation. In addition to the streamlining of the organisation, U.S. Office Products centralised administrative operations, such as credit and collections and customer care operations to drive cost-efficiencies and enhance customer experience by improving service and

execution of marketing and sales initiatives. By making these changes, Office Products North America invested in its long-term health. However, the internal focus on completing these streamlining and centralisation activities impacted new business generation negatively. The growth in organic sales was driven by strength in large account business while we increased focus on the profitability of this segment. Sales growth in the mid-market resumed and improved on a relative basis following our investment in people, focused organisation structure and fine-tuned market approach.

We saw strong sales growth in facility supplies, helped by the acquisition of Coastwide Laboratories in May of this year, and profitability growth in document and print management. Canada showed a consistent strong performance and completed three minor acquisitions. Lastly, our promotional products company expanded in the U.K. with a small acquisition. Our private brands programme in North America represented 28% of the office products sales in 2006, compared to 25% in 2005.

The table below presents a calculation of the development of sales on an organic(1) basis.

	<u>2006</u>	<u>2005</u>	<u>Change in %</u>
in millions of euro, unless stated otherwise			
Net sales	3,187	3,048	
Effect of currency exchange rate movements		[9]	
Net sales at constant exchange rates	3,187	3,038	5%
Acquisitions and divestments	[21]	23	
Adjustment for 'imputed sales'	7	7	
Variation in the number of working days	16		
Net sales on an organic basis	3,189	3,068	4%

(1) See 'organic' sales analysis on page 4.

Gross contribution

Gross contribution increased by 2.2% at constant exchange rates. As a percentage of net sales, gross contribution decreased to 33.7% from 34.6%. The decline was caused by the impact of price-erosion following re-tendering and new contract wins in a very competitive market place and paper purchasing price increases that could only be passed on to customers on a delayed basis. We also experienced a negative mix due to higher shares of lower margin large accounts and lower margin product categories. These margin pressures could be partially offset by the benefits from our private brands and preferred supplier initiatives.

Operating result

Operating result benefited from a higher gross contribution (albeit at a lower percentage of net sales) but was negatively impacted by one-off operating expenses, such as double running and relocation costs related to the organisational streamlining and centralisation of the North American operations. These one-off and restructuring costs amounted to €35 million in 2006 and €10 million in 2005. In the fourth quarter of 2005 we recorded a charge of €4 million to settle with the U.S. Department of Justice allegations that Corporate Express Office Products submitted false claims in connection with the sales of office products to U.S. government agencies that were from countries of origin not designated under the Trade Agreements Act.

Operating result declined from €143 million in 2005 to €131 million in 2006. Excluding the impact of the aforementioned one-off costs, operating expenses increased 1.5% at constant rates, mainly as a result of ordinary cost inflation, higher warehousing and delivery expenses due to higher sales volumes partially offset by an estimated US\$19 million of savings from the centralisation and streamlining projects.

OVERVIEW OF BUSINESS SEGMENTS

OFFICE PRODUCTS EUROPE

Introduction

With its headquarter in Amsterdam, Corporate Express Europe is a major distributor of business-to-business office supplies. Together with its partners, it operates in 24 countries, forming a strong pan-European network. Business is mainly conducted under the name Corporate Express employing around 4,000 people operating from approximately 130 locations.

Business strategy

Corporate Express Europe aims to grow its business through a 'differentiated sales approach', which means it tailors its sales strategy to the different types of customer the company is targeting. For example, an international account management approach is frequently used for large international companies, while direct marketing is more appropriate for small office and home office operations.

Corporate Express Europe continues to harmonise its European business and operations. It is integrating its international account management systems to strengthen its position as a full-service supplier of office products and related services to businesses and institutions. Certain functions, such as merchandising, international account management, international category management, eCommerce management and increasingly IT support, have recently been centralised operating at a European level.

Competition

The office products industry in Europe is highly fragmented with no single company accounting for more than 10% of the total market. Corporate Express Europe, which offers a wide variety of products and services, frequently competes against companies that focus on only a few products or categories of products within one or only a few countries or even regions. From a pan-European perspective, Corporate Express' principal competitors include Lyreco and Office Depot. In addition, Corporate Express faces competition from various direct marketing companies and, in many countries, relatively strong local distributors.

Comparison of 2007 and 2006

Key figures

	2007	2006	Change in %	Change at constant rates(1)
in millions of euro, unless stated otherwise				
Net sales	1,289	1,002	28.7%	28.6%
Gross contribution	433	315	37.5%	37.5%
Operating expenses	[401]	[300]	33.6%	33.5%
Operating result	32	15		
Gross contribution as a percentage of net sales	33.6%	31.4%		
Operating expenses as a percentage of net sales	31.1%	30.0%		
Operating result as a percentage of net sales	2.5%	1.5%		

(1)

See 'Use of non-GAAP financial measures' on page 3.

As from 1 January 2007, the Veenman copier businesses were transferred from the Office Products Europe business segment to the Printing Systems business segment. 2006 results have been restated accordingly.

Net sales

The European economy showed signs of sustained economic recovery with growing employment during 2007.

Net sales generated by the Office Products Europe business segment increased 28.7%, from €1,002 in 2006 to €1,289 in 2007. Organic sales growth of 6% was driven by markets share gains in both our core markets, such as the Nordic countries, Germany, the Benelux and the U.K., as well as in smaller markets, such as Ireland. Italy and Austria, however, did not perform as well. Our leading position in the Nordic-region was further strengthened by the acquisition of the Danish distribution company Møller & Landschultz in the fourth quarter of 2007.

Sales in the Nordic region amounted to €458 million, in Germany to €313 million, in the U.K. to €169 million and in the Benelux countries to €158 million.

We achieved growth in net sales in all customer segments. Sales growth in the pan-European account segment was driven by landing new accounts. In addition, sales in the large account and mid-market segments (primarily in the Nordic countries, Germany and the U.K.) increased year-on-year by 23% and 47%, respectively. All product categories posted organic growth, with facility supplies (in the large accounts segment) and furniture (in Germany) doing particularly well.

The table below presents a calculation of the development of sales on organic(1) basis.

	<u>2007</u>	<u>2006</u>	<u>Change in %</u>
in millions of euro, unless stated otherwise			
Net sales	1,289	1,002	
Effect of currency exchange rate movements		1	
Net sales at constant exchange rates	1,289	1,002	29%
Acquisitions and divestments	[1]	228	
Variation in the number of working days	14		
Net sales on an organic basis	1,302	1,230	6%

(1) See 'organic' sales analysis on page 4.

Gross contribution

The Office Products Europe business segment increased its gross contribution margin by 2.2%-point, benefiting from the inclusion of ATG (with strong sales of traditional office supplies) and the success from pan-European merchandising and margin improvement initiatives. Gross contribution increased 37.5% at constant rates, from €315 million to €433 million.

Operating result

As a result of the strong sales growth combined with the substantial margin improvement, operating result increased from €15 million in 2006 to €32 million in 2007. Operating expenses increased 33.5% at constant rates due to the sales volume growth (including the full year impact of ATG) and the continued investments in IT harmonisation and the further build-up of centralised European resources. Operating expenses also include €8 million of one-off charges mostly related to the planned consolidation of our German distribution centres (including a provision for to be terminated lease obligations). In 2006 we recorded €3 million of one-off charges for optimising our facilities for Corporate Express in the Netherlands. Excluding these special charges, operating expenses increased 32.3% at constant rates and operating result would have improved from €18 million to €40 million.

Comparison of 2006 and 2005

Key figures

	2006	2005	Change in %	Change at constant rates(1)
in millions of euro, unless stated otherwise				
Net sales	1,002	840	19.2%	19.1%
Gross contribution	315	252	25.0%	24.8%
Operating expenses	[300]	[253]	18.5%	18.4%
Operating result	15	[1]		
Gross contribution as a percentage of net sales	31.4%	30.0%		
Operating expenses as a percentage of net sales	30.0%	30.1%		
Operating result as a percentage of net sales	1.5%	[0.2%]		

(1)

See 'Use of non-GAAP financial measures' on page 3.

Net sales

Markets in Europe improved gradually during 2006 with still significant differences between individual countries. The Office Products Europe business segment was able to realise promising sales growth. This was underpinned by the acquisition of ATG, the leading office products group in the Nordic region, providing us with a stronger platform for profitable growth. In addition, we acquired the Spanish company Offiexpress in the first half of 2006, marking our entry in the Spanish market.

Net sales increased from €840 million in 2005 to €1,002 million in 2006, an increase of 19.1% at constant exchange rates. Organically, net sales growth was 7%. Sales growth was driven mainly by the large account business while the mid-market performance started to improve in most product categories.

Almost all operating companies contributed to the sales growth. The United Kingdom (sales of €160 million) and Benelux (sales of €151 million) in particular showed rewarding sales performances. Our leadership position in Germany (sales of €305 million) was further reinforced, although competitive market conditions warrant attention towards realising a satisfactory gross contribution growth. In addition, most other countries, like France and Ireland, posted strong sales growth.

From a product group perspective, computer supplies and facility supplies saw good growth, validating the success of our product line extensions. Sales of our private brands in Europe remained stable at 23% of our office supplies and computer supplies sales.

Sales of ATG since the acquisition date amounted to €101 million which represented 11% growth over the period on a pro-forma basis.

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The table below presents a calculation of the development of net sales on an organic(1) basis.

	2006	2005	Change in %
in millions of euro, unless stated otherwise			
Net sales	1,002	840	
Effect of currency exchange rate movements		1	
Net sales at constant exchange rates	1,002	840	19%
Acquisitions and divestments	[113]		
Variation in the number of working days	6		
Net sales on an organic basis	895	840	7%

(1) See 'organic' sales analysis on page 4.

Gross contribution

Gross contribution benefited from the acquisition of ATG, both in absolute and relative terms. Gross contribution increased 24.8% at constant exchange rates from €252 million in 2005 to €315 million in 2006. As a percentage of net sales, gross contribution improved significantly to 31.4% (versus 30.0% last year). In addition to higher margin levels realised by ATG, margin management across Europe and the success of our merchandising programme could more than offset the adverse impact of costs attached to acquiring new customers and negative mix effects such as relatively strong growth in Germany (where lower margin levels are achieved) and higher sales shares of lower margin computer supplies.

Operating result

Operating result improved from a €1 million loss in 2005 to a profit of €15 million in 2006 (of which €7 million was attributable to ATG). Whereas gross contribution increased by 24.8%, operating expenses increased only 18.4% (mostly due to higher warehousing and delivery expenses related to higher sales volumes). Continued focus on cost control and benefits from various restructuring initiatives were partly offset by cost increases related to a further centralisation of European functions and the effects of cost inflation. We recorded special charges both in 2006 and 2005. In 2006 we recorded €3 million for optimising our facilities for Corporate Express in the Netherlands. In 2005, restructuring charges of €6 million were recorded related to the German furniture business and Corporate Express Benelux. Excluding these special charges, operating expenses increased 20% at constant rates and operating result would have improved from €5 million to €18 million.

OVERVIEW OF BUSINESS SEGMENTS

OFFICE PRODUCTS AUSTRALIA

Introduction

Headquartered in Sydney, Office Products Australia is a leading business-to-business supplier of office, warehouse and factory essentials in Australia and New Zealand, operating under the brand name Corporate Express.

Corporate Express Australia has over 2,500 employees, working from 50 locations (including 36 distribution centres). Corporate Express NV owns 59% of the shares of Corporate Express Australia Ltd. The remaining 41% are quoted on the Australian Stock Exchange (ASX).

Business strategy

Corporate Express Australia's growth strategy is focused on being the single-source supplier of choice to gain a larger share of its customers' business. The business will achieve this by expanding its product range and geographic coverage through organic growth and acquisitions. Corporate Express Australia continues to expand its customer base by focusing on mid-market customers.

Competition

Corporate Express Australia is a leading single-source distributor of office and business supplies in Australia and New Zealand. As a result of our single-source model Corporate Express Australia operates across many different business sectors in a fragmented market place. Competition therefore comes from a multitude of other distributors who focus on only a few products or have only an overlap in a limited number of categories of products. In the office products line of business the most sizeable competitors are OfficeMax and Lyreco.

Comparison of 2007 and 2006

Key figures

	2007	2006	Change in %	Change at constant rates(1)
in millions of euro, unless stated otherwise				
Net sales	796	743	7.1%	5.1%
Gross contribution	258	232	11.3%	9.3%
Operating expenses	[193]	[172]	12.3%	10.3%
Operating result	65	60	8.4%	6.4%
Gross contribution as a percentage of net sales	32.4%	31.2%		
Operating expenses as a percentage of net sales	24.3%	23.2%		
Operating result as a percentage of net sales	8.1%	8.0%		

(1)

See 'Use of non-GAAP financial measures' on page 3.

Net sales

In an environment of ongoing economic growth, driven largely by demand for natural resources in Western Australia, Office Products Australia realised net sales growth of 7.1% or 5.1% at constant exchange rates. Organic sales growth was 2%, driven largely by strong sales of (educational) supplies following the successful acquisitions of Educational Experience in 2006 and Raeco in 2007. In addition, sales of facility supplies grew strongly. Selling these lines of business to existing office products customers highlights the success of our single source supplier concept. We continued to grow market

share organically by expanding the amount of product sold to existing customers and expanding further into the medium and small-sized customer sectors.

The table presents a calculation, on an organic(1) basis, of the development of net sales.

	2007	2006	Change in %
in millions of euro, unless stated otherwise			
Net sales	796	743	
Effect of currency exchange rate movements		14	
Net sales at constant exchange rates	796	757	5%
Acquisitions and divestments	[6]	19	
Variation in the number of working days			
Net sales on an organic basis	790	776	2%

(1) See 'organic' sales analysis on page 4.

Gross contribution

Because of the high growth in sales of educational supplies and other positive product mix changes, the gross contribution margin improved strongly, from 31.2% to 32.4%. As a result of the margin improvement and the strong sales growth, gross contribution improved from €232 million in 2006 to €258 million in 2007, an increase of 9.3% at constant exchange rates.

Operating result

Operating expenses increased 10.3% at constant rates, as a result of volume growth, growth in costs related to sales of services, and acquisitions. We expect that the ongoing implementation of project OneSource, which is designed to permit us to realise a more centralised and more efficient structure with consolidated purchasing and procurement, will lead to increased cost leverage.

Operating result improved with 6.4% at constant rates, from €60 million in 2006 to €65 million in 2007.

Comparison of 2006 and 2005

Key figures

	2006	2005	Change in %	Change at constant rates(1)
in millions of euro, unless stated otherwise				
Net sales	743	701	6.1%	8.3%
Gross contribution	232	216	7.6%	9.9%
Operating expenses	[172]	[156]	10.1%	12.4%
Operating result	60	59	1.0%	3.1%
Gross contribution as a percentage of net sales	31.2%	30.7%		
Operating expenses as a percentage of net sales	23.2%	22.3%		
Operating result as a percentage of net sales	8.0%	8.4%		

(1) See 'Use of non-GAAP financial measures' on page 3.

Net sales

In an environment with favourable market conditions, Office Products Australia realised net sales growth of 8.3% at constant exchange rates. The net sales growth was attributable mainly to the good performance of facilities supplies, furniture and promotional marketing products. Selling these lines of business to existing office products customers highlights the success of our single source supplier concept. Additionally our performance was underpinned by an increasing presence in the mid-market. The IT business continued to shift away from low-margin large customers to the more attractive small and medium-sized customer segment. Thanks to the gains in the mid-market, traditional stationery products also showed a positive performance. A total of five acquisitions (including a strategically significant acquisition in educational supplies) with annualised sales of AU\$60 million were completed. On an organic basis, net sales growth was 3%.

The table presents a calculation, on an organic(1) basis, of the development of net sales.

	<u>2006</u>	<u>2005</u>	<u>Change in %</u>
in millions of euro, unless stated otherwise			
Net sales	743	701	
Effect of currency exchange rate movements		[14]	
Net sales at constant exchange rates	743	686	8%
Acquisitions and divestments	[21]	10	
Variation in the number of working days	[3]		
Net sales on an organic basis	720	696	3%

(1) See 'organic' sales analysis on page 3.

Gross contribution

Gross contribution improved from €216 million in 2005 to €232 million in 2006, an increase of 9.9% at constant exchange rates. Gross contribution as a percentage of net sales improved from 30.7% in 2005 to 31.2% in 2006 as a result of margin management initiatives and a better product mix (a lower share of low margin hardware and software products and relatively stable share of traditional office products) thereby more than offsetting competitive pressure resulting in lower margin levels following the retendering by customers.

Operating result

Operating result increased from €59 million in 2005 to €60 million in 2006, an increase of 3.1% at constant rates. Operating expenses increased by 12.4% at constant exchange rates. Besides having additional expenses resulting from acquisitions, higher operating expenses resulted also from higher sales volumes. Office Products Australia implemented its initiative Project OneSource, aiming to reduce duplicate costs in the individual businesses, by moving from a regional to a functional structure. In 2006, some restructuring expenses were incurred for the implementation of OneSource.

OVERVIEW OF BUSINESS SEGMENTS

PRINTING SYSTEMS

Introduction

Headquartered in Amsterdam, the Printing Systems Division consists of two related activities, Graphic Systems and the Veenman business. Graphic Systems is a leading value-added reseller of printing equipment and related services, supplies and spare parts. The activities of the Veenman business include selling and servicing printing equipment of hard copy and electronic documents to companies within the Netherlands. This division, which employs over 1,200 people, is active in Belgium, Greece, Italy, Luxembourg, the Netherlands and Spain. Graphic Systems is the largest independent distributor of industry-leading Heidelberg offset printing presses. It also offers customers digital pre-press equipment, such as scanners, computer-to-film, computer-to-plate equipment and finishing systems.

Business strategy

Printing Systems seeks to leverage its position as a supplier of printing equipment. In order to reduce cyclicity, Printing Systems has developed its Triple S strategy, which involves offering customers a total solution to their printer-related needs. This strategy also reinforces long-term relationships with Printing Systems' customers.

Industry overview

The market for graphic systems comprises three categories: (i) printing systems hardware, (ii) service contracts and (iii) consumables and software. In 2007, 68% of the industry's sales were attributable to hardware, and 32% of sales resulted from providing services, supplies and spare parts.

The printing industry has a relatively high cyclicity because a substantial part of its sales consist of investment goods. Such investment decisions are often influenced by prevailing economic conditions. In general, printing firms decide to invest in new printing equipment either to increase their capacity or to upgrade when existing equipment becomes economically obsolescent. The lead time between ordering and installing the equipment is generally a number of months.

The major trade show for the graphic arts industry, DRUPA, is held once every four years. DRUPA is a showcase for new technology and usually results in increased orders. The next DRUPA will be held in May 2008. The supplies market (film, plates and ink) is more fragmented and characterised by many small orders that need to be delivered at very short notice.

Competition

Competition in this market is primarily driven by product quality, pricing, service and sales coverage. Corporate Express believes it has a strong advantage over its competitors in all of these areas.

Good customer database management and knowledge of complex printing processes, combined with high-quality service and equipment, prevent competitors from entering these markets.

Comparison of 2007 and 2006

Key figures

	2007	2006	Change in %(1)
in millions of euro, unless stated otherwise			
Net sales	578	565	2.3%
Gross contribution	179	181	[1.4%]
Operating expenses	[147]	[159]	[7.8%]
Operating result	32	22	44.7%
Gross contribution as a percentage of net sales	30.9%	32.1%	
Operating expenses as a percentage of net sales	25.4%	28.2%	
Operating result as a percentage of net sales	5.5%	3.9%	

(1)

In the Printing Systems business segment the changes at constant exchange rates are the same as in actual rates as the business is only conducted in euro.

As of 1 January 2007, the activities of Graphic Systems and the Veenman copier businesses were combined in the Printing Systems business segment. Results have been restated accordingly.

Net sales

Benefiting from the upward trend in the investment cycle in the printing sector, the Printing Systems business segment achieved strong results, characterised by strong machine sales and good cost control. Order intake improved despite the fact that customers may have postponed orders in the run-up to the international print media trade fair in Düsseldorf, Germany (DRUPA), which is taking place every four years (the previous DRUPA was in 2004). Net sales increased by 2.3% from €565 million in 2006 to €578 million in 2007. All Graphic Systems' operating companies reported healthy sales growth, driven primarily by replacement sales of printing presses. In 2007, Triple S (supplies, spare parts and services in Graphic Systems) sales accounted for 32% of sales and showed sales growth of 2%, which was primarily driven by market share gains in our supplies business.

The sale of Veenman Germany was completed per late October 2007, but economic ownership, as contractually agreed upon, moved to Konica Minolta on 31 May 2007.

The table presents a calculation, on an organic¹ basis, of the development of net sales.

	2007	2006	Change in %(1)
in millions of euro, unless stated otherwise			
Net sales	578	565	
Net sales at constant exchange rates	578	565	2%
Acquisitions and divestments	[15]	[36]	
Variation in the number of working days	3		
Net sales on an organic basis	566	529	7%

(1)

See 'organic' sales analysis on page 4.

Gross contribution

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Gross contribution was €179 million in 2007 compared to €181 million in 2006, a decrease of 1.4%. As a percentage of net sales, gross contribution was 30.9% in 2007 compared to 32.1% in 2006. The decline was due to a higher share of machinery sales with lower gross margin levels than Triple S sales. Also the sale of Veenman Germany impacted the gross contribution development negatively.

Operating result

Operating expenses were well-controlled and declined by 7.8% (including the impact of the sale of Veenman Germany). As a percentage of sales, operating expenses declined from 28.2% to 25.4%. As a result, operating result increased by 44.7%, from €22 million in 2006 to €32 million in 2007.

Comparison of 2006 and 2005**Key figures**

	2006	2005	Change in %(1)
in millions of euro, unless stated otherwise			
Net sales	565	529	6.9%
Gross contribution	181	175	3.4%
Operating expenses	[159]	[165]	[3.5%]
Operating result	22	11	110.8%
Gross contribution as a percentage of net sales	32.1%	32.2%	
Operating expenses as a percentage of net sales	28.2%	31.1%	
Operating result as a percentage of net sales	3.9%	2.0%	

(1)

In the Printing Systems business segment the changes at constant exchange rates are the same as in actual rates as the business is only conducted in euro.

As of 1 January 2007, the activities of Graphic Systems and Veenman copier businesses were combined in Printing Systems business segment. Results have been restated accordingly.

Net sales

Net sales increased by 6.9% from €529 million in 2005 to €565 million in 2006. Although the investment climate was slightly improving, we witnessed a recovery at a slower pace than in previous cyclical recoveries. Order intake in 2006 developed well. Nevertheless, sales in the graphics industry were driven by replacements rather than capacity expansion. In 2006, Triple S (supplies, spare parts and services in Graphic Systems) sales accounted for 34% of sales and showed sales growth of 8%, which was primarily driven by market share gains in our supplies business.

The table presents a calculation, on an organic¹ basis, of the development of net sales

	2006	2005	Change in %(1)
in millions of euro, unless stated otherwise			
Net sales	565	529	
Net sales at constant exchange rates	565	529	7%
Variation in the number of working days	3		
Net sales on an organic basis	568	529	7%

(1)

See 'organic' sales analysis on page 4.

Gross contribution

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Gross contribution was €181 million in 2006 compared with €175 million in 2005, an increase of 3.4%. As a percentage of net sales, gross contribution was 32.1% in 2006 compared to 33.2% in 2005. The decline was due to a higher share of machinery sales with lower gross margin levels than Triple S sales.

Operating result

As a result of the higher sales level and resulting gross contribution, operating result doubled in 2006, from €11 million in 2005 to €22 million. Furthermore, the business segment's operating costs remained well-controlled; operating expenses decreased by 3.5%, a decline as a percentage of net sales from 31.2% to 28.2% as the increased sales level was realised with slightly reduced headcount following a continuing emphasis on efficiency in all aspects of the business. We recorded special charges both in 2006 and 2005 related to Veenman Germany. Excluding these special charges, operating expenses decreased 3% at constant rates and operating result would have improved from €12 million to €24 million.

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CORPORATE GOVERNANCE

This chapter describes our corporate governance structure and certain of the provisions of our Articles of Association and Dutch law.⁽¹⁾ The corporate governance principles we employ are documented in the Articles of Association of the Company and policy documents published in the 'Corporate Governance' section of the website of the Company (www.cexpgroup.com). They will be reviewed and amended when deemed necessary.

- (1) This description is only a summary and does not purport to be complete and is qualified in its entirety by reference to our Articles of Association and Dutch law.

Introduction

Corporate Express NV is a public limited company ('naamloze vennootschap'), incorporated on 6 January 1875 under Dutch law and is the parent company of the Corporate Express Group. We endorse the importance of good corporate governance, which is understood to include honest and transparent actions on the part of management, correct supervision thereof and the acceptance of responsibility for that supervision.

The Company is required to comply with, inter alia, Dutch corporate governance rules, the U.S. Sarbanes-Oxley Act, New York Stock Exchange rules and related regulations, each insofar as applicable to the Company. This report addresses the Company's overall corporate governance structure and states to what extent it applies the provisions of the Dutch Corporate Governance Code (the 'Code') of 9 December 2003.

A summary of significant differences between the Company's corporate governance structure and the New York Stock Exchange corporate governance standards is published on the Company's website.

The Executive Board and the Supervisory Board are responsible for the corporate governance structure of the Company and are of the opinion that all of the principles of the Code are endorsed and the vast majority of the best practice provisions are applied. Some best practice provisions of the Code are not or not fully applied and the reasons for these deviations are set out hereinafter. A summary of best practice provisions that are not (fully) applied by the Company may be found on page 68.

At the Annual General Meeting of Shareholders (AGM) held on 29 April 2004, the Executive Board and the Supervisory Board reported on the corporate governance structure of the Company. At the AGM held on 14 April 2005, further changes made to the corporate governance structure were discussed.

No material changes were made to the corporate governance structure during 2007. In 2008 the By-Laws of the Supervisory Board were changed with respect to the maximum number of Board memberships a Supervisory Board member may have (see paragraph 'Independence, expertise, composition and term of appointment' below). The provision regarding the discretion of the Supervisory Board to employ its own advisors was also elaborated.

Substantial changes in the corporate governance structure will be submitted to the General Meeting of Shareholders for consideration.

Executive Board

General

The executive management of Corporate Express is entrusted to its Executive Board under the chairmanship of the Chief Executive Officer (CEO). The Executive Board currently consists of three members. After the resignation of George Dean in April 2008, the Executive Board will consist of two

members. The members of the Executive Board have collective powers and responsibilities. They share responsibility for managing the Company, determining and deploying its strategy and policies, achieving its objectives and results and developing a sound personnel policy. For practical purposes the Executive Board has adopted a division of responsibilities indicating the functional and business areas monitored and reviewed by the individual members. The Executive Board is accountable for the performance of its assignment to the Supervisory Board and to the General Meeting of Shareholders. In discharging its duty, the Executive Board focuses on the interests of the Company, taking into consideration the interests of its shareholders and other capital providers, employees, customers and suppliers. No member of the Executive Board was elected pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others. The Executive Board follows the By-Laws of the Executive Board, which are published on the Company's website.

In its responsibility for the day-to-day office products business of the Group and the execution of the Group strategy, the Executive Board is assisted by the Executive Management Group, which was formed after an announcement made on 1 October 2007 and which will lead the Company operationally from 1 January 2008 onwards. The Executive Management Group consists of the members of the Executive Board, senior geographical and functional leaders (see Report of the Supervisory Board).

Individual data on the members of the Executive Board and Executive Management Group is published on pages 11 and 12.

Risk management approach

The Executive Board is responsible for ensuring compliance with all relevant legislation and regulations. It is responsible for proper financing of the Company and for managing the risks attached to the Company's activities. The Executive Board reports on and accounts for internal risk management and control systems to the Supervisory Board and the Audit Committee.

Term of appointment

The members of the Executive Board, appointed prior to 2004, are appointed indefinitely. Our policy is that these appointments cannot be changed unilaterally by the Company into fixed-term positions. New members of the Executive Board will be appointed for a term of four years, provided that market circumstances so permit. In April 2007, Peter Ventress was appointed member of the Executive Board for a term of four years. The composition of the Executive Board, its performance, as well as the performance of individual members of the Executive Board is reviewed annually by the Supervisory Board.

Determination and disclosure of remuneration of the Executive Board

The Remuneration Report compiled by the Supervisory Board explains the Company's remuneration policy for members of the Executive Board and discloses the structure and amount of compensation for individual Executive Board members (see pages 78 to 87). The remuneration policy presented in the Remuneration Report was adopted by the 2004 AGM and amended by the 2006 AGM. Any material amendments to the remuneration policy will be submitted for adoption to the General Meeting of Shareholders.

Determining the remuneration for individual Executive Board members is in principle a responsibility of the Supervisory Board. The Supervisory Board has delegated this authority to the Compensation, Nominating and Corporate Governance Committee for one year. This policy will be reviewed each year by the Supervisory Board. Remuneration of the individual members of the Executive Board is consistent with the remuneration policy.

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The remuneration structure, including severance pay, aims to support the interests of the Company in the medium and long term. It does not encourage members of the Board to act in their own interests and neglect the interests of the Company, and it does not 'reward' failing Board members upon termination of their employment.

The Company does not grant personal loans, guarantees or the like to members of the Executive Board and no such (remissions of) loans and guarantees are outstanding as per 31 December 2007.

Severance pay

The contracts with members of the Executive Board which were appointed before 2007 state that a fixed severance payment will be made in the event of involuntary dismissal. Involuntary dismissal is defined as employment that is terminated as a result of an acquisition of the Company or when actual control of the Company passes into other hands ('change of control'). It can also occur as the result of a reorganisation, termination of the Company's activities or other circumstances that cannot be considered as unsatisfactory performance on the part of the Board member concerned. In such cases, an amount of three times the annual fixed salary will be paid. Accumulation of pension and certain pre-defined other deferred income will also continue for a period of three years. We believe that this provision ensures that the Executive Board can fully concentrate on the interests of the Company and those associated with the Company when evaluating a possible merger, acquisition or reorganisation. However, it has been determined that this provision will not be included in the contracts of new members of the Executive Board appointed from 2007 and accordingly Peter Ventress' contract does not include such a provision.

For other dismissal situations, no fixed severance payment has been arranged with the members of the Executive Board. Corporate Express will consider each case separately and pay an amount of compensation that it feels is reasonable based on the reason for the termination, the age of the person in question and the duration of employment. In some cases, this amount could exceed the compensation mentioned in the Code. An important factor will be how well a Board member has performed his duties.

Conflicts of interest

In compliance with the Code, the Company has formalised strict rules to avoid conflicts of interests between the Company and members of the Executive Board. The Supervisory Board must approve all decisions about transactions in which conflicting interests of Executive Board members are involved and transactions which are of material significance for the Company and/or members of the Executive Board. No conflicts of interest were reported in 2007.

Supervisory Board

General

The Supervisory Board supervises the policies of the Executive Board and the general course of affairs of Corporate Express and advises the Executive Board on these matters. In doing so, the Supervisory Board is guided by the interests of the Company and the relevant interests of the Company's stakeholders. The Supervisory Board supervises and advises the Executive Board in performing its management tasks and setting the direction of the Group's business, including:

achievement of the Company's objectives;

the strategy and risks inherent in the business activities;

the structure and operation of the internal risk management and control systems;

the financial reporting process; and

compliance with legislation and regulations.

Major decisions and the Group's strategy are discussed with the Supervisory Board. In its report, the Supervisory Board describes its activities in the financial year, the number of (committee) meetings and the main items discussed.

Individual data on the members of the Supervisory Board are published on pages 73 and 74.

Independence, expertise, composition and term of appointment

The Supervisory Board, in the two-tier corporate structure under Dutch law, is a separate body that is independent of the Executive Board. The Supervisory Board considers all of its members to be independent as defined in the By-Laws of the Supervisory Board and in the Code. No member of the Supervisory Board was elected pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others. No member of the Supervisory Board can also be or is a member of management and no family relatives of the Supervisory Board are part of management.

The By-Laws of the Supervisory Board that are published on the Company's website stipulate the qualification requirements for individual members of the Supervisory Board and the requirements for the composition of the Supervisory Board. They require that every Supervisory Board member be qualified to assess the broad outlines of the overall policy of Corporate Express and have the specific expertise that is necessary to fulfil his or her duty. They also require that the Supervisory Board be composed in such a way that it can carry out its duties properly and that the reappointment of a Supervisory Board member will only take place after careful consideration.

The Supervisory Board must consist of at least three members according to its By-Laws of the Supervisory Board and currently consist of six members, including a Chairman and Vice Chairman. Pursuant to a change in the By-Laws of the Supervisory Board made in February 2008, members of the Supervisory Board shall not have more than five supervisory board memberships in Dutch listed companies as recommended by the Code. The By-Laws of the Supervisory Board also determine that a Supervisory Board member should limit the number and nature of his other positions (whether or not they are supervisory board positions in Dutch listed companies) so as to ensure satisfactory performance of his duties as a Supervisory Board member. This policy is reviewed in the annual performance evaluation of the Supervisory Board.

Members of the Supervisory Board are appointed for a period of four years and may serve on the Board for a maximum of three four-year terms.

Composition and role of the Committees of the Supervisory Board

The Supervisory Board, while retaining overall responsibility, has delegated certain tasks to an Audit Committee and a Compensation, Nominating and Corporate Governance Committee ('CNCG Committee'). Specific information about the committees, including the Committee Charters, is published on the Company's website. The main purpose of these Committees is to prepare the foundations which support the decision-making processes of the Supervisory Board. In its report, the Supervisory Board describes the duties of the Committees that have been carried out in the financial reporting year.

The Supervisory Board can delegate certain authorities to its Committees. This delegated authority is limited to a maximum of one year and can be renewed if deemed necessary. The respective Committee reports to the Supervisory Board the decisions it has made on the basis of such delegation. The Supervisory Board remains collectively responsible for decisions prepared by the Committees.

Audit Committee

The Audit Committee consists of at least three members of whom at least one should qualify as a financial expert as defined in the Audit Committee Charter. Currently two of the three members of the Audit Committee (Mr Izeboud and Mr De Swaan) qualify as financial experts, and all members of the Audit Committee qualify as 'independent' as defined in the By-Laws of the Supervisory Board.

The Audit Committee assists the Supervisory Board in fulfilling its oversight responsibilities in relation to:

the Company's accounting and financial reporting practice, policies and procedures (including judgments and estimates, significant reporting issues, material adjustments and the robustness of the processes);

the quality of the Company's internal control systems and risk assessment (understanding the risks the Company is exposed to and how they are effectively dealt with, and oversight of the internal audit function);

the quality of the disclosure controls and procedures;

the integrity of the financial statements; and

the performance and evaluation (including its independence) of the external auditor and advice on the replacement of the external auditor.

The meetings of the Audit Committee are attended by the Company's Chief Financial Officer, the Director Accounting & Control, the Director Internal Audit, the external auditor and other individuals if and when required. The Chief Executive Officer attends the meetings whenever deemed appropriate by the Audit Committee or by himself.

The Audit Committee has been delegated authority to take independent decisions about the approval of the services from the external auditor as set forth in the 'External Auditor Policy' that is published on the Company website. Considering their significant interest to the Company, matters concerning Corporate Express' financing are an integral part of the meetings of the Supervisory Board.

Compensation, Nominating and Corporate Governance Committee (CNCG Committee)

The CNCG Committee consists of at least three members and assists the Board with the following tasks:

drafting the remuneration policy for members of the Executive Board;

drafting the Remuneration Report;

making proposals for remuneration of individual members of the Executive Board;

reviewing share-based compensation schemes;

assessing the composition and performance of the Executive Board and the Supervisory Board and advising on selection criteria and appointment procedures;

reviewing the succession plan, evaluation process, selection criteria, appointment procedures and compensation structure of the Company's top management; and

advising on the development and implementation of corporate governance guidelines.

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Given the size of the Supervisory Board, it was decided to combine the tasks in the area of Board nomination, remuneration policy and corporate governance policy into one Committee. The Supervisory Board considers it important that the Chairman of the Supervisory Board is closely involved with the appointment and reappointment of members of the Supervisory Board and the Executive Board and

with the corporate governance structure, two of three areas that are part of the CNCG Committee's duties. For this reason, the CNCG Committee is chaired by the Chairman of the Supervisory Board. The CNCG Committee cannot be chaired by a Supervisory Board member who is also a member of an executive board of another Dutch listed company or who is a former member of the Executive Board of the Company.

Remuneration of the Supervisory Board

The General Meeting of Shareholders determines the remuneration of the Supervisory Board members. The remuneration of a Supervisory Board member is not dependent on the results of the Company. The Remuneration Report (see pages 86 and 87) contains information on the level and structure of the remuneration of individual Supervisory Board members.

Conflicts of interest

In compliance with the Code, the Company has formalised strict rules to avoid conflicts of interest between the Company and members of the Supervisory Board. Decisions to engage in transactions in which interests of Board members play a role, which have a material significance for the Company and/or for the Board members concerned, require approval by the Supervisory Board. The Supervisory Board is responsible for taking decisions on handling conflicts of interest between the Company and members of the Executive Board and Supervisory Board, major shareholders and the External Auditor. No conflicts of interest were reported in 2007.

Regulations concerning securities

The Regulations regarding the Ownership of and Transactions in Securities by Executive Board members and Supervisory Board members ('the Regulations concerning Securities') apply to securities of companies listed in the Netherlands, other than the Company. We do not apply the best practise provision of the Code in so far as it provides that at least once per quarter all Board members need to give notice to the Compliance Officer of the Company of any changes in their holdings of securities in Dutch listed companies (other than the Company). We believe that applying these provisions would create a cumbersome administrative burden. In the performance of their tasks, members of the Company Supervisory Board and Executive Board do not generally receive price-sensitive information about other Dutch listed companies. All Board members have the responsibility to behave ethically and to comply with applicable laws and regulations, including insider trading rules of the Company that prohibit, inter alia, trading in shares in companies about which they possess price-sensitive information. The Regulations concerning Securities are posted on our website in the By-Laws of the Executive Board and Supervisory Board.

Indemnification of members of the Executive Board and Supervisory Board

Unless the law provides otherwise, the members of the Executive Board and of the Supervisory Board shall be reimbursed by the Company for various costs and expenses, such as the reasonable costs of defending claims, as formalised in the Articles of Association. In certain circumstances, described in the Articles of Association, such as an act or failure to act by a member of the Executive Board or a member of the Supervisory Board that can be characterised as gross negligence ('grove nalatigheid'), wilful misconduct ('opzet') or intentional recklessness ('bewuste roekeloosheid'), there will be no entitlement to this reimbursement. The Company has also taken out Directors & Officers liability insurance for the persons concerned.

The General Meeting of Shareholders

General

A General Meeting of Shareholders is held at least once a year. Meetings may be convened by the Supervisory Board or the Executive Board and must be held if shareholders jointly representing at least 10% of the outstanding share capital make a written request to that effect to the Supervisory Board and the Executive Board, specifying in detail the business to be dealt with.

Shareholder meetings; Voting rights

Our Annual General Meeting shall be held annually, and not later than six months after the end of our financial year. Extraordinary General Meetings of Shareholders shall be held as often as the Executive Board or the Supervisory Board deem necessary. Any General Meeting of Shareholders shall be held in Amsterdam.

General meetings of shareholders shall be convened by the Supervisory Board or the Executive Board. The convocation shall take place no later than the fifteenth day prior to the date of the meeting, and shall be carried out by means of a notice in a national daily paper and in the Official Price List. The notice of the meeting shall state the requirement for admission to the meeting.

Each shareholder is entitled to attend a General Meeting of Shareholders in person or be represented by written proxy, address the meeting and exercise voting rights with due observance of the provisions of the Articles of Association, provided that such shareholder is a holder of such interests on the applicable record date set by the Executive Board with respect to the meeting.

In order to gain admittance, holders of registered ordinary shares or depositary receipts must notify the Executive Board in writing of their intention to attend the meeting not later than the applicable date mentioned in the notice, which date may not be later than the seventh day prior to the date of the meeting. In addition, instruments of proxy with respect to ordinary shares or depositary receipts must be delivered to the Executive Board not later than the applicable date set forth in the notice, which date may not be later than the third day prior to the meeting. A holder of ordinary shares which are bearer shares, will be entitled to attend upon the delivery of a written statement, not later than seven days before the meeting, from a Necigef-participant that such person is a Necigef-beneficiary. In the case of bearer depositary receipts, the depositary receipt certificates must be deposited at the place and by the applicable date stated in the notice, which date may not be prior to the seventh day prior to the meeting.

Pursuant to the Articles of Association, each share of capital stock is entitled to one vote, such that each share of Preference Shares A, Preference Shares B, or ordinary shares is entitled to one vote in all matters properly brought before the shareholders of Corporate Express. Unless the Articles of Association or mandatory law provides otherwise, all shareholders' resolutions require an absolute majority of the votes cast. For more information on the voting rights attached to the (depositary receipts of) Preference Shares A, see also pages 60 and 62.

Powers general

Good corporate governance assumes full participation of shareholders in the decision-making process in the General Meeting of Shareholders. It is in the Company's interest to have as many shareholders as possible participate in the decision-making process in the General Meeting of Shareholders. We shall do everything reasonably possible to enable the shareholders to vote by proxy and to communicate with all other shareholders.

Corporate Express was one of the founders of the Stichting Communicatiekanaal Aandeelhouders (Shareholders' Communication Channel Foundation or Communication Channel) in 1998. The

Communication Channel offers participating shareholders the opportunity to cast their vote without personally being present or represented in the General Meeting of Shareholders and may also be used by (groups of) shareholders for proxy solicitation.

The General Meeting of Shareholders should be able to exert such influence on the policy of the Executive Board and the Supervisory Board of the Company that it plays a full role in the system of 'checks and balances' in the Company.

Decisions of the Executive Board on a major change in the identity or the character of the Company are submitted for approval by the General Meeting of Shareholders. For example, Corporate Express called an Extraordinary General Meeting of Shareholders in October 2003, to ask for the shareholders' approval for the sale of the Paper Merchanting Division. In March 2005 an Extraordinary General Meeting of Shareholders was called to request approval for the repurchase of the Preference Shares C and related financing issues.

The most important powers of the General Meeting of Shareholders of Corporate Express NV are:

Adoption of financial statements, including appropriation of the results;

Determination of dividend in accordance with the provisions of the Articles of Association;

Release from liability of the Executive Board and the Supervisory Board;

Appointment, suspension and dismissal of the members of the Executive Board and the Supervisory Board;

Adoption of the remuneration policy for the Executive Board;

Determination of the remuneration for the members of the Supervisory Board;

Approval of the share based remuneration plan for members of the Executive Board;

Appointment and dismissal of the External Auditor;

Delegation for a specified period to the Executive Board of the right to issue shares and take up shares (option rights);

Amendment of the Articles of Association pursuant to the proposal by the Executive Board and subject to the approval of the Supervisory Board, by absolute majority of the votes cast; and

Providing authorisation to the Executive Board for the Company to purchase its own shares.

Any substantial amendment to the corporate governance structure and amendments to the Policy on Appropriation of Net Results will also be presented to the General Meeting of Shareholders.

The right to place an item on the agenda

Shareholders can ask the Executive Board or Supervisory Board to place certain items on the agenda of the General Meeting of Shareholders. These requests are granted if they:

are submitted at least 60 days before the General Meeting of Shareholders by;

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shareholders, who, on their own or together, represent at least 1% of our issued capital or whose shares on the date of the announcement of the meeting have a market value of at least €10,000,000; and

assuming that there are no important interests of the Company that could prevent them being placed on the agenda.

Appointment of Executive Board and Supervisory Board

The appointment of members of the Executive Board and of the Supervisory Board shall be made following a non-binding nomination by the Supervisory Board. A resolution of the General Meeting of Shareholders to approve of an appointment in accordance with a nomination by the Supervisory Board requires an absolute majority of the votes cast. In the event of a candidate nominated by the Supervisory Board not being appointed by the General Meeting of Shareholders, the Supervisory Board will nominate a new candidate. Shareholders who have the right to place an item on the agenda of the General Meeting of Shareholders are also entitled to nominate a candidate. A resolution of the General Meeting to appoint a member of the Executive Board or of the Supervisory Board other than in accordance with a nomination by the Supervisory Board, requires an absolute majority of the votes cast representing more than one-third of the issued capital. At a General Meeting of Shareholders, votes can only be cast for candidates named in the agenda or explanatory notes of the meeting.

The General Meeting of Shareholders may decide to suspend or remove a member of the Executive Board or the Supervisory Board. A resolution of the General Meeting of Shareholders to suspend or remove a Board member that is not in accordance with a proposal of the Supervisory Board, requires an absolute majority of the votes cast representing more than one-third of the issued capital.

Dividends

The proposed dividend for a financial year must be approved by the General Meeting of Shareholders, which is typically held in April of the following financial year, and the dividend is paid after this meeting. Dividend payments are only allowed to the extent that the shareholders' equity is in excess of the sum of the paid-up capital and any reserves required under Dutch law. Under the Articles of Association, before the dividend will be paid to any other class of shares, the dividend with respect to the Preference Shares A must be paid first from the profits earned in any given financial year.

The annual dividend on the Preference Shares A is fixed for successive periods of eight years. For the period ending 31 December 2009 the dividend per share is equal to €0.21 per annum. The annual dividend on the Preference Shares A is based on a percentage of the liquidation preference of those shares (which is €3.40355), which percentage is equal to 1.25 points above the arithmetic mean of the average effective yields on Dutch government bonds with terms of seven to eight years, as calculated by the Central Office for the Statistics and published in the Official Stock Exchange List of Euronext Amsterdam.

From the balance of the remaining profits after the dividend on the Preference Shares A has been paid, Corporate Express will pay a dividend on the Preference Shares B, if such Preference Shares B have been issued. The percentage of this dividend is to be calculated over the paid up portion of the nominal value and is equal to the repurchase interest rate of the European Central Bank plus or minus a maximum of three percentage points, to be determined by the Executive Board and subject to the approval of the Supervisory Board. The profit remaining after payment of dividends on the Preference Shares A and (where applicable) Preference Shares B may be distributed as a dividend to the holders of the ordinary shares, subject to any allocation to reserves. The General Meeting of Shareholders may, at the proposal of the Executive Board which has been approved by the Supervisory Board, resolve that a payment of dividend on ordinary shares be wholly or partly in shares.

In the event that for any given fiscal year the dividend payments referred to above cannot be made (in whole or in part) because there are insufficient profits, payment of the deficiency shall be made out of the profits from succeeding financial years; first insofar as possible pro rata on the Preference Shares A and thereafter on the issued Preference Shares B if any are issued. The Executive Board, subject to the approval of the Supervisory Board, may decide to carry out payment of dividend on Preference Shares by charging such payment to the distributable part of the capital and reserve, except for the

share premium reserve A. Furthermore the General Meeting of Shareholders, at the proposal of the Executive Board which has been approved by the Supervisory Board, may decide to make a distribution of dividend to holders of ordinary shares out of the distributable part of the capital and reserves, except for the share premium reserve A.

Liquidation

Upon the liquidation or dissolution of Corporate Express NV, any remaining balance after the payment of debts shall be distributed first to the holders of Preference Shares A to the extent of the sum of (1) any unpaid and accrued dividends and (2) an amount per Preference Share A, equal to a yield basis per share of €3.40355. In the event that the existing balance of funds is not sufficient to carry out the above distribution to holders of Preference Shares A in full, the available balance will be distributed amongst the holders thereof on a pro rata basis equal in proportion to the yield basis per share as set forth above.

Any balance of funds remaining after the distribution to holders of Preference Shares A shall then be distributed to holders of Preference Shares B, if such Preference Shares B have been issued, to the extent of the sum of (1) any outstanding dividend payable on the Preference Shares B and (2) the nominal amount paid on the Preference Shares B. If the remaining balance is insufficient to carry out the above distribution to the holders of Preference Shares B in full, the distribution shall be effected in proportion to the amounts paid on the shares.

Any remaining balance after the distribution of funds to holders of Preference Shares A and to holders of Preference Shares B shall be distributed to holders of ordinary shares on a pro rata basis with respect to the total amount of ordinary shares held.

Description of share capital and Articles of Association

General

Our Articles of Association were last amended by a notarial deed dated 19 April 2007. We have our head office at Hoogoorddreef 62, (1101 BE) Amsterdam and our registered seat in Maastricht. We are registered with the Trade Register of the Chamber of Commerce of Amsterdam under file number 33250021.

Share capital

As of 31 December 2007, our authorised share capital amounted to €1,080,000,000, divided into 395,000,000 ordinary shares, 55,000,000 Preference Shares A, and 450,000,000 Preference Shares B, with a nominal value of €1.20 per share each. The ordinary shares may, at the option of the Corporate Express shareholders, be bearer shares or registered shares. The issued bearer ordinary shares are represented by one single share certificate, the Necigef Global Certificate. The Preference Shares A and B are registered shares.

As of 31 December 2007, the issued share capital was divided into 182,847,847 ordinary shares and 53,281,979 Preference Shares A, all of which have been fully paid up. No Preference Shares B were issued as of 31 December 2007.

Preference Shares A

On 31 December 2007, all Preference Shares A had been taken into administration in Stichting Administratiekantoor van Preferente Aandelen Corporate Express, or Trust Office, against which depositary receipts with limited convertibility were issued. The Trust Office was established under Dutch law in May 1994, and has its registered seat in Maastricht.

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The purpose of the Trust Office is to issue and administer depositary receipts of Preference Shares A. The holders of the depositary receipts receive all the economic benefits which attach to ownership of the Preference Shares A. The depositary receipts can be exchanged for Preference Shares A in accordance with the provisions of the Articles of Association. Our Articles of Association provide that Preference Shares A may be transferred to natural persons only and that a transfer or issue of Preference Shares A or voting rights relating to Preference Shares A shall not be possible if such transfer would result in the acquirer acquiring more than 1% of the capital issued in the form of Preference Shares A or 1% of the voting rights attached to such shares. Our Articles of Association contain certain exceptions to these transfer restrictions and the Executive Board may under certain circumstances grant an exemption from these transfer restrictions. The depositary receipts are listed on Euronext Amsterdam N.V..

Notwithstanding the general provision in the Articles of Association which provides that each share of capital stock is entitled to one vote, an arrangement with the Trust Office exists such that the voting rights attached to the Preference Shares A held by the Trust Office that can be exercised at a General Meeting of Shareholders are determined by reference to the value of the Preference Shares A in proportion to the value of the ordinary shares in the capital of Corporate Express. The voting right is calculated on the basis of the total value of all Preference Shares A (calculated by multiplying the number of Preference Shares A outstanding and the stock market price of one depositary receipt for such Preference Share A) divided by the stock market price of one ordinary share, both on the last trading day of the month prior to the month in which the applicable shareholders' meeting is convened, capped at a maximum of one vote per Preference Share A.

At the request of a holder of depositary receipts and subject to the transfer restrictions described above and certain limitations set out in our Articles of Association, the Trust Office will grant a written proxy, with the power of substitution, to the holder to exercise the voting rights attached to the underlying Preference Shares A. The terms of administration of the Trust Office provide that the voting rights to be exercised by a holder of depositary receipts, as proxy of the Trust Office, is also related to the capital interest of the depositary receipts held by the holder of the depositary receipts in proportion to the value of the ordinary shares, calculated in accordance with what is set out above. The voting right that may then be exercised by the depositary receipt holder, as proxy of the Trust Office, may be exercised at his or her own discretion.

The Trust Office is charged with exercising the voting rights attached to the Preference Shares A (except for those Preference Shares A for which it has issued a proxy) in a manner which primarily safeguards the interests of the holders of depositary receipts, taking into account the interests of Corporate Express, its affiliates and all of its stakeholders.

The board of the Trust Office comprises five members: three members A and two members B. The members A are appointed by the board of the Trust Office. The members B are appointed by the holders of depositary receipts representing Preference Shares A. As of 31 December 2007, these members were Messrs R.A.H. van der Meer and W.O. Wentges. The other members of the board of the Trust Office are Messrs A.A. Loudon (Chairman), R.W.F. van Tets and C.J.A. Reigersman. All members of the board of the Trust Office are independent of Corporate Express as defined in Appendix X of the General Rules of Euronext Amsterdam N.V. and defined in the Dutch Corporate Governance Code.

All best practice provisions of the Code concerning Depositary Receipts have been applied.

In 2007 a meeting of holders of depositary receipts of Preference Shares A was held. In this meeting the 2006 report to depositary receipt holders was discussed as well as the agenda of the General Meeting of Shareholders of Corporate Express NV to be held in April 2007. Furthermore, the depositary receipt holders present or represented in the meeting voted in favour of the re-appointments of Messrs Van der Meer and Wentges as members B of the board of the Trust Office for a term of four

years. At this meeting, the holders of depositary receipts expressed their confidence in the board of the Trust Office.

Preference Shares B

Preference Shares B may be issued, inter alia, as a (preventive) measure against a hostile acquisition or a concentration of power, that is created without the Executive Board having been able to safeguard the continuity and independence, which are maintained in the interest of Corporate Express and all those involved with Corporate Express. For this purpose, Corporate Express and the Stichting Preferente Aandelen Corporate Express (the 'Protection Trust') have a call option agreement in place relating to Preference Shares B. In December 2007, the Company decided to terminate the put option after considering certain developments in the area of corporate governance. The agreement with the Protection Trust entitles the Protection Trust to subscribe for Preference Shares B in the capital of Corporate Express. This mechanism will allow the Company a period of time to define its position vis-à-vis a bidder for its shares and the bidder's plans, or to counter a concentration of power, and consider alternatives, including to the extent relevant the negotiation of a more beneficial transaction.

The Preference Shares B will be outstanding no longer than strictly necessary. Once the reason for the placing of the Preference Shares B no longer exists, the Company will propose to the General Meeting of Shareholders to cancel the Preference Shares B entirely as a class.

To maintain the effectiveness of the issue of Preference Shares B as a protection instrument, the scope of the authority to issue these shares should extend to such a number of Preference Shares B as corresponds to the issued number of ordinary shares and Preference Shares A at the time of the issue. As a consequence, Preference Shares B may be issued up to a maximum amount equal to the issued share capital of Corporate Express other than in the form of Preference Shares B, minus one. In the event that no public bid on the shares of the Company has been announced, the call option of the Protection Trust is effectively limited to such an amount of Preference Shares B that after these shares having been issued, the Protection Trust can exercise 30% of the votes minus one in a shareholders' meeting of the Company where the entire issued capital is represented.

Once any Preference Shares B are issued to Stichting Preferente Aandelen Corporate Express, the Preference Shares B can be withdrawn against payment of the amount paid on these shares plus accrued and unpaid dividends, if any, following a resolution of the General Meeting of Shareholders. After six months after the issue of the Preference Shares B, the Protection Trust has the right to request the Company to convene a General Meeting of Shareholders in which the proposal will be submitted to withdraw all of the issued Preference Shares B.

The Protection Trust will exercise its voting rights attached to such Preference Shares B in accordance with its purpose. The objective of the Protection Trust is to promote the interest of Corporate Express and its enterprises (including those of its group companies) in such a way that the interests of Corporate Express and its enterprises and all those involved will be best served, whereby the Protection Trust will, among other things, give attention to the continuity and identity of the enterprises concerned. Upon issue of Preference Shares B, only 25% of the nominal value is required to be paid-up. As of 31 December 2007, no Preference Shares B had been issued.

The Protection Trust has the right to file an application for an inquiry into the policy and conduct of business at the Enterprise Chamber of the Amsterdam Court of Appeal (Ondernemingskamer) as granted by the Company. The Company believes that this may be a useful option in the period before the issuance of protective shares, without affecting the rights of other shareholders at that stage.

As of 31 December 2007, the board of the Protection Trust comprises: Messrs A.L. Asscher (Chairman), J.F. van Duyne, P. Bouw, K. Vuursteen and L.J.A.M. Ligthart. The Protection Trust is

independent of Corporate Express in the meaning of article 5:71 subsection 1 (c) of the Act on Financial Supervision (Wet op het Financieel Toezicht).

Issue of shares; Pre-emptive rights

The authority to issue ordinary shares has partly been delegated by the General Meeting of Shareholders to the Executive Board pursuant to a resolution dated 12 April 2007. The Executive Board is authorised to issue ordinary shares up to a maximum of 10% of the issued share capital, which percentage is extended by an additional 10% of the issued share capital in the event the issue is related to a merger or an acquisition. For these purposes, issuances of ordinary shares include the granting of rights to subscribe for shares (including convertible debt options and warrants). The authority of the Executive Board to issue ordinary shares will terminate on 11 October 2008 unless it is extended by a resolution of the General Meeting of Shareholders. Prior approval of the Supervisory Board will be required for any Executive Board resolution to issue ordinary shares.

Except for (i) issuances of ordinary shares in exchange for non-cash consideration or (ii) issuances to employees of Corporate Express or any of its subsidiaries, or (iii) in the event of a legal merger or legal split-up of Corporate Express, Corporate Express shareholders have pro rata pre-emptive rights to subscribe for new issuances of ordinary shares. These pre-emptive rights may, subject to the prior approval of the Supervisory Board, be restricted or excluded by the corporate body that is authorised to issue shares.

The authorisation to limit or exclude the pre-emptive right when issuing ordinary shares was not extended by the General Meeting held in April last year. Although a large majority of the votes exercised in that meeting was in favor of the proposal, the two third majority of the votes required by operation of law due to the fact that less than half of the issued share capital was represented in the meeting was not met.

The ability to limit or exclude the pre-emptive right when issuing ordinary shares is relevant for the following reason. In certain countries, selling restrictions on the offering of ordinary shares and rights to take up ordinary shares apply. This requires the Company to be able to formally exclude the pre-emptive right ('voorkeursrecht') accruing to shareholders pursuant to article 11 of the Company's articles of association and section 2:96a of the Dutch Civil Code in the context of an issue of ordinary shares.

Without this possibility it may be inefficient and time consuming to issue any ordinary shares which will in any case be limited to 10% (or, as the case may be, 20%) of the issued share capital.

In accordance with current practice, Corporate Express, in the event of an issue of ordinary shares, intends to offer shareholders the possibility to participate in the issue.

Following the above, the Executive Board, with the approval of the Supervisory Board, are again making this proposal to the General Meeting of Shareholders in April 2008.

Repurchase of shares

We may repurchase our own shares, subject to certain provisions of Dutch law and the Articles of Association. We may not repurchase our own shares if (i) the payment required to make the repurchase would reduce shareholders' equity to an amount less than the sum of paid-in and called portions of the share capital and any reserves required by law or our Articles of Association or (ii) we and our subsidiaries would thereafter hold shares with an aggregate nominal value equal to more than 10% of the issued share capital. Shares owned by us may not be voted. Any repurchase of shares which are not fully paid-up is null and void. A repurchase of shares may be effected by the Executive Board if the Executive Board has been so authorised by the General Meeting of Shareholders, which authorisation may not be granted for a period of more than 18 months. Most recently, the General

Meeting of Shareholders granted this authorisation until 11 October 2008 by resolution dated 12 April 2007.

Capital reduction

Upon the proposal of the Executive Board and subject to the approval of the Supervisory Board, the General Meeting of Shareholders may resolve to reduce Corporate Express' issued share capital by cancellation of shares or by reducing the nominal value of the shares through amendment of the Articles of Association, subject to certain statutory provisions and the provisions of the Articles of Association.

Restriction of non-Dutch shareholders' rights

Under our Articles of Association, there are no limitations on the rights of non-resident or foreign shareholders to hold or exercise voting rights in respect of our securities, and we are not aware of any such restrictions under Dutch corporate law.

Disclosure of share ownership

Dutch law (the Act on Financial Supervision) requires public disclosure to the (Dutch) Authority Financial Markets (AFM) with respect to the (potential) ownership of and (potential) voting rights on listed shares when the following thresholds are passed: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

As at 31 December 2007, the following entities had reported a significant holding of shares in the capital of the Company:

AllianceBernstein Corporation (10-15%);

Centaurus Capital Ltd (5-10%);

Fortis Utrecht N.V. (5-10%);

ING Group N.V. (10-15%);

Kempen Capital Management N.V. (5-10%);

Stichting Administratiekantoor van Preferente Aandelen Corporate Express (or Trust Office) (20-25%); and

Stichting Preferente Aandelen Corporate Express (50% potential).

Provision of information

In accordance with the Dutch Act on Financial Supervision, Corporate Express will ensure that any price-sensitive information information that is concrete and has not publicly been disclosed and whose disclosure might significantly affect the Company's share price will be disclosed without delay to the general public in the form of a press release that will be disseminated over two or more major wire services, at least one international and one national daily newspaper, and publication on the Corporate Express website.

Price-sensitive information that has been publicly released by Corporate Express or is already in the public domain may be discussed by spokespersons designated by the Company on an individual or selective basis. However, if the provision of such information is regarded by Corporate Express to be of interest to the general public for instance at an Annual General Shareholder's Meeting, quarterly earnings review or presentation to analysts Corporate Express will make this information available for general dissemination through a conference call, webcast or a presentation which will be broadcast live

on a medium that will allow the public, without charge, to receive the information. Following such an event, presentations will be posted on the Corporate Express website and, in so far as reasonably possible, provision will be made for an audio replay to be available for a certain period thereafter.

In the ordinary course of business, designated spokespersons regularly communicate with outside parties, such as media or securities industry professionals in one-on-one meetings, group meetings, site visits or industry conferences, etc., to provide them with relevant information to enable them to gain better insight into the Company. Corporate Express adheres to the policy that, at such meetings, price-sensitive non-public information should not be discussed or disclosed in any way or form. Corporate Express will provide analysts and investors with fair access to Company information and management within the limits of its time and resources. Under no circumstances will Corporate Express compromise the independence of analysts or investors in relation to the Company, irrespective of their recommendation on Corporate Express stock or a decision to buy or sell Corporate Express stock.

To prevent inadvertent disclosure of price-sensitive information, Corporate Express has imposed upon itself 'quiet periods' in the weeks prior to an upcoming results' announcement, during which it will not engage in any discussion or participate in any kind of meeting with the general public, media or securities industry professionals in which one could reasonably expect that price-sensitive non-public information could be discussed. The Company's quiet periods are published on the website of the Company.

Audit of financial reporting and role of internal and external auditors

Financial reporting

The Executive Board is responsible for the quality and completeness of the financial information that is made public. It is the duty of the Supervisory Board to see to it that the Executive Board fulfils this responsibility. Please refer to the section entitled Risk Control Framework in the chapter Other Financial Information (pages 91 and 94).

Role, appointment, remuneration and assessment of external auditor

The external auditor is appointed each year by the Annual General Meeting of Shareholders. The Supervisory Board shall nominate a candidate, based on advice from the Audit Committee and Executive Board. The remuneration for the external auditor is proposed by the Audit Committee and approved by the Supervisory Board after consultation with the Executive Board. The Supervisory Board has delegated approval for the assignment of services from the external auditor to the Audit Committee for a period of one year. This delegation can be renewed by the Supervisory Board.

External auditors' fees and services

The external auditor charged the Company the following fees (in millions of euros):

	2007	2006
	_____	_____
Audit fees	3.9	5.7
Audit-related fees	0.5	0.1
Tax fees	0.2	0.1
All other fees	0.0	0.0
	_____	_____
Total fees	4.6	5.9
	_____	_____

Audit-related fees in 2007 were incurred for services in respect of the divestments. Tax fees in 2007 related to compliance services.

External auditor policy

Corporate Express has established a policy for the independence of and provision of services by its external auditors. This policy stipulates that external auditors may only provide services which do not conflict with its independence and which are explicitly listed in the policy. These permissible services are audit services (e.g. audit of financial statements), audit-related services (e.g. due-diligence work and internal control reviews and assistance with internal control reporting requirements) and non-audit services (e.g. risk management advisory services, treasury advisory services and tax planning and tax consultation services). The Audit Committee annually reviews the list of permissible services and may add to or subtract services from the list from time to time. The External Auditor Policy is posted on our website.

The audit services require pre-approval of the Audit Committee. The audit related services and non-audit services also require the pre-approval of the Audit Committee which has been given in advance for services for which the aggregate amount of fees (for each of audit related and non-audit services) is less than €250,000 in any fiscal year.

Relationship and communication of the external auditor with the bodies of the Company

The external auditor attends the meeting of the Supervisory Board in which the financial statements are approved and shall in principle attend all meetings of the Audit Committee. The external auditor simultaneously reports its findings concerning the audit of the financial statements to the Executive Board, the Supervisory Board and the Audit Committee.

Internal audit function

The internal auditor operates under the responsibility of the Executive Board.

Compliance with the Dutch Corporate Governance Code

The Company fully complies with the Dutch Corporate Governance Code by either applying its principles and best practice provisions or by explaining why it deviates there from. Such principles and best practice provisions are fully applied with the exception of the following recommendations that are not fully applied for reasons set out above.

II.1.1. Appointment of members of the Executive Board for a maximum term of four years (see page 52).

II.2.6/III.7.3. Notice of changes in holdings of securities in Dutch listed companies (see page 56).

II.2.7. Severance pay not to exceed one year salary (see page 53).

III.5.11. Chairman of Supervisory Board not to chair remuneration committee (see page 56).

IV.1.1. Appointments, suspension or removal procedures of members of the Executive Board or Supervisory Board (see page 59).

Change in control clauses in important contracts Corporate Express NV is not a party to any material agreement which becomes effective, or is being amended or terminated subject to the condition of a change of control of Corporate Express NV following a public bid defined in section 5:70 of the Financial Supervision Act, other than those mentioned in Note 32 of the financial statements, in the paragraph Material Contracts on page 200 and in the Remuneration Report.

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REPORT OF THE SUPERVISORY BOARD

Activities of the Supervisory Board

During the reporting year the Supervisory Board met thirteen times. The most important matter was the strategic review of the Company, which was discussed intensively over a period of seven months and was announced by the Company on 1 October. The conclusion was that the Company should continue its stand-alone position as business-to-business player in the office products market. The existing strategy of the Company was found to be solid, but a significant improvement in the operational execution and performance is needed. In order to achieve this, four strategic initiatives were identified on which management will focus. The combined Boards, after careful consideration and taking into account the advice from investment banks and strategic consultants, considered this the best way forward for the Company to create shareholder value.

On the same day the appointment of Peter Ventress as CEO was announced, following the resignation of Frans Koffrie with immediate effect. Paul van den Hoek decided to step down as Chairman of the Supervisory Board and was succeeded by Frank Meysman (see below: Composition of the Supervisory Board and the Executive Board). The Supervisory Board endorsed that the Executive Board should be supported operationally by a global management team in order to deliver on the strategic initiatives and to enhance the transformation of the Company from a holding company to a truly global operating company. This management team (Executive Management Group) consists of the members of the Executive Board as well as regional and functional leaders. We are confident that the steps taken will drive significant improvement of operational execution where operating profit should be clearly improved through sales growth and cost control measures. The first initiative regarding a further reduction of costs was already taken with the reduction of overhead expenses at the U.S. headquarters, announced in August.

At the end of the year we discussed our assessment of the functioning of the Executive Board and its individual members in the absence of the Executive Board. We concluded that given all the changes made, the performance of the new team was satisfactory and we have confidence in their ability to exercise the strategy.

As a result of the need to improve the results of North America, we spent considerable time reviewing and understanding the issues involved and the steps necessary to rectify the situation. We again visited the North American headquarters where management of the North American office products business made wide ranging presentations about the nature and progress of business. Management of the European and Australian office products businesses also presented their respective operations.

Special attention was also given to a number of portfolio transactions. Divestments of ASAP Software, Inc. and the copier business Veenman Germany, both identified as non-core businesses, were approved during the course of the year. Acquisitions in office products businesses were made in Canada with Davenport Office and in Denmark with Møller & Landschultz. We also discussed the financing of the Company.

Regular reports were received from the Audit Committee and the Compensation, Nominating and Corporate Governance Committee (CNCG Committee) on matters addressed in their meetings. The independence and performance of the external auditor, PricewaterhouseCoopers Accountants N.V. was assessed, as well as their relationship with management and the Audit Committee. This resulted in our proposal to the General Meeting of Shareholders in April 2007 to assign the audit of the 2007 financial statements to PricewaterhouseCoopers. With the external auditor we discussed their report on the 2006 financial statements. We also reviewed and discussed the annual report for 2006.

We further discussed and approved the branding strategy and the proposal to change the Articles of Association of the Company with the change of the name of the Company from Buhrmann to

Corporate Express being the most notable change. Course of business and quarterly results were discussed on a regular basis and the composition of the management team in the U.S. was discussed after the resignation of Mark Hoffman.

The Supervisory Board also discussed and approved the proposal of the Executive Board to terminate the put-option on the Preference Shares B and to grant the Protection Trust the right to file an application to make an inquiry into the policy and conduct of business at the Enterprise Chamber of the Amsterdam Court of Appeal ('Ondernemingskamer') (see the chapter Corporate Governance).

Regarding the composition of the Executive Board, we agreed that with the Executive Management Group to support it operationally the Executive Board will be reduced to two members (CEO and CFO) after the resignation of George Dean in April 2008.

We also discussed our own functioning and that of the Committees of the Board while taking into account our profile, composition and the competencies of each of the members of the Supervisory Board. As reflected in the schedule below, attendance by current members of the Supervisory Board to the meetings of the Board and the Committees was satisfactory. All members of the Board gave evidence of a strong engagement with the Company and the Board concluded that the cooperation in the reporting year was very productive and constructive. The meetings of the Board are productive and give room to an open discussion which leads to balanced decision-making for which the Board can take collective responsibility. The Supervisory Board met regularly without management.

Composition of the Supervisory Board and the Executive Board

During the reporting year the composition of the Supervisory Board was as follows: Paul C. van den Hoek (Chairman) (until 1 October), Rob F. van den Bergh, Gilles Izeboud, Frank L.V. Meysman (Chairman from 1 October), Ben J. Noteboom, Jan Peelen (Vice Chairman) and Tom de Swaan. For the biographies of the current members of the Supervisory Board, please refer to page 75.

Paul van den Hoek decided to step down from the Supervisory Board as per 1 October upon the announcement of the Company's strategic review, in order to allow the new management to focus on the chosen direction. His term would otherwise have ended in April 2008. Frank Meysman succeeded Paul van den Hoek as Chairman of the Supervisory Board. The Board is very grateful to Paul van den Hoek for all the contributions he has made over many years in the supervision of the Company, leading the Supervisory Board and helping to shape the Company to the focused office products company it is today.

In March we accepted the resignation of Mark Hoffman as member of the Executive Board and CEO of the North American office products business. Peter Ventress was appointed member of the Executive Board in the General Meeting of Shareholders held in April, at which time he still held responsibility for the European office products business. Peter Ventress' appointment to the Executive Board was justified by the increased importance of the European office products business. The appointment was made for a term of four years. Frans Koffrie stepped down at the end of September and was succeeded as CEO by Peter Ventress. The Board is sincerely thankful to Frans Koffrie for the many contributions he has made to the Company over the years. He has been the architect of the Company's transformation from a diversified holding company to a focused office supplier with strong market positions.

The schedules of retirement of the Supervisory Board and the Executive Board do not provide for retirements in 2008. As announced on 1 October 2007, George Dean will resign from the Executive Board after the Annual General Meeting in April 2008.

Independence

All members of the Supervisory Board in its composition as per 31 December 2007 may be considered independent as defined in the By-Laws Supervisory Board.

Schedule of attendance of the Supervisory Board and Committees

Supervisory Board members	Supervisory Board meetings (13)(1)	Audit Committee meetings (7)	CNCG Committee meetings (5)(1)
Van den Hoek	9(1)	n/a	3(1)
Van den Bergh	11	2(1)	n/a
Izeboud	13	7	n/a
Meysman	13	5(1)	2(1)
Noteboom	12	n/a	5
Peelen	13	n/a	5
De Swaan	11	5	n/a

(1) Was not a member of the Supervisory Board or the respective Committee for the full reporting year.

Committees of the Supervisory Board

Without prejudice to its own responsibility, the Supervisory Board has formed two committees, i.e. the Audit Committee and the CNCG Committee, each consisting of members of the Board. The purpose of both Committees is described in the chapter on Corporate Governance (see pages 51 to 66).

Audit Committee

During the year the Audit Committee paid attention to the Company's strategic review process that was published on 1 October.

The Audit Committee reviewed the quarterly and annual results and particular attention was paid to special items and critical accounting policies, as well as to the minutes of the Disclosure Committee.

The Audit Committee monitored internal controls over financial reporting and the continuous compliance to the requirements and interpretation of the applicable Dutch and US securities and corporate governance regulations. This included the usual assessment of risks faced by the Company. Certain aspects of the Company's management reporting system were also discussed, such as continued development of key performance indicators. The Audit Committee also discussed with management the assessment pursuant to section 404 of the Sarbanes-Oxley Act and the external auditor report on this matter.

The development of the finance function was reviewed and discussed. Attention was paid to legal, tax and pension matters. Fraud cases were also discussed on the basis of regular reports by management. The Audit Committee paid attention to the technical aspects of the Company's financing.

The Audit Committee reviewed reports from the external auditor on the Company's financial representation as well as follow-up actions by management. The audit scope and approach, independence and fees of the external auditor were approved. The performance of the external auditor and the relationship between the external auditor and the Company was considered. The Audit Committee also reviewed and discussed with the Director of Internal Audit his annual report on the

control status of the operating companies and the planning and resources of the internal audit function for 2008. The Audit Committee also discussed the financing of the Company.

Pursuant to a change in US securities regulations, it was decided not to reconcile the Company's financial statements as from 2007 to US GAAP. The analysis, on an IFRS basis only, of the fair enterprise value of the Company at the cash-generating unit level was discussed with management and the external auditor in order to determine whether an impairment was required. The Audit Committee agreed with management that there was no impairment of goodwill in 2007.

The Audit Committee discussed certification (pursuant to section 302 of the Sarbanes-Oxley Act) of the 2007 Annual Report and Form 20-F with the CEO and CFO and the Committee agreed to management's conclusions that the annual report fairly presented in all material respects the financial condition, results of operations and cash flows of the Company and that no untrue statements of a material fact were included and no material facts were omitted that could make the report misleading.

During the reporting year the composition of the Audit Committee has been as follows: Gilles Izeboud (Chairman), Rob van den Bergh (from 5 November), Frank Meysman (until 5 November), and Tom de Swaan. According to the Supervisory Board, Gilles Izeboud and Tom de Swaan qualify as 'financial experts' as defined in the Audit Committee Charter. All meetings of the Audit Committee during the reporting year were attended by the external auditor as well as by representatives of management and the finance function. The Audit Committee also had regular, brief discussions with the external auditor in the absence of management.

Compensation, Nominating and Corporate Governance Committee (CNCG Committee)

During the reporting year the CNCG Committee discussed with management the long-term and short-term management incentive plans. Changes of both plans were discussed and agreed which, as far as they affect the existing remuneration policy for members of the Executive Board or share-based payments, will be submitted for approval to the General Meeting of Shareholders to be held in April 2008 (see also the Remuneration Report).

Bonus payments for Executive Board members over 2006 as well as bonus targets for 2007 were determined and the contract for Peter Ventress upon his appointment to the Executive Board was agreed. The severance payments for Mark Hoffman and Frans Koffrie were also considered and approved.

The Committee discussed with management the annual review of the succession plans, including succession objectives and potential successors for the most senior management positions as well as a forecast for future requirements and bench-strength. Gender diversity was also discussed as well as concrete measures to increase the number of female managers in senior positions. The Committee also discussed development plans and the evaluation process of senior management. The size and composition of the Supervisory Board was discussed as well as the functioning of the Executive Board, the Supervisory Board, its Committees and individual members.

The Committee also discussed corporate governance issues, particularly whether changes needed to be made to the corporate governance structure of the Company in the light of national and international developments.

During the reporting year the CNCG Committee consisted of Paul van den Hoek (Chairman) (until 1 October), Frank Meysman (Chairman) (from 1 October), Jan Peelen and Ben Noteboom.

Corporate governance

The corporate governance structure of Corporate Express is described in the chapter on Corporate Governance. We endorse the principles and apply almost all of the best practice provisions of the

Dutch Corporate Governance Code (the Code). All exceptions to the Code have been disclosed in the above-mentioned chapter. The corporate governance structure of the Company was discussed at the Annual General Meeting of Shareholders in April 2005 and has not changed since in any material respect.

Remuneration report

The Remuneration Report incorporates the remuneration policy for members of the Executive Board and forms part of, and is incorporated in, the Report of the Supervisory Board.

Financial statements and dividend proposal

The annual report at hand, which has been prepared by the Executive Board, consists of the Consolidated Financial Statements, the Financial Statements of Corporate Express NV and the management report for the past financial year. The financial statements have been audited by PricewaterhouseCoopers Accountants N.V. You will find the statement of the external auditor on page 197 of this report. The annual report includes a report by management which confirms the effectiveness of the Company's internal control over financial reporting as of 31 December 2007.

We have reviewed and endorse these reports and will recommend that the Annual General Meeting of Shareholders, to be held on 8 April 2008, adopts the financial statements for 2007 accordingly.

The dividend proposal to the Annual General Meeting of Shareholders is included in the Annual Report on page 196. The dividend of €0.21 per ordinary share will be paid either in cash or in new ordinary shares at the option of each shareholder.

Discharge

We also propose that the Annual General Meeting of Shareholders, in accordance with Article 32, Paragraph 2 of the Articles of Association, discharges the Executive Board from management as carried out in the past financial year and the Supervisory Board from its supervision.

Considerations about the business

In 2007 the Company conducted a strategic review which resulted in significant changes, which will determine its course in the coming years. The outcome of the strategic review clearly indicated the viability and attractiveness of the markets we operate in and underlined the strength of our business model. However, we also concluded that the Company should become a more operationally focused and sales driven organisation. With a new CEO and new senior management to support him we believe important building blocks to achieve this are in place to make a success of the four strategic initiatives that the Company identified, which are to increase our sales to existing customers, to improve the product lines we offer, to grow our presence in the market for mid-sized companies and to strengthen our presence in carefully selected regions.

Operationally, the Company generally performed well in the reporting year, notably due to the results of Office Products Europe and Australia as well as the Printing Systems Division. Office Products North America recovered from disruptions late 2006, early 2007, due to hard work of all employees and new local leadership. To them as well as to the employees of our other businesses we are sincerely thankful.

Supervisory Board

Amsterdam, 1 March 2008

BIOGRAPHIES SUPERVISORY BOARD

Frank L.V. Meysman

Chairman (as per 1 October 2007)

Appointed in 2006, current term of office until 2010

Position: previously chairman of the Board of Sara Lee/DE, board member of Sara Lee Corporation

Nationality: Belgian

Year of birth: 1952

Other supervisory directorships: Grontmij N.V. (Chairman), Spadel N.V., Picanol N.V.

Relevant additional functions: Member Executive Board GIMV (Gewestelijke Investeringsmaatschappij Vlaanderen)

Shares held in the Company as at 31 December 2007: none

Jan Peelen

Appointed in 1999, current term of office until 2010

Position: previously member Executive Committee of Unilever NV and board member of Unilever

Nationality: Dutch

Year of birth: 1940

Other supervisory directorships: VVAA Groep B.V. (Chairman), Royal Friesland Foods N.V., Arcadis N.V., Albron N.V.

Relevant additional functions: none

Shares held in the Company as at 31 December 2007: none

Rob F. van den Bergh

Appointed in 2006, current term of office until 2010

Position: previously board member and CEO of VNU N.V.

Nationality: Dutch

Year of birth: 1950

Other supervisory directorships: ABN AMRO N.V., Pon Holdings B.V., N.V. Deli Universal, Nationale Postcode Loterij, TomTom N.V.

Relevant additional functions: Member of the investment committee of NPM Capital N.V., Member Advisory Committee CVC

Shares held in the Company as at 31 December 2007: 2,022

Ben J. Noteboom

Appointed in 2005, current term of office until 2009

Position: currently CEO Randstad Holding NV

Nationality: Dutch

Year of birth: 1958

Other supervisory directorships: None

Relevant additional functions: None

Shares held in the Company as at 31 December 2007: none

Gilles Izeboud

Appointed in 2005, current term of office until 2009

Position: previously board member of PriceWaterhouseCoopers

Nationality: Dutch

Year of birth: 1942

Other supervisory directorships: Robeco Groep N.V., Robeco N.V., Rolinco N.V., Rorento N.V., ENDEX European Derivatives Exchange N.V., Corporate Express Nederland Holding BV

Relevant additional functions: Substitute Council of the Enterprise Division of the Amsterdam Court of Appeal (Ondernemingskamer), Board member Shell Reserves Compensation Foundation

Shares held in the Company as at 31 December 2007: none

Tom de Swaan

Appointed in 2006, current term of office until 2010

Position: previously board member and CFO of ABN AMRO Holding N.V., previously member of the board of De Nederlandsche Bank N.V.

Nationality: Dutch

Year of birth: 1946

Other supervisory directorships: Royal DSM N.V., GlaxoSmithKline plc, Zurich Financial Services, Royal Ahold N.V., Van Lanschot N.V.

Relevant additional functions: none

Shares held in the Company as at 31 December 2007: none

Paul van den Hoek resigned from the Supervisory Board as per 1 October 2007

Composition Committees of the Supervisory Board as per 31 December 2007

Audit Committee

Gilles Izeboud Chairman

Rob van den Bergh (as per 5 November 2007)

Tom de Swaan (as per 31 October 2006)

Frank Meysman was member of the Audit Committee until 5 November 2007

Compensation Nominating and Corporate Governance Committee (CNCG Committee)

Frank Meysman Chairman (as per 1 October 2007)

Ben Noteboom

Jan Peelen

Paul van den Hoek was member and chairman of the CNCG Committee until 1 October 2007

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REMUNERATION REPORT

This report by the Supervisory Board sets out the remuneration policy for the Executive Board. It also provides details of the remuneration in the reporting year of members of the Executive Board and the Supervisory Board.

Remuneration policy

Procedure

The remuneration policy for the Executive Board is determined by the Supervisory Board on the recommendation of the Compensation, Nominating and Corporate Governance Committee (CNCG Committee). The tasks and responsibilities of the CNCG Committee are described in the Corporate Governance section (see page 40). The remuneration policy was adopted at the General Meeting of Shareholders held in April 2004 and last amended by the General Meeting of Shareholders held on 13 April 2006. Any material amendments to the policy shall be submitted to the General Meeting of Shareholders. No material changes were made to the remuneration policy in the reporting year.

Determination of the remuneration for each individual Executive Board member is in principle a responsibility of the Supervisory Board. The Supervisory Board has delegated this authority to the CNCG Committee. Pursuant to this delegation of authority, and acting within the principles of the remuneration policy, the CNCG Committee determines the remuneration packages for the members of the Executive Board, including base salary, pension rights, annual bonus and long-term cash incentive awards, grants of share options and any severance payments. The CNCG Committee may make decisions which reflect special circumstances and make remuneration alterations which will be explained in the next Annual Report. The CNCG Committee does not retain remuneration consultants, but seeks professional advice from external advisors as and when required.

Objective

The objective of the remuneration policy for members of the Executive Board is to attract and retain qualified, expert Executive Board members with an international outlook and motivate them to perform in such a manner that the value of Corporate Express is likely to be enhanced. Remuneration of the Executive Board is designed in such a way that it balances short-term operational performance with the longer-term objective of creating sustainable value and growth. Variable pay is a significant part of the total remuneration package.

Reward structure

The total remuneration package for members of the Executive Board consists of:

- a base salary
- an annual performance bonus
- a long-term cash incentive plan
- a share option plan
- pension arrangements, and
- other benefits and allowances.

Levels of remuneration are reviewed annually taking account of competitive levels of remuneration according to relevant industry comparisons.

The details of the remuneration packages of members of the Executive Board are as follows:

Base salary

The base salary for members of the Executive Board is set at a market competitive level, using industry survey data provided by outside remuneration advisors. Where a member of the Executive Board resides outside of the Netherlands, benchmark salary levels are referenced for the relevant markets. Currently these are the Netherlands, Europe and North America.

Annual performance bonus

Members of the Executive Board participate in an annual bonus plan based on the achievement of a number of targets determined at the beginning of each calendar year. Bonus levels for the Executive Board are set up to 75% of base salary for a European-based Board member, or up to 100% of base salary for a U.S.-based Board member, at the achievement of 100% of the bonus targets.

Bonus targets may be a combination of the performance of the total Group, regional targets and individual targets. The bonus targets, which are set annually, are designed to be challenging and to reflect key drivers of value creation, long-term growth in shareholder value, and the development of earnings per share.

The bonus targets for 2007 are described on page 73. Specific targets are not disclosed for reasons of commercial confidentiality.

At the end of each financial year the CNCG Committee measures the results against the targets set. The amount of the annual bonus is then calculated and is payable after the audited accounts of the financial year in question are finalised. The CNCG Committee has the right to change targets as a result of unforeseen circumstances and it may also decide to grant a special award for special circumstances if such amendment is justified in the opinion of the CNCG Committee. Any such changes will be accounted for in the Annual Report.

Long-term cash incentive plan

In addition to the annual bonus plan, a U.S.-based Executive Board member, if any, may participate in a long-term cash incentive plan designed specifically for the senior management of the Office Products North American region. Under the U.S. long-term cash incentive plan currently in place, a bonus of up to 3.25 times base salary can be earned annually subject to the achievement of specific performance conditions related to annual economic value creation targets. In the event of an overachievement of the target, the long-term cash incentive payment may be increased to up to 3.9 times base salary or 120% of the target pay-out. There currently are no U.S. based Executive Board members. Other members of the Executive Board do not participate in a long-term cash incentive plan.

Share option plan

Corporate Express operates a share option plan, the 'Corporate Express Incentive Plan', which aims to encourage senior management to focus on the growth of long-term sustainable value for shareholders. A variable number (350 to 400) of senior managers participate, including the members of the Executive Board. Allocation of the share options granted to individual Executive Board members is determined annually by the CNCG Committee and the aggregate number of options granted to members of the Executive Board in any year shall not exceed 20% of the total number of options granted in that year. The number of options granted to all other eligible employees is determined at the discretion of the Executive Board, provided that the aggregate number of options granted stays within the limit determined by the Supervisory Board and as specified at the General Meeting of Shareholders.

Exercise price and term

The exercise price for option rights granted is the closing price of Corporate Express ordinary shares on the first trading day on which the shares are quoted ex-dividend after the Annual General Meeting of Shareholders. Neither the exercise price nor other conditions in relation to the granted options can be modified during the term of the options, except insofar as prompted by structural changes relating to the shares or the Company in accordance with established market practice.

The options have a term of seven years and vest after three years, provided, in the case of options granted as from 2004, that the performance conditions are met.

Performance measurement and peer group

At the Annual General Shareholders' meeting in 2004, shareholders approved the adoption of a new share option plan. Pursuant to this new Corporate Express Incentive Plan, the number of options which vest is dependent on the performance of the Company relative to a peer group as measured over a three-year period up to the vesting date.

The performance of the Company is measured by the concept of Total Shareholder Return (TSR). Using TSR, which shows the total return to shareholders as a combination of share price appreciation and dividends distributed, the performance of the Company's shares against other companies' shares can be compared over the relevant (three-year) period. Using the TSR peer group ranking as a performance indicator demonstrates a clear link between the reward provided and the investment growth enjoyed by our shareholders (in comparison to that enjoyed by investors in the defined peer group companies).

The financial performance of the Company, as measured by TSR is compared to the TSR of a peer group. The criteria for a company to fit within this peer group include, among other things, that such company (i) be in the same or a similar industry to Corporate Express; (ii) has a business model comparable to that of Corporate Express; (iii) be listed or traded on a major stock exchange; (iv) has a certain minimum market capitalisation; (v) operates in at least North America or Europe; and (vi) is considered a peer of Corporate Express by both the investor community and by Corporate Express itself.

The composition of the peer group may be changed by the Supervisory Board for future option grants, provided that the above listed peer group criteria are met. In addition, where options have been granted, but have not yet begun vesting, the Supervisory Board may change the composition of the peer group with respect to that grant, if a peer group company at the time of grant no longer meets one or more of the criteria.

The peer group companies for option grants under the new Corporate Express Incentive Plan in 2005 are: Bunzl PLC; Genuine Parts Company; Hagemeyer N.V.; Manutan International S.A.; Office Depot, Inc.; OfficeMax, Inc.; Randstad Holding NV; Staples, Inc.; United Stationers, Inc.; Wesco International, Inc. and W.W. Grainger, Inc. For the 2006 and 2007 grants the Supervisory Board added two companies to the peer group: Premier Farnell plc and Electrocomponents plc. Premier Farnell is a multi channel high service distributor of electronic products operating in 21 countries in Europe, North America and Asia Pacific. Electrocomponents is a high service electronic, electrical and industrial distributor operating in 26 countries throughout the world. The peer group therefore currently consists of twelve (2005 grant) to fourteen (2006 and 2007 grants) companies (including the Company).

The TSR for each peer group company is calculated over the three-year period following each annual grant of options under the new Corporate Express Incentive Plan, and each peer group company is ranked in descending order of generated TSR to determine the relative position of

Corporate Express. The conditional awards vest three years after the date of grant but the number of share options to vest depends upon Corporate Express' ranking as follows:

TSR peer group ranking	Vested award (% of original conditional award that will vest)
1st	200%
2nd	175%
3rd	150%
4th	125%
5th	100%
6th	75%
7th	50%
8th to 12th or 14th	0%

As a matter of illustration, the provisional ranking of Corporate Express on 31 December 2007 for the 2005, 2006 and 2007 grants was number 10, 11 and 12 respectively. As a result of the TRS performance of the Company with respect to the 2004 grant, it ranked 7th in the peer group. Consequently, 50% of the options granted in 2004, have vested in May 2007.

Number of options

The maximum number of options for the 2007 grant under the new Corporate Express Incentive Plan was 2,261,312, representing 1.25% of the total number of ordinary shares outstanding as of 31 December 2006. The number of options vesting from each of the 2005, 2006 and 2007 grants may vary between 0% and 2.5% of the total number of ordinary shares outstanding as at the end of the calendar year ending immediately prior to the respective grant depending on the Company's performance relative to the peer group as indicated in the above table.

Pension arrangements

Retirement benefits are designed to be in line with relevant market practice and consistent with those provided by other multinational companies in each country of residence.

Mr P.J. Ventress and Mr F.F. Waller have a pension arrangement based on an individual defined contribution plan with a pension payment at age 65. Mr Waller uses a life-cycle ('levensloop') plan for which an annual contribution of 12% of his fixed salary is made by the Company. Mr Ventress has a death in service life insurance policy which provides a lump sum death benefit of €1,240,000. Pension arrangements for both individuals include an entitlement to pension in the event of ill health or disability, and a spouse's or dependant's pension on death, on terms similar to these applicable to employees participating in the Dutch Corporate Express Pension Fund.

Mr G. Dean, who is a U.K. citizen, has pension arrangements divided between the U.K. and the Netherlands. His current pension arrangement consists partly of the individual defined contribution plan in place for the Dutch Executive Board members and partly of participation in the defined benefit scheme of Corporate Express UK Ltd., with a retirement age of 61. Mr Dean has a pre-pension arrangement providing for potential retirement from the age of 60 to 62 depending on the agreement of the Supervisory Board, while the pension arrangements in the event of ill health, disability and death are a combination of terms applying to employees participating in the Corporate Express UK Ltd. Pension Fund, and the Dutch members of the Executive Board.

Other benefits and allowances

Members of the Executive Board enjoy similar benefits to many other employees of the Corporate Express Group. These may include subsidised medical insurance, the use of company cars, and an allowance to cover small out-of-pocket expenses not covered by the reimbursement of their business entertaining expenses and contributions as part of certain deferred compensation schemes.

The Company does not grant personal loans or guarantees to members of the Executive Board and no loans and guarantees are outstanding as per 31 December 2007.

Employment contracts of members of the Executive Board

The members of the Executive Board have employment contracts with Corporate Express NV. Employment contracts and the main conditions of employment for members of the Executive Board are reviewed annually. The employment contracts with the members of the Executive Board are for an indefinite term. Notice periods of up to six months have been set for each Executive Board member.

The contract with Mr P.J. Ventress and Mr F.F. Waller may be terminated at the discretion of the Supervisory Board from the age of 60.

No fixed severance payments have been arranged with the members of the Executive Board except in 'change of control' situations as described below. Corporate Express believes that the circumstances of each case should be taken into account, considering relevant factors such as the reason for the termination, the age of the person in question, and the duration of employment, when determining the amount of severance payment. As a result severance payments could in specific cases exceed the compensation mentioned in the Dutch Corporate Governance Code. The performance by a Board member of his duties will in any event be an important factor.

The current contracts of two of the members of the Executive Board (Mr Dean and Mr Waller) determine that where employment will be terminated in the event of an acquisition of the Company or if actual control passes into other hands (change of control), or in the case of reorganisation, termination of the Company's activities or in any other comparable circumstances that cannot be considered as blameworthy function fulfilment on the part of the Board member concerned, a fixed severance payment will be made. In such cases, compensation will be paid by Corporate Express equivalent to three times the annual fixed salary, and the pension accumulation over a period of three years, will continue. The contract of Mr Ventress does not include this provision, as the Company has previously indicated that this provision will not be included in contracts of new members of the Executive Board appointed after 2006.

For all members of the Executive Board, in case of change of control of the Company, the Supervisory Board may at its discretion allow the granted share options to vest on the date on which the control of the Company passes. The same provision applies to the share options granted to employees of the Company.

Future developments

The CNGC Committee regularly reviews the remuneration policy for members of the Executive Board in the light of Company and market developments and will submit material changes thereto to the Annual General Meeting of Shareholders for approval. As previously indicated the Company has evaluated long term incentive plans, in particular the Corporate Express Incentive Plan and expects to propose to change the Remuneration Policy for Executive Board members to the Annual General Meeting of Shareholders in 2008. The Company will also propose changes to the annual bonus plan and the introduction of a bonus share plan, to promote executive share ownership. Details of the proposals will be included in the explanatory notes to the agenda of the shareholders' meeting.

Remuneration of Executive Board and Supervisory Board 2007

The disclosures in this section are in compliance with the requirements of Title 9, Book 2 of the Dutch Civil Code and the Dutch Corporate Governance Code and, where applicable, have been included in the audit by the External Auditor.

Remuneration of members of the Executive Board 2007

Mr Hoffman resigned from the Executive Board on 29 March 2007 and Mr Koffrie resigned from the Executive Board on 29 September 2007.

Base salary

Remuneration is paid in euros, with the exception of the remuneration of Mr Hoffman, who was paid in US dollars. Correcting for currency translation effects and the period served on the Executive Board, the annualised increase of the base salary costs was approximately 5% compared to 2006. The individual increases took into account regular benchmarking whereby salaries payable to members of the Executive Board were compared with those of other executive directors of similar companies based in the Netherlands, Europe and North America.

Annual performance bonus

Group, divisional and personal targets were set by the CNCG Committee for 2007 as follows:

Group: these were based on the achievement of an earnings per share target.

Divisional: these were based on the achievement of targets for operating result before amortisation and excluding special items, economic value added and sales growth.

Personal: these were based on agreed key objectives relative to the Executive Board member's specific responsibilities.

Bonuses related to 2007 amount to €532 thousand. The Group financial target (based on earnings per share) has not been achieved. With the exception of North America, divisional targets have largely been met. Mr Ventress fully achieved his personal targets. Personal targets for Mr Koffrie, Mr Waller and Mr Dean were not completely achieved. To Mr Koffrie an annual bonus of €46 thousand was paid out, which entirely related to one of his personal targets and which constituted 10% of his total bonus opportunity over 2007. Bonuses in 2006 amounted to €1,239 thousand.

Other incentives

The other incentives in 2007 include a special award for Mr Ventress. Upon his appointment as CEO, Mr Ventress has been granted 43,605 ordinary shares in the Company in order to further emphasise the alignment between the objectives of the CEO with the value-creation objectives of the shareholders. The number of shares has been determined by dividing the amount of the award (50% of his base salary as CEO, i.e. €300 thousand) by the volume weighted average share price over the period of two weeks after the announcement of the 2007 Q3 results. Mr Ventress has committed to retain these shares for a period of three years. The actual transfer of the shares has taken place in 2008.

A special bonus was paid to Mr Dean in the amount of €42 thousand in relation to his added responsibility for North America in the course of the year.

A special bonus was also made to Mr Waller recognising his efforts in a number of one-off projects.

Pension arrangements and other deferred income

Pension charges of €430 thousand in 2007 (€691 thousand in 2006) consist of payments made to the relevant defined contribution pension arrangements and certain deferred income schemes.

Severance payments

When the amount of severance payment for a member of the Executive Board is determined as per the remuneration policy, the circumstances of each case should be taken into account, considering relevant factors such as the reason for the termination, the age of the person in question and the duration of the employment. For both Mr Koffrie and Mr Hoffman this policy was applied. For Mr Koffrie it was decided to apply the customary practice in the Netherlands on calculating severance payments (the so-called Cantonal Court Formula or 'kantongerechtsformule'), taking into account his age, duration of employment, performance and level of remuneration. Including the six months' notice period, the overall payment amounted to €3 million gross. Separately a bonus over 2007 of €46 thousand has been paid out in 2008 (see 'Annual performance bonus'). Mr Hoffman stepped down as member of the Executive Board on 29 March 2007. Including a salary continuation arrangement until 3 May 2009 and certain accrued incentives, the overall severance payment made to Mr Hoffman was US\$2.1 million (€1.5 million).

	Base salary		Annual bonus(1)		Other incentives(2)		Deferred income(3)	
	2007	2006	2007	2006	2007	2006	2007	2006
in thousands of euros								
P.J. Ventress(4)	346	n/a	(70%) 229	n/a	300	n/a	46	n/a
F.F. Waller	464	434	(25%) 70	(85%) 221	41		168	162
G. Dean	462	431	(67.5%) 187	(95%) 246	42		88	239
Subtotal	1,272	865	486	467	383		302	401
F.H.J. Koffrie(5)	461	575	(10%) 46	(80%) 345			128	176
M.S. Hoffman(6)	132	577	n/a	(74%) 427		1,608		114
Total	1,865	2,017	532	1,239	383	1,608	430	691

- (1) The percentage in parenthesis represents the % score of the total bonus opportunity for the individual that was awarded over the respective year's performance, paid out in the first quarter of the following year.
- (2) Other incentives are remunerations or accruals for remunerations, such as any cash long term incentive payments or special awards that were granted.
- (3) Deferred income consists primarily of defined contribution premium paid.
- (4) Appointed Executive Board member as per 12 April 2007 with base salary €420,000; CEO as per 1 October 2007 with base salary €600,000.
- (5) Member of the Executive Board until 29 September 2007.
- (6) Until 29 March 2007.

Share options for the members of the Executive Board

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At the end of 2007, the members of the Executive Board held option rights on 497,026 Corporate Express ordinary shares that were granted under the Corporate Express Incentive Plan and the New Corporate Express Incentive Plan. The table below shows the movements in the number of outstanding option rights for each member of the Executive Board.

In 2005, the number of options as well as the exercise price of the options granted up to and including in 2004 has been adjusted by a factor 0.9456 to compensate for the dilution effect caused by

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the rights issue in the first quarter of 2005. The aggregate number of options outstanding at that time for members of the Executive Board increased by 44,272. The adjustment factor that was applied is derived from the 'Theoretical Ex-Rights Price' (TERP) of the Corporate Express share. The fair value of these options has not changed as a result of the application of the adjustment factor.

Under Dutch fiscal rules, management receiving options could under the Corporate Express Incentive Plan up to and including 2003 elect to accept a higher exercise price (33.3% higher in 2003). The base exercise price for these option series was set at €2.70 in 2003, equalling the share price at close of business on the Amsterdam Stock Exchange on 2 May 2003, as adjusted (see above).

	1 January 2007	Granted during the year	Fair value of grant in euro(1)	Granted in 2007	Exercised in 2007	Expired in 2007	Adjusted number of options vesting(2)	Outstanding 31 December 2007
P.J. Ventress	6,343	2002	79,985			[6,343]		0
	8,029	2003	10,036					8,029
	9,722	2004	47,638				[4,861]	4,861
	9,712	2005	46,618					9,712
	17,500	2006	115,850					17,500
		2007	198,000	45,000				45,000
	51,306			45,000		[6,343]	[4,861]	85,102
G. Dean	37,002	2002	221,550			[37,002]		0
	37,002	2003	46,200					37,002
	44,402	2004	217,570				[22,201]	22,201
	44,402	2005	213,574					44,402
	45,000	2006	297,900					45,000
		2007	198,000	45,000				45,000
	207,808			45,000		[37,002]	[22,201]	193,605
F.F. Waller	31,716	2002	189,900			[31,716]		0
	31,716	2003	39,600					31,716
	44,402	2004	217,570				[22,201]	22,201
	44,402	2005	213,574					44,402
	60,000	2006	397,200					60,000
		2007	264,000	60,000				60,000
	212,236			60,000		[31,716]	[22,201]	218,319
Total	471,350			150,000		[75,061]	[49,263]	497,026