

DECLARATION OF COMPLIANCE 2008
BY THE SUPERVISORY BOARD AND THE BOARD OF MANAGEMENT
OF AWD HOLDING AG
WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Supervisory Board and the Board of Management of AWD Holding AG welcome the German Corporate Governance Code of the Government Commission and make the following declaration:

Declaration by the Supervisory Board and the Board of Management of AWD Holding AG of compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act

Pursuant to Section 161 of the German Stock Corporation Act, the Supervisory Board and the Board of Management of AWD Holding AG declare, following separate resolutions by the Supervisory Board and the Board of Management, that the recommendations of the German Corporate Governance Code of the Government Commission as amended on 6 June 2008 will be fully complied with in the future with the exception of the following deviation.

- The recommendation of Section 7.1.2, Sentence 4 of the German Corporate Governance Code as amended on 6 June 2008, according to which "*interim reports shall be made publicly accessible within 45 days after the end of the reporting period*", will from today's perspective not be complied with solely in relation to the reporting on the first half of 2009.

Since the last declaration of compliance of 13 September 2007, which referred to the German Corporate Governance Code as amended on 14 June 2007, AWD Holding AG has fully complied with the recommendations of the German Corporate Governance Code with the exception of the following deviations:

- The recommendation of Section 5.3.3 of the German Corporate Governance Code as amended on 14 June 2007, according to which "*the Supervisory Board shall form a Nomination Committee, which is composed solely of members representing the shareholders and which proposes to the Supervisory Board suitable candidates to be proposed to the Annual General Meeting for election to that Board*", was not complied with in connection with the election proposals for the Annual General Meeting held on 4 June 2008. The declaration of compliance for the year 2007 was updated accordingly on 23 April 2008.
- The recommendation of Section 7.1.2, Sentence 3 of the German Corporate Governance Code as amended on 14 June 2007, according to which "*interim reports shall be made publicly accessible within 45 days after the end of the reporting period*", was not complied with solely in relation to the reporting on the first half of 2008. The declaration of compliance for the year 2007 was updated accordingly on 17 June 2008.
- The recommendation of Section 4.2.3, Sentence 2 of the German Corporate Governance Code as amended on 14 June 2007, according to which "*the monetary remuneration (of the members of the Board of Management) shall include fixed and variable components*", was not complied with in connection with some of the contracts of service of Board of Management members that were newly concluded in 2008. Due to the process of strategic further development and of the expansion of the Board of Management from

three to seven members in September 2008, the year 2008 is to be regarded as a year of transition with regard to remuneration policy. From today's perspective, this Code recommendation will be complied with in 2009.

AWD Holding AG

Hanover, 18 December 2008

Supervisory Board and Board of Management

This document is a convenience translation of the original German "Entsprechenserklärung". Only the German version is legally binding on AWD Holding AG.