



## Declaration of Compliance

### **Declaration of Compliance with the German Corporate Governance Code in Accordance with Article 161, German Stock Corporation Law (AktG)**

Passed in February 2002 and amended on June 14, 2007, the German Corporate Governance Code contains recommendations and proposals for managing and monitoring German listed companies in relation to shareholders and the AGM, the Executive and Supervisory Boards, transparency, accounting and auditing. German Stock Corporation Law (AktG) requires the Executive and Supervisory Boards of listed companies to declare each year the recommendations with which they did or do not comply.

Wacker's Executive and Supervisory Boards identify with the aims of the German Corporate Governance Code, supporting responsible, transparent, and sustainable management and control geared towards increasing company value. The following describes how we implement the recommendations.

In accordance with article 161 of German Stock Corporation Law (AktG), the Executive and Supervisory Boards of Wacker Construction Equipment AG declare that, from its IPO on May 15, 2007 to July 20, 2007, the company has complied and complies with the recommendations by the German Corporate Governance Code Commission published by the German Federal Ministry of Justice (BMJ) in the official section of the electronic Federal Gazette on July 4, 2003, as amended on June 12, 2006, and that, from July 21, 2007, it is complying with the recommendations by the German Corporate Governance Code Commission as amended on June 14, 2007 and issued July 20, 2007 (also in the official section of the electronic Federal Gazette), with the exceptions listed below.

The company has deviated and deviates from the Code's recommendations in the following respects:

- 1. Section 3.8:** The Wacker Group's directors and officers' (D&O) liability insurance policies for its Executive and Supervisory Boards have been concluded without a deductible. The company does not believe that a deductible would improve the sense of motivation and responsibility with which our Board members perform their duties. D&O insurance safeguards the company against substantial internal risks and protects the assets of members of its organs only as a secondary function.



2. **Section 4.2.2:** The Presiding Committee regularly examines and consults on the structure of the Executive Board remuneration system. Regular reports on the activities of the Supervisory Board committees, including the Presiding Committee, are provided at that Board's plenary meeting. The Executive and Supervisory Boards do not see the need for any further consulting or examination of the remuneration system structure in the Supervisory Board plenary meeting.
3. **Section 4.2.3, para. 6:** The AGM does not receive information about the main features of and changes to the remuneration system for Executive Board members.
4. **Sections 4.2.4; 4.2.5; 5.4.7, para. 3; 7.1.3:** The AGM has decided not to publish the income of each individual Executive Board member in the notes to the individual and consolidated financial statements. In line with this, the corporate governance report does not include a remuneration report. Remuneration details for individual Supervisory Board members will also not be published. The Executive and Supervisory Boards consider that the mandatory legal statements provide investors and the public with sufficient information in this area.
5. **Section 5.1.2, para. 2, sent. 3:** The Supervisory Board has not set an age limit for members of the Executive Board. The Supervisory Board members are convinced that individual performance is the defining factor in suitability for company management.
6. **Section 5.3.3:** The Supervisory Board has not formed a nomination committee. The size of the Supervisory Board (four shareholder representatives) does not warrant a dedicated committee for proposing Supervisory Board candidates.
7. **Section 5.4.3, sent. 1 and 3:** In the 2007 AGM, the Supervisory Board was elected by block or list voting, in accordance with legal requirements. For efficiency reasons, election of the Supervisory Board will continue to be by block voting. So that the Supervisory Board can also continue to vote impartially for its chairperson, the proposed candidates will not be announced.
8. **Section 5.4.4:** The Executive and Supervisory Boards consider that in some cases, it may prove beneficial for former Executive Board members to transfer to the Supervisory Board and even chair the Board or certain of its committees. The internal knowledge former Executive Board members have of company operations increases the efficiency of Supervisory Board monitoring. As long as Supervisory Board membership is well-balanced in accordance with the Code, the Executive and Supervisory Boards do not see any disadvantage here.



9. **Section 6.6:** Share ownership by individual members of statutory organs exceeding one percent of shares issued by the company has not been and will not be stated in the corporate governance report. The Executive Board considers that protecting personal and familial privacy takes priority here. Disclosures of the acquisition and sale of company shares by members of the Executive and Supervisory Boards or related parties are made in accordance with legal requirements and published on the company website (as stipulated by article 15a, German Securities Trading Act (WpHG)). This disclosure is not repeated in the corporate governance report.
10. **Section 7.1.2, sent. 3:** The consolidated financial statements (annual financial report) will be prepared and made publicly accessible within the legal deadlines (publication date: April 10, 2007). It is not possible to adhere to the 90-day period for the 2007 consolidated statement due to the additional effort entailed by the company merger with Neuson Kramer Baumaschinen AG. However, the company will endeavor to adhere to the 90-day period in future.

The company complied or complies in full with all other recommendations by the German Corporate Governance Code Commission as amended on June 14, 2007, issued July 20, 2007, and published in the official section of the electronic Federal Gazette.

Munich, March 2008

This declaration of compliance is permanently available to shareholders on the Wacker Construction Equipment AG website at [www.wackerneuson.com](http://www.wackerneuson.com), and will be revised annually. Wacker Construction Equipment AG will make outdated declarations available on its website for a period of at least five years

Wacker Construction Equipment AG  
The Executive and Supervisory Boards

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