

DECLARATION OF CONFORMITY PURSUANT TO SECTION 161 AKTG

The Management Board and Supervisory Board of Progress-Werk Oberkirch AG declare that the Company will comply with the recommendations of the Government Commission on the German Corporate Governance Code as published on May 15, 2012 with the following exceptions:

Code Item 3.8 | D&O Insurance

For the Supervisory Board, the Articles of Association stipulate a deductible equal to half of the fixed annual remuneration of the Supervisory Board member. In the opinion of the Company, this provides an adequate arrangement.

Code Item 4.2.3 | Contracts with Management Board Member

With the extension of management contracts that were concluded before this code item was entered into force, for the protection of established rights, Code Item 4.2.3, paragraph 4 and 5, will not be complied with.

Code Item 5.3.3 | Nomination Committee

The Supervisory Board sees no reason for the formation of a Nomination Committee. Since the Supervisory Board consists of only six members, it is considered appropriate that the entire Supervisory Board deals with the nomination of Supervisory Board candidates.

Code Item 5.4.1 | Composition of the Supervisory Board

The Supervisory Board aims to bring the different professional and specialist knowledge and experience together in the Supervisory Board, especially in the areas of the automotive sector, finance, and commercial law. In view of the low number of Supervisory Board members, for practical reasons it is not possible to consider further issues with this formation. Insofar, there are deviations from the requirements of Item 5.4.1. In particular, there is currently no age limit for member set for members of the Supervisory Board. The Company will continue to refrain from setting an age limit for Supervisory Board members, as this would limit the selection of qualified candidates.

The Supervisory Board has refrained from setting a specific number of "independent" Board members as referred to in Item 5.4.1 (2), since in practice there is no uniform definition in the interpretation of the term "independent". Based on the current assessment of the Supervisory Board together with the employee representatives, all Supervisory Board members shall be regarded as "independent" for the purposes of Item 5.4.2.

Code Item 5.4.6 | Remuneration of Supervisory Board Members

For Committee membership, the Board members receive the attendance fee set out in the Articles of Association and no additional compensation.

The recommendations of the government commission on the German Corporate Governance Code in the version of May 15, 2012 (published on June 15, 2012), and in the version of May 26, 2010 (published on July 2, 2010) have been complied with since the submittal of the last declaration in accordance with Section 161 AktG in December 2011 with the exception of the described items.

Oberkirch, December 2012

Progress-Werk Oberkirch AG

The Supervisory Board

The Management Board