

CORPORATE GOVERNANCE REPORT

As is normal practice, the Executive Board and Supervisory Board of Tognum AG monitored closely all matters relating to Corporate Governance in the 2009 financial year, in particular the recommendations of the German Corporate Governance Code, hereinafter referred to as the Code or GCGC. Corporate Governance stands for management and control of companies that is geared towards responsible and long-term value creation. We therefore not only implement the recommendations of the Code in virtually every respect, but also the suggestions it contains. The basic principles and rules of the Code also determine the corporate guidelines of Tognum AG.

SHAREHOLDERS AND ANNUAL GENERAL MEETING. Tognum AG shareholders exercise their rights at the Annual General Meeting. In accordance with Article 20 (1) of the Articles of Association of the company, each share carries one vote. The Annual General Meeting takes decisions on all the duties conferred upon it by the law and by the Articles of Association. During the preparation and in the course of the Annual General Meeting, one of our prime concerns is to make it easy for all shareholders to exercise their rights. All documents and information relating to the Annual General Meeting and the annual report are available for download from the company's website at www.tognum.com. At the Annual General Meeting itself, shareholders are given the opportunity to exercise their voting rights in person or to grant proxy voting rights to a third party of their choice or to a proxy nominated by the company with voting instructions. Proxy voting instructions can be issued to the proxy nominated by the company before and during the Annual General Meeting until the end of the general debate.

EXECUTIVE BOARD. In accordance with the Articles of Association, the Executive Board consists of at least two persons; the Executive Board currently has five members. It has sole responsibility for managing the company, and is appointed, monitored and advised by the Supervisory Board. Its bylaws regulate the detailed work performed by the Board, the areas of responsibility of the individual Executive Board members, matters reserved for the Executive Board as a whole, and decision-making procedures. The assignment of board divisions is shown in detail on page 6 of the annual report and in the notes on page 172.

Five Executive Board members

SUPERVISORY BOARD. In accordance with the Articles of Association, the Supervisory Board of Tognum AG consists of twelve members. In compliance with the Co-Determination Act, the shareholders and employees are represented on the Supervisory Board by an equal number of members. In accordance with the bylaws for the Supervisory Board, at least two meetings of the Supervisory Board are held every six months. The chairman of the Supervisory Board coordinates the Board's work. In order to increase the effectiveness and to respond quickly to unexpected developments, the Supervisory Board has set up four committees to provide support: the Executive Committee, the Audit Committee, the Mediation Committee and the Nominations Committee. Detailed information on the work performed by the individual Committees is included in the report of the Supervisory Board beginning on page 12. The Annual General Meeting passes a resolution each year to discharge the members of the Supervisory Board from their liabilities.

Four committees to support the Supervisory Board

RESPONSIBLE WORKING RELATIONSHIP BETWEEN EXECUTIVE BOARD AND SUPERVISORY BOARD. The Executive Board and the Supervisory Board work closely with each other to further the interests of the company. The common goal of the Executive Board and Supervisory Board is to achieve a sustained increase in shareholder value. The Executive Board informs the Supervisory Board regularly, promptly and in full on all issues relating to corporate planning, business performance, the risk situation and risk management that are of relevance to the company. In the event that deviations occur between targets and forecasts in the course of the company's business, the Executive Board notifies the Supervisory Board immediately. This also applies when changes are made to the strategy and development of the Group. Significant business transactions require the approval of the Supervisory Board.

Executive Board and Supervisory Board have a close working relationship

More details on the functioning of and the working relationship between the Executive Board and Supervisory Board and their Committees are included under “Details of the workings of the Executive Board and Supervisory Board, including the composition and workings of their committees” in the declaration on corporate management, which is published in our Group Management Report beginning on page 84.

APPROPRIATE RISK MANAGEMENT. With the aid of its risk management system, Tognum AG is able to systematically identify risks at an early stage, to assess them and take the appropriate action. We constantly improve this risk management system and adapt it to the changing situation. Details are included in the “Opportunities and Risk Report” beginning on page 86 of the annual report.

FINANCIAL REPORTING AND AUDITING. The group financial statements for the Tognum Group are prepared in accordance with the principles of the International Financial Reporting Standards (IFRS). We prepare the individual financial statement for Tognum AG which is relevant for the dividends and taxes in accordance with the requirements of the German Commercial Code (HGB). The Annual General Meeting held on 9 June 2009 appointed PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Stuttgart as the auditors for the 2009 financial year. Prior to the appointment, the Supervisory Board ensured that there was no doubt as to the auditors' independence. It was agreed with PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Stuttgart for the year under review that the chairman of the Audit Committee would be immediately notified of any grounds for disqualification or partiality occurring during the audit if these could not be immediately rectified. In the event that the auditors, in the course of the audit, become aware of findings or incidents that are of significance to the duties of the Supervisory Board, the Supervisory Board will be notified immediately.

Compliance of great importance

COMPLIANCE. Tognum AG attaches great importance to compliance in terms of measures taken to ensure adherence to the law, statutory provisions and internal company guidelines, including their observance by companies within the Group.

For this purpose, a Compliance Council has been set up that consists of the Group's senior corporate executives. It is responsible for taking care of and developing the compliance organisation of Tognum AG and the Tognum Group as required and to meet corporate needs. A whistleblower hotline has also been set up, which any employee and even third parties can use to report on possible violations of the law or guidelines in the Group's companies. In addition, those working for the company who by the nature of their work have access to insider information are included in an insider directory, after having first been instructed on any obligations resulting from insider law.

Remuneration Report

Remuneration of the Executive Board

The Supervisory Board has authorised the Executive Committee to prepare the deliberations of the Supervisory Board regarding the remuneration structure for the board of directors and its annual review. The entire Supervisory Board decides on the remuneration system and determines the appropriate salary to be paid. The Supervisory Board also reviews the structure on an annual basis and ensures that the individual remuneration components are always appropriate. In its meeting held on 10 August 2009, the Supervisory Board dealt with new legislation resulting from the German Act on the Appropriateness of Management Board Remuneration (VorstAG), which had been adopted on 5 August 2009, particularly in view of the fact that the remuneration for the Executive Board is to be aligned to a sustainable corporate governance. In the opinion of the Supervisory Board, the current system used for the Executive Board's remuneration already meets the objectives of the new legislation to a large degree. Nevertheless, the Supervisory Board will consider the further development of the

Executive Board remuneration system and the new legal requirements in and for the 2010 financial year.

Remuneration structure. The total remuneration for the members of the Executive Board is specified by the entire Supervisory Board, based on a performance assessment and taking into account any payment by companies within the Group, and in the year 2009 amounted to 4,711,510 euros (previous year: 3,383.888 euros) excluding pension commitments. The structure of the remuneration for the Executive Board is based on the Group's size and global focus as well as on its business and financial position. In addition to the duties and responsibilities of the individual directors, the following criteria apply to the remuneration: personal performance and the achievement of individually agreed financial targets, plus the general financial position and expected development of the company. The remuneration structure is ultimately based on the general background conditions that are usual and appropriate in the competitive environment and in society.

As a matter of principle, the directors' remuneration is composed of fixed and success-related components.

Fixed components. The basic remuneration consists of the annual salary, fringe benefits and pension commitments. The annual salary is paid out on a monthly basis as a fixed salary. The fringe benefits essentially include the use of company cars, insurance premiums, subsidies to pension, health and care insurance, and costs for security arrangements.

Success-related components. The amount of the success-related components is based on the performance of the respective member of the Executive Board as well as on the company's success. Individual performance is based on the degree to which the objectives agreed between the chairman of the Supervisory Board and the respective member of the Executive Board at the beginning of the year were achieved. The success-based remuneration is paid out at the end of the respective financial year as soon as the degree of performance regarding the objectives has been determined.

Geared to performance

Specifically, 40% of the success-based remuneration of three current members and one retired member of the Executive Board is related to the Group's performance and is based on "Earnings before interest, taxes, depreciation and amortisation ("Konzernerfolg") and 40% is related to the group cash flow based on "Operating cash flow before interest and taxes" ("group cash flow"). The remaining 20% are related to the achievement of individual objectives.

In the case of one member of the Executive Board, the success-based remuneration is based on 30% of the “Konzernerfolg”, 20% of the result of the *Onsite Energy & Components* business unit and 30% on the group cash flow. Individual objectives contribute an additional 20%. In the case of another member of the Executive Board, 30% of the success-based remuneration is based on the “Konzernerfolg”, 20% on the result of the *Engines* business unit and 30% on the Group cash flow. Individual objectives contribute an additional 20%.

Objective: adjustment of remuneration structure to sustained corporate development

Long-term remuneration. For a long time, Tognum AG has pursued the objective that has now been codified by the legislature of basing the remuneration structure on sustainable corporate development. As a result, the Executive Board participates in the Long-Term Incentive Concept (known as the LTIC programme), a share-based remuneration concept. This is a remuneration concept for members of the Executive Board and level 2 and 3 executives, with incentives and achievement levels based on the company’s sustainable performance. The Supervisory Board approved this concept, which is intended to bind decision-makers to the company for a longer term, in the 2007 financial year.

In its meeting on 9 November 2009, the Supervisory Board gave its approval to continue the programme, with the result that the LTIC programme will continue unchanged in 2010.

More details of the LTIC programme are provided in the notes to the group financial statements beginning on page 138 of this annual report under “Share-based payments”.

No loans were granted to members of the Executive Board in the year under review.

Remuneration of the Executive Board (individualised) for 2009

	Fixed remuneration		Success-related remuneration		Long-term remuneration	Total
	Salary	Other (fringe benefits)	Bonus	Other	Vested share from LTIC 2008–2012 and from LTIC 2009–2013, and dividend equivalent 2009	
in EUR						
Volker Heuer	635,000	53,732	638,850	0	312,539	1,640,121
Joachim Coers	420,000	49,497	395,250	0	98,700	963,447
Dr.-Ing. Gerd-Michael Wolters	90,000	68,213	63,750	0	24,742	246,705
Rainer Breidenbach	300,000	39,260	231,550	0	65,788	636,598
Christof von Branconi	270,000	36,557	216,650	0	68,850	592,057
Dr. Ulrich Dohle	288,747	28,102	286,750	0	38,334	641,933
Total	2,003,747	275,361	1,832,800	0	608,953	4,720,861

Remuneration of the Executive Board (individualised) for 2008

	Fixed remuneration		Success-related remuneration		Long-term remuneration	Total
	Salary	Other (fringe benefits)	Bonus	Other	Vested share from LTIC 2008–2012	
in EUR						
Volker Heuer	614,000	63,910	452,700	0	66,988	1,197,598
Joachim Coers	400,000	55,308	265,500	0	27,751	748,559
Dr. Ing. Gerd-Michael Wolters	270,000	49,415	114,000	0	19,981	453,396
Rainer Breidenbach	250,000	40,403	231,840	0	22,201	544,444
Christof von Branconi	227,000	47,585	140,890	2,215	22,201	439,891
Total	1,761,000	256,621	1,204,930	2,215	159,122	3,383,888

Allotments under the LTIC programme

	Allotted values as of 31.12.2008	Allotted number of phantom shares as of 31.12.2008	Values allotted in 2009	Number of phantom shares allotted in 2009	Allotted values as of 31.12.2009	Allotted number of phantom shares as of 31.12.2009
	in euros		in euros		in euros	
Volker Heuer	400,000	24,922	444,500	52,666	844,500	77,588
Joachim Coers	250,000	15,576	252,000	29,858	502,000	45,434
Dr.-Ing. Gerd-Michael Wolters	180,000	11,215	0	0	180,000	11,215
Rainer Breidenbach	200,000	12,461	150,000	17,773	350,000	30,234
Christof von Branconi	200,000	12,461	162,000	19,194	362,000	31,655
Dr. Ulrich Dohle	0	0	150,150	17,790	150,150	17,790
Total LTIC	1,230,000	76,635	1,158,650	137,281	2,388,650	213,916

PENSION BENEFITS FOR MEMBERS OF THE EXECUTIVE BOARD. The members of the Executive Board are entitled to a company pension if they retire from the company on or after reaching 60 years of age. They shall also be entitled to a company pension if their employment contract is not renewed, is terminated prematurely by mutual agreement, or terminated by the company by means of the appropriate notice, without premature termination of the contract being for good cause attributable to the person in question. The amount of the annual retirement pay depends on the executive board member's length of service. Dependents are also covered.

Corporate pension plan**Pension benefits for members of the Executive Board in the 2008 and 2009 financial years**

Tognum AG In EUR	Retirement pay regulation	Service cost 2008	Service cost 2009
Volker Heuer	Absolute monthly contributions, sliding during the first three years, according to pension agreement	281,666	262,304
Joachim Coers	Absolute monthly contributions, sliding during the first three years, according to pension agreement	52,652	45,128
Rainer Breidenbach	50% of the previous monthly salary; in the event of an early retirement and corporate management up to 3 years: 30%, as of the 4th year: 35%	175,670	163,978
Christof von Branconi	50% of the previous monthly salary; in the event of an early retirement and corporate management up to 3 years: 30%, as of the 4th–10th year: 35%, as of the 11th year: 50%	118,262	101,379
Dr. Ulrich Dohle	50% of the previous monthly salary; in the event of an early retirement and corporate management up to 3 years: 15%, as of 4th–5th year: 30%, as of 6th–7th year: 38%; as of 8th year: 50%	0	370,708
Total		628,250	943,497

The monthly pension payments are fixed in the pension agreements. We adjust the amount every two years to come in line with the development of the cost of living. We continuously take into account changes in the law. Tognum AG has created pension reserves for the entitlements of members of the Executive Board to pension payments. During the year under review, Tognum AG transferred 943,497 euros (previous year: 628,250 euros) for active members of the Executive Board into the pension reserves (current service cost).

Pension reserves were set aside

For pension obligations to former members of the senior management of MTU Friedrichshafen GmbH or their surviving dependents, MTU Friedrichshafen GmbH expended 349,521 euros (previous year: 339,000 euros) in the 2009 financial year. As at 31 December 2009, the appropriate pension reserves for pension payments totalled 3,594,540 euros (previous year: 3,550,000 euros).

For pension obligations to former members of the Executive Board of Tognum AG, 90,000 euros (previous year: 0 euros) were expended in the 2009 financial year. As at 31 December 2009, our pension reserves for pension payments totalled 1,654,922 euros (previous year: 0 euros).

Remuneration of the Supervisory Board

**Annual General Meeting
decides on remuneration of
Supervisory Board members**

The Annual General Meeting determines the remuneration for the members of the Supervisory Board. The amount of the remuneration is based on the responsibility and the scope of activity of the respective members. The financial situation and the success of Tognum AG are also determining factors. The remuneration is composed of a fixed and a success-based component.

Remuneration structure. In the financial year just ended, the members of the Supervisory Board received a total of 342,839 euros (previous year: 653.628 euros). There were no other remuneration payments in the year under review. The remuneration for the members of the Supervisory Board is composed of a fixed and a profit-based component.

Fixed component. Each member of the Supervisory Board is entitled to receive a basic annual remuneration of 15,000 euros. The chairman of the Supervisory Board receives 1.5 times and the deputy chairman 1.25 times the amount of the fixed component of an ordinary member.

Each member of the Supervisory Board who is also a member of a committee receives an additional fixed remuneration amounting to 2,000 euros per year. The chairmen of the committees receive an additional fixed annual remuneration of 5,000 euros, with their deputies receiving 2,500 euros.

Members are also entitled to a reimbursement of any reasonable expenses and to an attendance fee for meetings of the Supervisory Board and its committees. The attendance fee amounts to 1,000 euros for each meeting, but may not exceed 1,500 euros for each calendar day.

Profit-based component. In addition, each member receives a profit-based remuneration amounting to 200 euros for each cent by which the value calculated for the adjusted earnings per share exceeds 1.00 euro (previous year: 1.00 euro). In 2009, these adjusted earnings per share amounted to 0.92 euros and were, thus, below the minimum threshold of 1.00 euro. Since the adjusted earnings per share are under 1.00 euro, the profit-based remuneration is not applicable.

In addition, the remuneration for chairmen/deputy chairmen of the committees and ordinary members of committees will be credited against the previously mentioned basic salary and profit-based component of the chairman and deputy chairman of the Supervisory Board.

Members of the Supervisory Board and Executive Board who have been members of the Supervisory Board or a committee for part of the financial year only will receive remuneration on a pro rata basis.

The individual members of the Supervisory Board were allocated the following amounts in the year 2009 and in the year 2008 for purposes of comparison:

Remuneration of the Supervisory Board (individualised) for 2009

in EUR	Fixed remuneration		Success-related remuneration		Total
	Salary	Other ¹	Bonus	Other ²	
Rolf Eckrodt	22,500	11,000	0	0	33,500
Patrick Müller	18,750	16,500	0	0	35,250
Andreas Bemerl	15,000	5,000	0	0	20,000
Franz Benz	15,000	5,000	0	0	20,000
Heinz Brechtel	17,500	10,000	0	0	27,500
Sune Karlsson	23,000	33,328	0	0	56,328
Dr. Edgar Krökel	20,000	11,000	0	0	31,000
Giulio Mazzalupi	15,000	14,261	0	0	29,261
Dr. Jutta Nübel	15,000	5,000	0	0	20,000
Dr. Cletus von Pichler	15,000	5,000	0	0	20,000
Lilo Rademacher	19,000	11,000	0	0	30,000
Andreas Renschler	17,000	3,000	0	0	20,000
Total	212,750	130,089	0	0	342,839

¹ Attendance fee and withholding tax

² Withholding tax

Remuneration of the Supervisory Board (individualised) for 2008

in EUR	Fixed remuneration		Success-related remuneration		Total
	Salary	Other ¹	Bonus	Other ²	
Rolf Eckrodt	22,500	10,500	60,600	0	93,600
Patrick Müller	18,750	10,500	30,300	0	59,550
Andreas Bemerl	12,042	6,000	16,216	0	34,258
Franz Benz	12,042	6,000	16,216	0	34,258
Heinz Brechtel	17,199	13,500	20,200	0	50,899
Marcus Brennecke	10,945	6,500	9,819	0	27,264
Manfred Frank	3,400	2,000	4,040	0	9,440
Dr. Volker Joos	12,244	7,000	15,150	0	34,394
Dr. Jutta Nübel	3,750	2,000	5,050	0	10,800
Sune Karlsson	21,233	28,121	20,200	9,354	78,908
Dr. Edgar Krökel ³	0	0	0	0	0
Giulio Mazzalupi	15,000	15,724	20,200	9,354	60,278
Manfred Menningen	15,400	6,000	4,040	0	25,440
Udo Philipp	8,181	7,000	9,819	0	25,000
Dr. Cletus von Pichler	14,750	7,000	19,863	0	41,613
Lilo Rademacher	18,494	10,500	20,200	0	49,194
Andreas Renschler	8,025	1,000	9,707	0	18,732
Total	213,955	139,345	281,620	18,708	653,628

¹ Attendance fee and withholding tax

² Withholding tax

³ Voluntary remuneration waiver declaration

The company grants house building loans to employees who have a permanent employment contract. In October 2006, a loan for 3,100 was granted to an employee representative on the Supervisory Board. This loan bears 5% interest and will be redeemed at 18% above the original amount. A balance of 1,186 euros was recognised as at 31 December 2009 (31 December 2008: 1,800 euros).

Shares in Tognum AG held by Executive Board and Supervisory Board members

The direct or indirect holding of company shares by members of the Executive Board and/or the Supervisory Board is to be reported for the individual members, if the number of such shares is greater than 1% of the shares issued by the company.

As at 31 December 2009, Executive Board members of Tognum AG – directly or indirectly – held the following shares:

Executive Board member	Shares (amount)	Shares (%)
Volker Heuer ¹	3,036,956	2.31%
Joachim Coers ¹	3,036,956	2.31%
Rainer Breidenbach ¹	1,687,203	1.28%

¹ The shares are not held personally by the members of the Executive Board but by companies assigned to the members of the Executive Board specified.

The total shareholdings of all Executive Board members relating to the shares issued by the company amounted to 5.91% of all Tognum AG shares as at 31 December 2009.

The total shareholdings of all Supervisory Board members relating to the shares issued by the company amounted to 1.03% of all Tognum AG shares as at 31 December 2009.

INSURANCE FOR MEMBERS OF THE SUPERVISORY BOARD AND EXECUTIVE BOARD OF THE TOGNUM GROUP. The company has taken out property damage insurance and indemnity insurance (D&O liability insurance) for all members of the Supervisory Board and Executive Board. Managing directors and advisory board members of companies inside and outside Germany in which Tognum AG, either directly or indirectly, holds more than 50% of the shares, or is responsible for the corporate management are also included in the D&O liability insurance.

D&O liability insurance to date does not include a deductible, either for members of the executive bodies or for other executives of the Tognum Group. The existing contracts will be adjusted for members of the Executive Board and the Supervisory Board to bring them in line with both the legal requirements and the German Corporate Governance Code in 2010 within the transition period stipulated by the legislature.

No conflicts of interest

AVOIDANCE OF CONFLICTS OF INTEREST. Any transactions or ancillary activities of Executive Board members are to be disclosed to the Supervisory Board without delay and, where necessary, approved by it before being undertaken. Possible conflicts of interest are also to be disclosed to the Supervisory Board by members of the Executive Board and Supervisory Board without delay. The Supervisory Board reports to the Annual General Meeting on any conflicts of interest and their consequences. In the year under review, there were no conflicts of interest either for Executive Board members or Supervisory Board members. However, purely as a precautionary measure, Supervisory Board members Dr. Edgar Krökel and Andreas Renschler agreed not to take part in discussions on specific items of the agenda or to be given the associated documents and minutes. These were related to business transactions that in some cases affected strategic issues and M&A matters.

Open communications and transparency

COMPREHENSIVE INFORMATION FOR SHAREHOLDERS AND THE GENERAL PUBLIC/ TRANSPARENCY. Open communication and transparency have top priority at Tognum AG and as a result strengthen the confidence of the company's shareholders and investors, business partners and employees, and of the general public. To achieve the greatest possible level of transparency, our goal is to inform all institutional investors, private shareholders, financial analysts, employees and interested members of the general public by means of regular, open and timely communications on the current situation of the Tognum Group and on fundamental changes that have taken place within the company and its environment.

The Tognum Executive Board, in accordance with a fixed financial calendar, reports to the shareholders, analysts and media representatives on the business performance and on the financial and earnings situation at least four times during the financial year. The financial calendar, which is available from the company's website, is regularly updated. The scheduled publication dates are also an integral part of the quarterly and annual reports.

As part of our Investor Relations activities, regular meetings take place with analysts and institutional investors, as is the case for example with the annual analyst conferences. We also offer telephone conferences to analysts and potential investors when we publish the quarterly figures, which we also make publicly available on our website.

All key press releases and capital market disclosures of Tognum AG are also published by the company on its website at www.tognum.com.

Declarations of Compliance

The Executive Board and Supervisory Board of Tognum AG, in their meetings held on 14 October 2009 and 9 November 2009, approved the following declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG):

“The Executive Board and the Supervisory Board of Tognum AG hereby declare that the recommendations of the ‘Government Commission of the German Corporate Governance Code’ as published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette are generally complied with (version as amended on 18 June 2009) and have been complied with in the past (versions as amended on 12 June 2006, 14 June 2007 and 6 June 2008), with the exception of the statements made in our 2008/2009 declaration of compliance. The Executive Board and the Supervisory Board of Tognum AG also intend to observe the recommendations of the German Corporate Governance Code in the future.

The following recommendation only has not been and will not be complied with:

Item 3.8 of the German Corporate Governance Code recommends that if a D&O policy (directors' and officers' liability insurance) is taken out for the members of the company's Executive Board and Supervisory Board, an appropriate deductible must be agreed upon. The existing previous D&O liability insurance contract has not contained an appropriate deductible for members of the Executive Board or Supervisory Board. Any adjustment for members of the Executive Board and the Supervisory Board will be made within the transition period provided by law.

In the event that deviations from this statement occur during the current financial year, Tognum AG will immediately update this declaration. The current version of the German Corporate Governance Code can be viewed at <http://www.corporate-governance-code.de/>.

Friedrichshafen, November 2009”

The Executive Board and Supervisory Board of Tognum AG, in their meetings held on 30 October 2008 and 5 November 2008, approved the following declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG):

“The Executive Board and Supervisory Board of Tognum AG hereby declare that the recommendations of the ‘Government Commission of the German Corporate Governance Code’ as published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette are generally complied with (version as amended on 6 June 2008) and were complied with in the past (versions as

amended on 12 June 2006 and 14 June 2007), with the exception of the statements made in our 2007 declaration of compliance. The Executive Board and the Supervisory Board of Tognum AG also intend to observe the recommendations of the German Corporate Governance Code in the future.

The following recommendation only has not been and will not be complied with:

Item 3.8 of the German Corporate Governance Code recommends that if a D&O policy (directors' and officers' liability insurance) is taken out for the members of the company's Executive Board and the Supervisory Board, an appropriate deductible is to be agreed. The current D&O liability insurance contract does not include any reasonable deductible for the members of the Executive Board and the Supervisory Board.

Item 4.2.2 of the German Corporate Governance Code stipulates that the Supervisory Board plenary session, at the suggestion of the committee that deals with Executive Board contracts, is to decide on the remuneration system for the Executive Board, including the material contractual elements, and to review it on a regular basis. The exception to this is a contract concluded immediately after publication of the supplement to the GCGC relating to it. The recommendation will also be followed effective immediately.

Item 4.2.3 (4) of the German Corporate Governance Code further recommends that, when concluding Executive Board contracts, care must be taken to ensure that, in the event of premature termination of the Executive Board duties without just cause, payments made to members of the Executive Board do not exceed the value of two years' remuneration (severance payment cap), including fringe benefits, and do not exceed the remaining term of the contract. When calculating the severance payment cap, the total remuneration of the financial year just ended and, if necessary, the expected total remuneration for the current financial year are to be taken into account. Here again, the exception to this is a contract concluded immediately after publication of the supplement to the GCGC relating to it. The recommendation will also be followed effective immediately.

If any deviations from the present declaration occur during the current financial year, Tognum AG will immediately update this declaration. The current version of the German Corporate Governance Code is available for download at <http://www.corporate-governance-code.de/>.

As a result of the new Accounting Law Modernisation Act, which was passed recently, the declaration of compliance has been supplemented in regard to Item 1 as follows:

The Executive Board and the Supervisory Board are of the opinion that the executive bodies will perform their duties fully with a sense of responsibility and in a motivated manner even without a deductible.

November 2008/June 2009"

Corporate Governance Outlook

Responsible corporate management

The Executive Board and the Supervisory Board of Tognum AG are also required in future to observe the values and principles of good and responsible corporate management – both in terms of their responsibility to society and in the interest of its shareholders. In doing so, we will not only fulfil the mandatory requirements, but will go even further by developing our own corporate guidelines in individual areas whenever it is deemed necessary. In this regard, we will pay particular attention to management and control structures and also to transparency in corporate communications, which we will continuously optimise and adapt without delay to the changing business and market conditions. At the same time, we will also continue to improve our risk management system (see risk report beginning on page 87 of the annual report).

Our goal is to ensure that long-term value creation will continue to determine the thoughts and actions of the corporate management of Tognum AG in the future.