

## **Declaration of conformity pursuant to Art. 161 AktG**

Pursuant to Art. 161 German Stock Corporation Act ("AktG"), the executive and supervisory boards of an exchange-listed stock corporation are required to issue an annual declaration on the extent to which the recommendations of the German Corporate Governance Code Government Commission have been complied with.

In this context, the Executive and Supervisory Boards made the following statement:

### **"Statement made by the Executive and Supervisory Boards of Vossloh AG on the recommendations of the German Corporate Governance Code Government Commission pursuant to Art. 161 AktG**

The recommendations of the German Corporate Governance Code Government Commission, which have been published by the Federal Ministry of Justice in the official part of the digital Federal Gazette, have been and are fully implemented, except for the recommendations indicated hereinbelow, which have not been and will not be applied (whether in full or in part):

(a) Pursuant to Clause 4.2.4, the compensation of Executive Board members should be disclosed as individualized figures in the notes to the consolidated financial statements, broken down into fixed, performance-related and long-term incentive components. However, since Vossloh AG's Executive Board comprises only three members, the Executive and Supervisory Boards believe that the disclosure of individual compensation data will not add any significant transparency to the report and therefore not justify the disclosure-related impairment of the Executive Board members' privacy. Consequently, the Executive and Supervisory Boards have decided not to carry out the recommendation of Clause 4.2.4.

(b) According to the recommendation of Clause 5.4.7, 3<sup>rd</sup> paragraph, 1<sup>st</sup> sentence, the compensation of the Supervisory Board members should be broken down into its components and disclosed on an individualized basis in the Corporate Governance Report. In this case, too, the Executive and Supervisory Boards feel that these disclosures would add no significant transparency to the report and have therefore decided not to follow this recommendation, either in the past or the future.

(c) In accordance with Clause 5.4.3, 3<sup>rd</sup> sentence, candidates proposed to chair the Supervisory Board should be disclosed to the stockholders. When the new Supervisory Board Chairman was elected in September 2005, this disclosure was waived since (i) it was found impracticable and (ii) the election was unrelated to the appointment of Supervisory Board members by the stockholders' meeting.

(d) Under the terms of Clause 6.6, 2<sup>nd</sup> paragraph, of the Code, the total ownership of the company's stock or related financial instruments by Executive Board and Supervisory Board members should be reported if directly or indirectly in excess of 1% of the stock issued by the company. If (only) the entire holdings of all Executive and Supervisory Board members exceed such 1% threshold, the total ownership each of the Executive and Supervisory Board should be reported separately (without any individualization by members). According to Clause 6.6, 3<sup>rd</sup> paragraph, all the disclosures required by Clause 6.6 (including the aforementioned stock ownership, as well as the purchasing and selling transactions of certain board members) should be included in the Corporate Governance Report. Lest the rights of personality of the board members affected (part of Vossloh stock being tied up in a family pool) should be impaired, it has been decided not to implement the aforesaid recommendations of the Code."

Werdohl, December 2005

The Executive and Supervisory Boards