

**Declaration by the Management Board and Supervisory Board
of KHD Humboldt Wedag International AG
in accordance with Section 161 of the German Stock Corporation Act ("AktG")
on the recommendations of the
"Government Commission on the German Corporate Governance Code"**

The Management Board and Supervisory Board of KHD Humboldt Wedag International AG hereby declare that since the last declaration of compliance on March 2, 2012 the recommendations of the German Corporate Governance Code (the "Code") as amended on May 15, 2012 have been complied with and will be complied with in future with the following exceptions:

- The Company has concluded directors' and officers' (D&O) insurance for the members of the Supervisory Board but no deductible has been agreed upon (Code item 3.8 para. 3).

The Company and the Supervisory Board are fully aware and fully accept the due care and diligence required from a prudent and conscientious Supervisory Board member, but they do not see the agreement of a deductible as a suitable measure for enhancing the motivation and sense of responsibility with which the Supervisory Board members perform their duties and functions.

- The payments to be made on premature termination of the employment contract are not limited to two years' compensation and the remaining term of the employment contract (Code item 4.2.3 para. 4).

One of the employment contracts does not include an explicit regulation on severance, whereas the other one limits the severance payment to two years' fixed compensation less regular payments for the remaining term of the contract. In case of premature termination of a management employment contract without serious cause more than two years prior to the normal end of the term of the employment contract both employment contracts do not limit the payments to the value of two years' compensation. In this case

compensation for the remaining term of the employment contract, but no additional severance, has to be paid. The management employment contracts do not provide for such a limitation as the Supervisory Board had deemed this as not advisable. Amicable rescission of a management employment contract having a remaining term of more than two years is hindered significantly in case of a payment cap as in such cases acceptance of the limitation would be disadvantageous to the Management Board member compared with adherence to the employment contract and claiming the ongoing compensation.

- The Supervisory Board has not defined an age limit for its members as recommended by the Code (Code item 5.4.1 para. 2 first sentence).

The Supervisory Board considers extensive business experience from a long business career as beneficial for the competence of the Supervisory Board and the interests of the Company. Therefore, the Supervisory Board decided not to define a specific age limit for its members.

Cologne, February 28, 2013

For the Management Board

For the Supervisory Board

(s) Jouni Salo

(s) Yizhen Zhu

(s) Eliza Suk Ching Yuen