Financial Report 2008

What remains.
What counts.
What's coming.

This report contains forward-looking statements. Forward-looking statements are statements that do not describe facts from the past; they include statements about our assumptions and expectations. Each statement in this report that expresses our expectations, forecasts, intentions or assumptions is a forward-looking statement and thus relates to the future. Such future-oriented statements are based on the plans, estimates and projections that are currently available to the Board of Management of AWD Holding AG. We do not accept any obligation or guarantee to update any such statements in the light of new information or future events. Future-orientated and forward-looking statements are naturally subject to risks and uncertainties. A large number of important factors can contribute to actual future events and developments differing significantly from forward-looking statements. Therefore, we cannot guarantee that assumptions and expectations will prove to be correct. The factors that can cause such deviations include, among others, the circumstances of financial markets in our core business areas and markets, changes in the general economic situation and the competitive situation, exchange-rate and interest-rate fluctuations, changes in national and international legislation, especially pertaining to tax regulations and changes in capital investment or company strategy, and general business risks.

Please note: unless otherwise stated, all of the key figures and statements contained in this Annual Report refer to the continuing operations of the AWD Group excluding the discontinued operation of AWD Home Finance, which was discontinued on 12 December 2008. Unless defined otherwise, the term “AWD Group” in this Annual Report refers to the continuing operations of the AWD Group. 100 % of Deutsche Proventus AG was acquired on 9 December 2008. Due to the consolidation as of the 31 December 2008 the figures for Deutsche Proventus AG are recorded only in the AWD Group balance sheet and in the advisor numbers.

Contents

Report of the Supervisory Board

f.l.t.r.: Dr. Hans Vieregge, Professor Dr. Utz Claassen, Bruno Pfister, Dr. Michael Frenzel, Beat W. Hubacher

The Supervisory Board appoints, monitors, supports and advises the Board of Management. It is directly involved in decisions of major importance to the Company. The Supervisory Board and the Board of Management work in close cooperation for the proper exercise of their various functions. Their shared goals are to secure the Company's continued existence, its leading competitive position and the long-term generation of value.

Collaboration between the Supervisory Board and the Board of Management

In the 2008 financial year, the Supervisory Board of AWD Holding AG regularly advised the Board of Management and monitored the management of the Company in accordance with the provisions of applicable law, the Company's Articles of Association and the Rules of Procedure of the Supervisory Board. The Board of Management regularly reported to the Supervisory Board in written and/or verbal form on the business policy of the AWD Group, the development of business and special occurrences during the year. On each occasion, the current business situation was compared with the relevant corporate planning.

The Board of Management's regular reports to the Supervisory Board were submitted quarterly. Whenever necessary, the Supervisory Board conducted independent inquiries. For this purpose, the Supervisory Board reviewed the written and verbal reports of the Board of Management, validated them, and, after detailed discussion, formed its own opinion as a basis for its decisions. The Supervisory Board was also informed of other matters in written form and in a timely manner.

The Supervisory Board consulted in detail with the Board of Management in the five ordinary meetings held on 13 March 2008, 4 June 2008 (ordinary Supervisory Board meeting of the previous Supervisory Board), 4 June 2008 (constituent meeting of the newly appointed Supervisory Board), 29 September 2008 and 18 December 2008. All of the members of the Supervisory Board attended all of the meetings, with the exception of the ordinary meeting on 13 March 2008, which one member of the Supervisory Board could not attend because of other commitments. The external auditors attended the meeting on 13 March 2008, at which the financial statements for 2008 were adopted. The focus of consultations in the past financial year was on the strategic partnership between AWD and Swiss Life. In the extraordinary Supervisory Board meeting held on 18 January 2008, the Supervisory Board dealt intensively – with the involvement of external consultants – with its reasoned statement of position pursuant to Section 27 of the Securities Acquisition and Takeover Act (WpÜG) concerning the offer made by Swiss Life to the shareholders of AWD Holding AG.

Beyond the Supervisory Board meetings, the Chairman of the Supervisory Board also met regularly with the Board of Management for discussion and information purposes. For this purpose, the Chairman of the Supervisory Board came together with the Board of Management or individual members of the Board of Management for regular separate consultations. Moreover, during the reporting period, eight decisions were made by way of the written circulation procedure and were duly documented in writing.

Personnel changes in the boards

In the context of the takeover of AWD Holding AG by Swiss Life and the resulting further steps in the strategic partnership, personnel changes were made to the Company's Board of Management and Supervisory Board in 2008. The Supervisory Board dealt intensively with the relevant personnel decisions. Numerous related consultations were held between the Chairman and the members of the Supervisory Board.

The period of office of the previous Supervisory Board of AWD Holding AG ended at the end of the Annual General Meeting on 4 June 2008. The Annual General Meeting had decided to appoint the following new members of the Supervisory Board for the period until the end of the Annual General Meeting in the year 2013: Bruno Pfister (who was then elected Chairman of the Supervisory Board), Beat W. Hubacher (who was then elected Deputy Chairman of the Supervisory Board), Professor Dr. Utz Claassen and Manfred Behrens. Furthermore, the previous members of the Supervisory Board, Dr. Michael Frenzel and Dr. Hans Vieregge, were reappointed as members of the Supervisory Board for the period until the end of the Annual General Meeting in the year 2011. The new members of the Supervisory Board succeed to Dr. Carl Hermann Schleifer, Professor Dr. Dr. h.c. Bernhard Servatius, Professor Dr. J.-Matthias Graf von der Schulenburg and Professor Dr. Dr. h.c. Klaus E. Goehrmann. AWD Holding AG thanks the former members of the Supervisory Board for their many years of successful work.

Manfred Behrens, previously Chief Executive Officer Germany of Swiss Life, stepped down from his position as a member of the Supervisory Board effective 19 August 2008 after being appointed on 13 August 2008 as the Company's Co-Chairman of the Board of Management (Co-CEO) with effect as of 1 September 2008. At the Extraordinary General Meeting held on 24 February 2009, Dr. Ivo Furrer, Chief Executive Officer Switzerland of Swiss Life, was appointed as a member of the Supervisory Board to succeed to Manfred Behrens for the remaining period of his appointment, and hence until the end of the Annual General Meeting in the year 2013.

As of 7 January 2008, Nils Frowein was appointed Deputy Chairman of the Board of Management and Chief Financial Officer. By mutual consent, Tobias Grieß stepped down from the Board of Management as of 29 February 2008. The Supervisory Board thanks Mr. Grieß for the services he rendered.

By way of the written circulation procedure, the Supervisory Board decided on 13 August 2008 to expand the Board of Management of AWD Holding AG with effect as of 1 September 2008. Manfred Behrens was appointed Co-Chairman of the Board of Management and exercises his function with equal rights alongside the previous Chairman of the Board of Management Carsten Maschmeyer. In this context, the following new members of the Board of Management were also appointed: Marco Baur as Chief Regional Officer for Switzerland, Dr. Rolf Wiswesser as Chief Regional Officer for Germany and Dr. Martin Jünke as Chief Financial Officer.

Nils Frowein remains Deputy Chairman of the Board of Management and assumes the position of Chief Operating Officer. Wolfgang Prasser was also appointed as a member of the Board of Management, but did not accept his new position. This appointment therefore did not take effect.

The work of the Audit Committee and of the Nomination and Personnel Committee

In order to improve its work, the Supervisory Board formed an Audit Committee in 2002. In the 2008 financial year, the Audit Committee once again carried out its primary task of preparing the resolution of the Supervisory Board on the adoption of the financial statements for the prior year. The Audit Committee held four ordinary meetings in 2008.

For the further improvement of its work, the Supervisory Board additionally formed a Nomination and Personnel Committee in 2007, which dealt in detail during the year under review in particular with the nomination of Dr. Ivo Furrer as a member of the Supervisory Board and with questions of Board of Management remuneration. The Nomination and Personnel Committee held three ordinary meetings in 2008.

The composition of the Supervisory Board, the Nomination and Personnel Committee, and the Audit Committee is shown on pages 60–65 of this annual report in the notes to the consolidated financial statements.

Main topics of consultation in the meetings of the Supervisory Board

The main areas of consultation and review of the Supervisory Board in the 2008 financial year were as follows, in each case with the intensive involvement of and consultations with the Board of Management and, as required, external consultants:

- **A strategic partnership between AWD and Swiss Life** and submission of a reasoned consenting statement of position by the Supervisory Board pursuant to Section 27 of the German Securities Acquisition and Takeover Act (WpÜG) concerning the takeover offer made by Swiss Life to the shareholders of AWD Holding AG.
- **A squeeze-out of the minority shareholders by Swiss Life** in particular in view of the formal request made on 8 January 2009 by Swiss Life to the Supervisory Board to call an Extraordinary General Meeting of AWD Holding AG, at which a resolution would be passed on the transfer of the shares of the remaining minority shareholders to Swiss Life Beteiligungs GmbH in return for appropriate cash compensation

  as well as

- **Conclusion of a profit transfer agreement with Swiss Life** in each case with the Supervisory Board receiving detailed advice from legal counsel and auditors and with a detailed review of the valuation expertise
- **New allocation of Board of Management responsibilities** the business responsibilities and adjustment of the rules of procedure of the Board of Management in connection with the expansion of the Board of Management
- **Development of revenue and earnings** including the consideration of forecasts and the development of the segments of the AWD Group, in particular in the markets of the United Kingdom and Austria
- **The strategic framework of the AWD Group**
- **Dealing with the Company's operative planning**
- **New organisation of AWD in the United Kingdom** with concentration on the core business units of Wealth Management and Corporate Pensions Consulting

The other activities of the Supervisory Board included numerous other consultations and decisions on regular business, some of which specifically requiring the consent of the Supervisory Board.

Corporate governance and the 2008 declaration of compliance: AWD follows the recommendations of the Code with just a few exceptions

The corporate governance report is a component of the notes to the consolidated financial statements and appears on page 59 of this Annual Report 2008. The Supervisory Board and/or the Audit Committee received and dealt with the following reports and issues relating to the Company's own corporate governance:

- **The report of the Corporate Compliance Officer**
- **The AWD review of the preparation of AWD's 2008 declaration of compliance**

Company and consolidated financial statements for 2008

AWD's company and consolidated financial statements for 2008 and the company and group management reports were audited and issued with an unqualified audit opinion by BDO Deutsche Warentreuhand Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, of Hanover, a company of auditors elected by the Annual General Meeting on 4 June 2007 and subsequently appointed by the Supervisory Board.

The relevant financial statements and management reports as well as the external auditors' report were presented to the Supervisory Board and were discussed by the Audit Committee in the presence of the external auditors and the Board of Management in the form of a detailed preliminary appraisal. In its meeting of 18 March 2009, the Supervisory Board reviewed and approved AWD's company and consolidated financial statements for 2008 as well as the company and group management reports for 2008. The financial statements are thus adopted.

The external auditors have issued the Supervisory Board with a declaration of independence in accordance with Clause 7.2.1 of the German Corporate Governance Code. This declaration confirms that no professional, financial or other kinds of relations exist between the firm of auditors and its boards and chief auditors on the one hand, and AWD and its board and committee members on the other hand, which could give reason to doubt the auditors' independence.

The Board of Management has prepared a report on related-party transactions and has submitted it to the Supervisory Board together with the related audit report prepared by the external auditors. The external auditors have issued the following statement on the report of the Board of Management on related-party transactions:

"Following our mandatory review and assessment, we confirm that

firstly, the actual facts of the report are accurate, and

secondly, the consideration paid by the Company in the transactions listed in the report was not unreasonably high."

The Audit Committee of the Supervisory Board explained this report in detail in the presence of the external auditors and the Board of Management and informed the Supervisory Board about the results of the audit. Following its own concluding review, the Supervisory Board raised no objections to the statement of the Board of Management contained in the report on related-party transactions and concurred with the results of the review by the external auditors.

The Supervisory Board thanks the Board of Management, the executives and all of the Group's employees for their successful efforts in a challenging year 2008.

Hanover, 18 March 2009

The Supervisory Board

Bruno Pfister
Chairman

ECONOMIC AND SECTOR DEVELOPMENTS

The consequences of the international finance and credit crisis brought an abrupt end to the economic upswing in the countries of the euro zone in 2008. According to estimates by Germany's Institute for the World Economy (IfW), gross domestic product (GDP) in the euro zone grew by only 0.9 % last year. The IfW forecasts a 2.7 % decline in GDP in 2009. For 2010, the Organisation for Economic Cooperation and Development (OECD) anticipates growth of up to 1.2 %. The currently very gloomy economic prospects are reflected in the development of business confidence in the euro zone; at the end of 2008, it was at its lowest point since the first quarter of 2002.

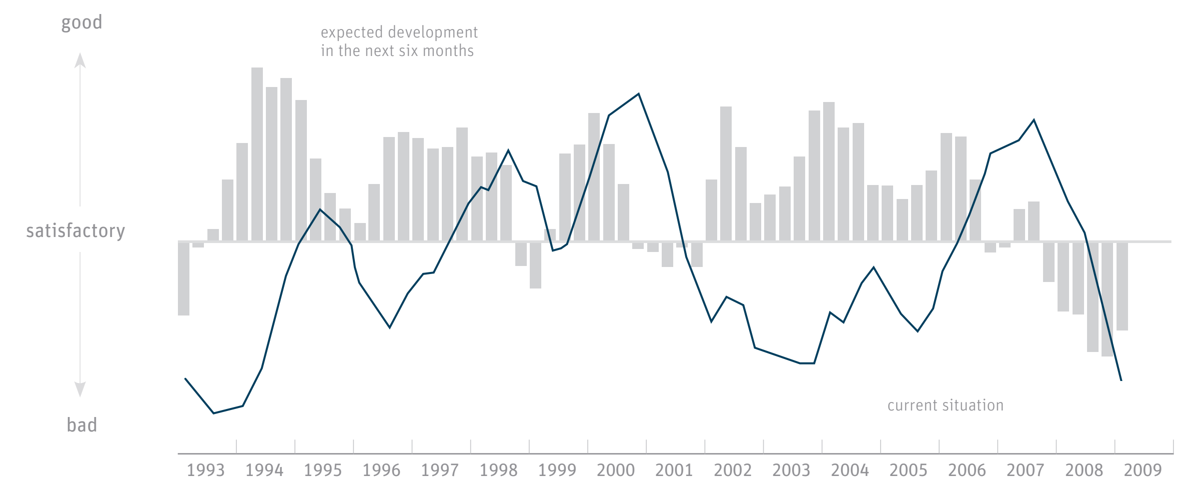
In particular in the second half of 2008, the changed investment behaviour of private customers presented tough challenges for the financial services sector. Private customers reacted to the solvency problems of leading international banks and the sharp drops in share prices and turmoil in the international capital markets with a very liquidity-focused investment approach. This resulted in substantial outflows from equity and bond funds. According to Germany's Federal Association of Investment and Asset Management (BVI), private investors in Germany withdrew some €28 billion from securities in 2008.

The stricter regulatory requirements starting at the end of 2007 – on 1 November 2007 the European Union's Markets in Financial Instruments Directive (MiFID) was introduced and in December the amendments to the German Insurance Contract Act (VVG) were approved – made increased education and training actions necessary, above all in our domestic market, Germany.

The stricter requirements of the Retail Distribution Review issued by the Financial Services Authority (FSA) in the United Kingdom also brought great challenges for AWD's management. Problems with the implementation of regulatory requirements and the substantial worsening of the economic and sector environment were also the main reasons for the repositioning of AWD UK and the related sale of business units that was decided upon in November 2008.

In all core markets, the AWD Group is now once again solely focused on providing its customers with holistic advice and financial planning. This service is based on an individual analysis of each customer's situation and needs. During the advisory process, customers can choose from one of the most comprehensive ranges of producers and products according to the "best-select" principle. In this context, the AWD Group acts as a pure intermediary. AWD brokers solely finance products from renowned banks, insurance companies

Economic situation and expectations in the euro zone



Both assessments of the current situation and expectations for the economic outlook in the next six months worsened again in the euro zone at the beginning of 2009.

Source: ifo World Economic Survey (WES) 1/2009 and investment companies, and refrains from producing, combining or labelling own products. With this “best-select” advisory concept, the AWD Group sets itself apart from the tied agents of insurance companies and banks.

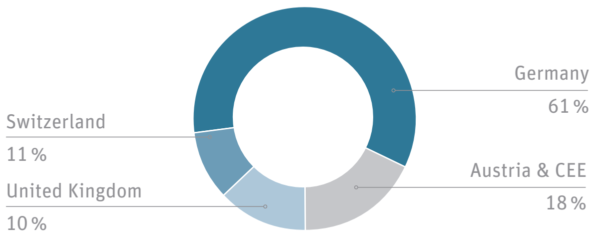
In order to fulfil the differing requirements in its various markets, the AWD Group has developed country-specific advisory and customer-care methods. The training and further training of advisers, the analysis of customers’ needs and the resulting product recommendations are made solely on the basis of the conditions applicable in each individual market. This decentralised principle is reflected in the organisational and legal structure of the AWD Group. Independent companies are active in all of the Group’s markets, whose management bears responsibility for the development of operations and earnings. AWD Holding AG steers the activities of the individual national subsidiaries, making use of several financial and operational indicators. The expansion of the Board of Management optimises the exchange of information on regional business developments in the boards and committees. The most important key figures for management and control are the revenue trend, the EBIT margin, the development of the numbers of advised customers and advisers, and the number of legally independent advisory centres (referred to hereinafter as representative offices). The reporting presented here on business developments in 2008 is based on these internal steering parameters.

PROFITABILITY

Group revenue and earnings

The revenue generated by the continuing operations of the AWD Group totalled €633.0 million in 2008, which was €84.5 million or 11.8 % below the record figure of the prior year. As of 12 December 2008, the British mortgage refinancing unit, AWD Home Finance, was sold by way of a management buyout. This unit, including the discontinued peripheral activities, is therefore shown in this annual report under discontinued operations. Unless otherwise indicated, the figures and details printed in this annual report refer to the Group’s continuing operations, i.e. excluding the sold AWD Home Finance unit; the prior-year figures have been adjusted accordingly. Many regions posted lower revenue than in the year 2007. So as a result of major market turmoil, the AWD Group was unable to continue its organic growth in the reporting period. The Board of Management of AWD Holding AG had already pointed out at the annual press conference on 26 March 2008 that due to significant uncertainties for the AWD Group, 2008 would be a year of transition.

Revenue by region (continuing operations)



Earnings before interest and taxes (EBIT) for the Group’s continuing operations amounted to €19.7 million in 2008. Operating profit thus remained below the record result of the prior year by a significant margin. The operating losses and restructuring expenses in the United Kingdom region, the drop in earnings in the Austria region, and the costs of the recruiting offensive and further adviser-retention actions were too large.

The number of advisers decreased slightly by 296 or 4.7 % to 6,009. These figures include 333 advisers gained through the acquisition of the Proventus Group as well as 67 advisers lost through the sale of AWD Home Finance. The decrease reflects the increased staff turnover particularly in the regions of Austria, Germany and the United Kingdom. The AWD Group also felt the impact of intensifying competition for qualified advisers last year. In the fourth quarter of 2008, there was slight growth in adviser numbers once again, especially in Germany. This resulted from the first success of the recruitment programme started in April 2008. The number of legally independent advisory centres was 513 at the end of the year.

The number of advised customers reached 429,100 in 2008. Due to the crisis of confidence in bank products, this was 51,700 or 10.8 % lower than the relevant prior-year figure. With 181,500 customers advised for the first time, new-customer acquisition was at a high level compared with the rest of the sector. 247,600 core customers who once again sought the support of their AWD advisers with the optimisation of their individual financial planning are evidence of customers' unchanged high need for holistic financial optimisation. Due to the remarkable advisory success considering the highly challenging market environment, the customer base continued its expansion.

The AWD Group

	2008	2007	Change
Revenue	€633.0 million	€717.5 million	-11.8 %
EBIT	€19.7 million	€83.0 million	-76.3 %
EBIT margin	3.1%	11.6%	-8.5 %-points
Advisers	6.009	6.305	-4.7 %
Representative offices	513	491	4.5 %
Customers advised	429,100	480,800	-10.8 %

Earnings per share and dividend

The AWD Group achieved a net profit of €2.1 million from continuing operations in 2008, compared with €55.2 million in the prior year. Earnings per share amounted to €0.05 in the reporting period, and the return on equity after taxes was 4.5 %. The dividend of €58 million for 2007 was distributed in 2008.

The AWD Group

	2008	2007	Change
Net profit	€2.1 million	€55.2 million	-96.2 %
Earnings per share	€0.05	€1.43	-96.5 %
Dividend payment	€0.0 million	€58.0 million	-100%
Group equity	€46.2 million	€120.5 million	-61.7 %
Return on equity	4.5 %	45.8 %	-41.3 %-points

OVERVIEW OF DEVELOPMENTS IN THE SEGMENTS

Germany segment

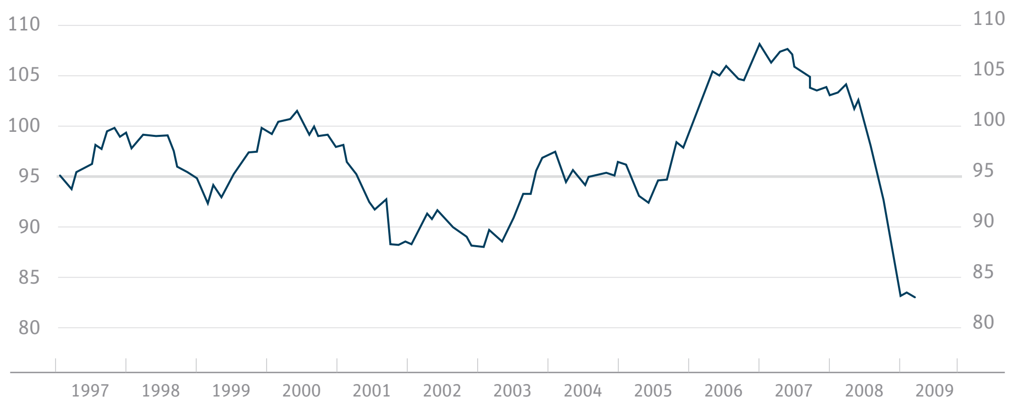
Germany in the grip of the financial crisis

The German economy has been firmly in the grip of the financial crisis since the middle of 2008. In the fourth quarter of 2008, Germany suffered its most severe economic slump since reunification, with gross domestic product (GDP) decreasing by 1.5 %. Whereas GDP in full-year 2008 is likely to have grown by 2.5 %, the German Institute for Economic Research forecasts economic contraction of more than 1 % in the year 2009. The financial crisis has thus had a major impact on the real economy – for the first time in five years, the German economy is in recession once again. Rising unemployment figures show that the crisis has now also spread to the German labour market. Economic experts assume that the situation of the labour market will actually get worse in the coming months – in December alone, the number of unemployed persons rose by 114,000 to 3.1 million. At the same time, the number of new applications for short time working increased to nearly 300,000. The economic downturn is also reflected by the ifo economic climate index, which has fallen to its lowest level for five and a half years and is thus even lower than experts had expected. Economic experts do not anticipate any recovery before the end of 2009 at the earliest. GDP could then grow by 1.1 % in 2010.

Following its bank rescue package in a volume of €500 billion, the federal government has now decided on a second economic stimulus package. With a volume of an additional €50 billion, this package is to include public-sector investment and relief for consumers in the form of reduced taxes and lower non-tax wage deductions. And the significant slowdown of inflation in recent months opens up scope for further cuts in interest rates. The European Central Bank has reduced its main refinancing interest rate to 2.0 % (as of 15 January 2009), while the deposit facility rate is meanwhile down to 1.0 %.

Nonetheless, German business sentiment is deteriorating dramatically. The financial crisis has boosted investors' need for security. According to calculations by DZ Bank, the savings rate in Germany will increase to 11.5 % in 2009, which would be a fifteen-year high. According to the Federal Association for Investment and Asset Management (BVI), investment funds open to the general public recorded outflows of €28 billion in 2008. However, flows of funds into bank deposits in October 2008 reached the record level of 22 times the normal average monthly volume of €1.7 billion. Share prices reacted with a sustained downward trend: During 2008, the main German share index (DAX) lost 40.4 %, while the stock of monetary assets fell by 3.8 % to €4.39 trillion.

ifo business sentiment in Germany, seasonally adjusted (trade and industry [1])



[1] Manufacturing, construction, wholesale and retail

The ifo index of business sentiment in trade and industry was at its lowest point for several years at the beginning of 2009.

Source: ifo Economic Test, February 2009

The extent of the financial crisis and the intensity of investors' reactions indicate that the change in investors' behaviour will be sustained. Experts of DZ Bank expect, however, that in 2009 all forms of investment will profit from the incremental growth of monetary assets, which is to increase from €130 billion in 2008 to €139 billion in 2009.

FORSA, an opinion research institute, confirms this trend: 65 % of Germans want to invest more or at least as much in private pension planning in 2009 as in the prior year. Germans intend to spend less on energy, holidays and restaurant meals. Financial services companies will become even more important in this challenging environment: They can generate value added for customers, because they provide particularly comprehensive and individual advice. The new mediation legislation – MiFID and the German Insurance Contract Act – are raising the requirements placed on the transparency of the advisory process. AWD welcomes this further development and provides intensive training and further training for its advisers. The significantly above-average pass rates for AWD's advisers in the adviser examination of the Chamber of Industry and Trade are evidence of the quality of the training provided by AWD.

Falling value drivers due to market conditions

95,100 new customers sought advice from AWD in Germany in 2008. Particularly in the present crisis, this is clear proof of the high esteem and trust placed in the AWD advisers. Nonetheless, many customers are deferring their investment decisions and holding higher levels of liquidity. The total number of customers advised therefore decreased by 11.9 % compared with 2007 to 233,900. 138,800 existing customers once again sought financial advice from AWD, compared with 265,600 existing customers in the prior year. AWD's total number of advisers in Germany decreased by 3.8 % to 4,091. Primarily due to rising requirements in terms of qualifications, lower-quality advisers are increasingly deciding to leave the profession. To a certain extent, this trend also applied to AWD in 2008.

Stable revenue development relative to sector

In Germany, AWD applies a multi-brand strategy in order to address all of the different customer groups individually. In December 2008, AWD finalised the acquisition of the company Deutsche Proventus AG. The company consolidated for the first time as of 31 December 2009.

The combined revenue of the German companies – AWD GmbH, tecis and Horbach – totalled €385.6 million in 2008, compared with €384.7 million in 2007. There was a positive effect of approximately €20 million in 2008 from the adjustment of revenue accrual required by the integration into Swiss Life's reporting system. A significant success factor for the relatively stable revenue trend compared with the rest of the sector was the holistic and independent advisory approach of the individual companies operating in Germany.

EBIT

The AWD Group achieved EBIT of €72.4 million in Germany in 2008, compared with €75.0 million in 2007. The EBIT margin for 2008 was only slightly lower than the high level of 19.5 % even taking the adjusted revenue accrual into consideration. The stable development of earnings in the Germany region is due to the rising share of state-supported pension products and the high proportion of recurring and other commission.

Key figures for Germany

	2008	2007	Change
Revenue	€385.6 million	€384.7 million	0.2 %
EBIT	€72.4 million	€75.0 million	-3.5 %
EBIT margin	18.8 %	19.5 %	-0.7 %-points
Advisers [1]	4,091	4,251	-3.8 %
Representative offices	435	396	9.9 %
Customers advised	233,900	265,600	-11.9 %

[1] The 4,091 advisers in Germany include 333 Proventus advisers.
Proventus also has 211 active (tied) agentswho constitute a major part of the sales strength of Proventus due to their productivity.
In total, therefore, 544 advisers/active consultants were active for Proventus at the end of 2008.

Austria & CEE Segment

Financial crisis hits Austria and slows growth in CEE

Austria is the door to Central and Eastern Europe. About 300 large companies organise their entire business in Eastern Europe from Vienna. Unlike other countries, Austria recognised the opportunities presented after the fall of the Iron Curtain and made good use of its connections in Eastern Europe. Money earned in the east has made a significant contribution to the modernisation of Austrian companies. Companies' productivity today is much higher than in the United States and at least as high as in Germany. Also in the situation of the international financial crisis, this Eastern Europe bonus has maintained a certain level of optimism in the Austria & CEE region, where growth is expected to remain higher than in Western Europe in the long term.

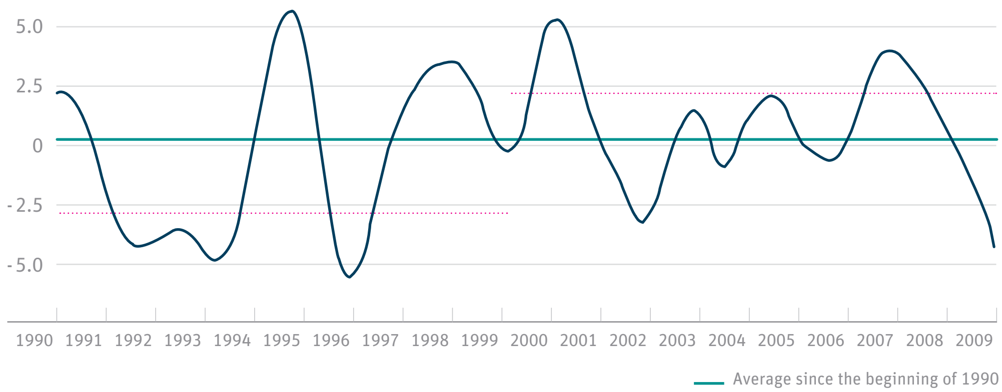
At present, however, the economies of the countries of Central and Eastern Europe are proving to be a risk factor that is hard to assess. Although the domestic economies of the CEE countries are benefiting from strong levels of private consumption and investment, the general sentiment has become somewhat gloomy in all of the Eastern European economies.

Due to the weak global economy, prospects have worsened also in this region. On the one hand, compared with the Western industrialised countries, the CEE countries are contributing towards the growth of the world economy with higher growth rates still forecast for 2009; on the other hand, they are enormously dependent on demand from the other countries of the European Union and are therefore suffering from the weak demand from the West. The CEE indicator, which is calculated weekly by the Centre for European Economic Research (ZEW) in Mannheim with support from Erste Group Bank AG, recently fell by 20.5 points to minus 51.1.

The CEE countries are likely to remain a significant growth driver for the Austrian economy in the future. But in view of the negative impact of the international financial crisis that is dominating in the short term, economic experts anticipate a weakening of gross domestic product in Austria and forecast a GDP fall of 1.2 % in 2009 followed by growth of 0.6 % in 2010.

In Austria, the financial crisis and the resulting loss of confidence are primarily apparent in the investment behaviour of retail investors. Investment funds managed by Austrian investment companies lost value of €37.7 billion in 2009. The volume of the 3,364 investment funds managed by the 24 Austrian investment companies fell by 23.1 % from €163.8 billion at the end of 2007 to €126 billion at the end of 2008, as a result of withdrawals and write downs.

Development of early indicators in Austria (% change compared with prior-year month)



Source: Reuters EcoWin 2009

Split revenue development

The revenue of €114.5 million generated by AWD's Austria and CEE region in 2008 was 30.8 % lower than in the prior year. This drop in revenue was primarily caused by the cautious investment behaviour of our customers in Austria. The CEE region continued to display dynamic growth, even though dynamics weakened in the second half of 2008 due to the general economic environment.

Rising number of existing customers receiving repeat advice

The number of 57,800 new customers gained in the year 2008 is evidence of the undiminished need of the population in Austria and Central and Eastern Europe for independent and holistic financial advice. Despite higher levels of liquidity held by private individuals, they are seeking advice and orientation in an increasingly complex financial landscape. In 2008, the advisers of AWD Austria & CEE provided financial advice to a total of 123,000 customers – a decrease of just 3.8 % compared with the prior year. The number of existing customers who repeatedly sought our advice actually increased in this region. It rose from 62,000 customers in 2007 to 65,200 in 2008. This clearly demonstrates the quality of AWD's advice and the trust that AWD's core customers place in their advisers. The number of advisers in the Austria & CEE region decreased by 82 to 1,260 at the end of last year. Whereas adviser numbers increased significantly in the CEE countries, the Austria region displayed a high level of staff turnover.

EBIT impacted by investment in future expansion

EBIT for the Austria & CEE region amounted to €4.2 million in 2008, compared with €34.7 million in the prior year. The EBIT margin thus fell to 3.7 %. The sharp fall in revenue in the Austria region combined with existing levels of administrative expenses led to a substantial reduction in earnings. EBIT was also reduced by actions taken to gain and retain high-quality advisers. And the expenses incurred for the expansion of advisory capacities in Eastern Europe dampened the earnings trend despite those countries' significant increase in revenue.

Key figures for Austria & CEE

	2008	2007	Change
Revenue	€114.5 million	€165.4 million	-30.8 %
EBIT	€4.2 million	€34.7 million	-87.9 %
EBIT margin	3.7 %	21.0 %	-17.3 %-points
Advisers	1,260	1,342	-6.1 %
Representative offices	38	50	-24.0 %
Customers advised	123,000	127,800	-3.8 %

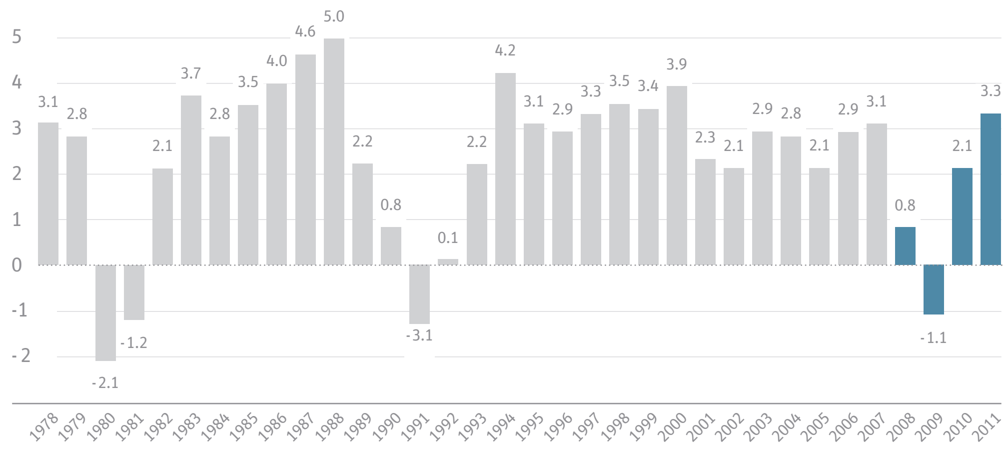
United Kingdom segment

British economy hit hard by global financial crisis

The effects of the global financial crisis have hit the real economy of the United Kingdom particularly hard. The country has been in recession since the third quarter of 2008. Gross domestic product (GDP) decreased by 0.5 % between July and September, ending a 16-year economic upswing. According to economic experts, British economic output is likely to contract by 2.3 % in 2009. The British government does not anticipate a return to growth before 2010.

The intensifying economic consequences of the global credit crisis are particularly apparent in the British real-estate sector, which is very important for the economy as a whole. The Halifax house-price index fell by 14.9 % in November 2008 compared with the prior-year month; this sharpest fall for several decades puts the dramatic situation of the British economy into perspective. In view of banks' highly restrictive credit policy, the number of mortgages granted in October 2008 was 52 % below the prior-year level, according to the Council of Mortgage Lenders (CML). For 2008, an increase in compulsory house auctions to some 45,000 is anticipated. And a number of 75,000 is likely in 2009 – the highest level since the last recession in 1991.

GDP growth in the United Kingdom (in %)



Source: HM Treasury Estimates

The situation of the British labour market also deteriorated significantly last year. The unemployment rate rose to 6 % in the third quarter of 2008, with the number of unemployed persons increasing by 137,000 to 1.86 million. Unemployment in the United Kingdom thus reached the highest level for more than ten years. Market observers see an increase to approximately 3 million by the end of 2009 as not unlikely.

The British government is attempting to counteract the recession with extensive fiscal measures in order to limit the extent of the economic downturn. To help stabilise private consumption, the government reduced value-added tax by 2 percentage points.

Due to the weak economy and the recent fiscal measures, state debt will significantly exceed the government's target of 40 % of gross domestic product in the coming years. This is due also to the extensive financial support provided to stabilise the British banking sector.

The British government has attempted to counteract the banking sector's worsening solvency problem by means of a far-reaching guarantee and support programme. HBOS plc, one of the country's biggest mortgage banks, could only be saved from collapse through the takeover by Lloyds TSB. At the beginning of October, the British state took a stake in three major banks in order to maintain the functionality of the British banking system.

The British central bank, the Bank of England, is supporting the efforts being made to stabilise the banking system with a very offensive interest-rate policy. At the beginning of 2009, the Bank of England reduced its base rate from 2 % to 1.0 %, the lowest level since 1694. Market experts regard a further reduction to 0.5 % by the end of the first quarter of 2009 as quite possible.

The British stock market reacted to the solvency problems of some major British banks and mortgage lenders and to the abrupt end of the economic upswing with drastic falls in share prices. The leading stock index, the FTSE, fell by 31 % over the year. The British pound also lost substantial value in comparison with the euro; it fell by 30 % compared with the end of 2007.

The uncertain economic environment and the increasing burdens of higher credit costs – on average over the year, borrowers needed more than 18 % of their income to pay mortgage interest – continues to cause private customers to adopt an investment policy with a strong focus on liquidity: in the first ten months of 2008, they withdrew approximately £2.5 billion from equity funds.

Refocus on core competence

Due to the effects of the international finance and property crisis in the United Kingdom, the Board of Management of AWD Holding AG decided in November 2008 to reposition the Group's United Kingdom segment. The AWD Group will focus in the UK on the business units of Wealth Management and Corporate Pensions Consulting. The Home Finance business unit, which was hit particularly hard by the consequences of the finance and property crisis, was already sold at the end of 2008, along with other marginal activities.

Increased adviser fluctuation

From January until December 2008, 26,400 customers were advised by the continuing operations in the United Kingdom, compared with 42,400 in the prior year. Of that total, 12,300 were new customers and 14,100 were existing customers who once again sought our advice. The high regulatory requirements and increasing competition for productive advisers, as well as the announced restructuring measures, resulted in a sharp increase in staff turnover. Compared with the end of the prior year, the number of advisers at AWD UK decreased – due partially also to the sale of Home Finance and peripheral activities – to 268.

Lower revenue also in core business units

In a market environment affected by a high degree of uncertainty, the AWD Group posted revenue of €63.6 million in the United Kingdom, compared with €97.0 million in 2007. Both of the core business units, AWD Wealth Management and Corporate Pension Consulting, reported significant decreases in revenue.

Operating profit impacted by compliance expenses

Due to the sharp drop in revenue, the earnings situation in core market the United Kingdom remained unsatisfactory in 2008. In addition to operating losses, high expenses were incurred for the restructuring of the business units. Furthermore, operating profit was also reduced by a fine of €1.6 million imposed upon AWD UK by the FSA. Within the context of restructuring, expenses of approximately €15.0 million were incurred in 2008. Earnings before interest and taxes (EBIT) in 2008 amounted to minus €24.9 million, compared with minus €5.0 million in 2007.

Discontinued operations

By resolution of 11 November 2008, the Board of Management and Supervisory Board of AWD Holding AG decided to restructure the Group's business activities in the British market and to sell some companies and/or operations. In this context, peripheral activities were discontinued and the Home Finance business unit was sold in the fourth quarter of 2008.

In this annual report, the United Kingdom segment is shown divided into "continuing operations" and "discontinued operations". Adjusted figures are shown for the prior year for comparative purposes. The discontinuation of those activities in the United Kingdom resulted in expenses of €16.5 million, comprising an operating loss of €8.2 million, the retirement of net assets of €1.9 million, other costs connected with the discontinuation of operations of €6.7 million and sales proceeds of €0.3 million.

Key figures for the United Kingdom (continuing operations)

	2008	2007	Change
Revenue	€63.6 million	€97.0 million	-34.4 %
EBIT	-€24.9 million	-€5.0 million	<-100 %
EBIT margin	-39.2 %	-5.2 %	-34.0 %-points
Advisers	268	314	-14.6 %
Representative offices	23	28	-17.9 %
Customers advised	26,400	42,400	-37.7 %

Switzerland segment

Downward economic trend also affects Swiss economy

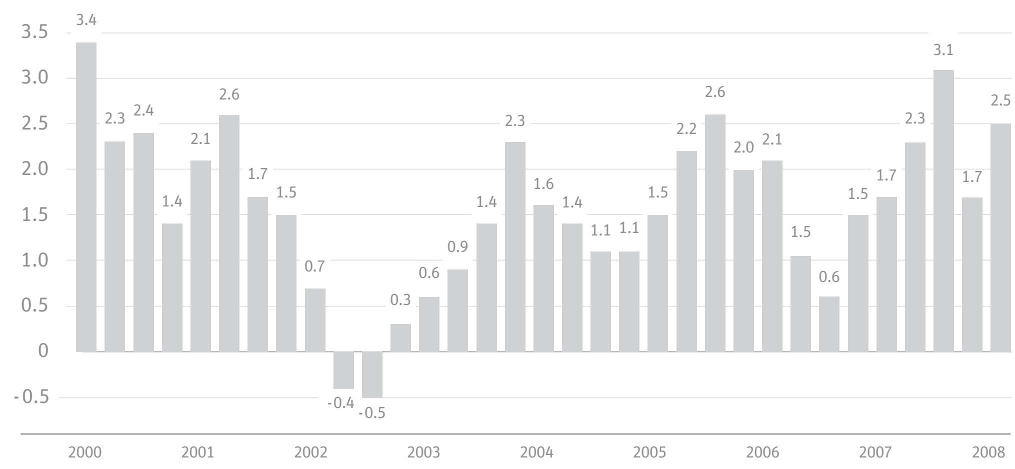
Economic growth faltered more and more in Switzerland in 2008. The burdens imposed by the international financial crisis and the increasingly gloomy world economy were too strong. Growth was hampered by the difficulties of the finance sector, which is particularly important for value added in Switzerland. The two most important Swiss banks reported large write-downs and substantial capital requirements. According to an analysis by JP Morgan, the need for impairments at UBS alone totalled €31.3 billion for the year 2008. As a result, UBS had to resort to substantial state assistance. The turbulent capital-market environment also had an impact on Credit Suisse, forcing it to issue another profit warning in December 2008. Solely in the months of October and November 2008, Credit Suisse recorded a loss of CHF 3 billion (€1.9 billion).

As of the middle of 2008, the drastic turmoil on the international capital markets increasingly affected Switzerland's general economic development. In the third quarter of 2008, the economy stagnated compared with the prior-year quarter, and in the fourth quarter of 2008, experts from the Swiss State ministry for Economic Affairs (SECO) assume there was actually a fall in real gross domestic product (GDP). Due to the difficult economic environment, the downswing will probably continue during the first half of 2009: the SECO experts forecast a recession in this period with GDP decreasing by 0.9 %. Whether the negative trend can be stopped in the second half of 2009 mainly depends on the development of the international environment.

The SECO projections are for modest economic growth in 2010 (+0.6 %).

Due to the current economic weakness, unemployment is expected to rise in Switzerland in 2009, which is likely to dampen consumer spending. The monthly UBS consumption indicator already fell significantly during 2008. In October 2008, it fell from 1.64 to 1.32, putting it below the long-term average of 1.50 for the first time since April 2006. The indicator thus reflects the substantially worsened outlook for future expansion of private consumption in Switzerland.

Development of private consumption in Switzerland (real change year on year in %)



Source: State Secretary for Economics SECO

People in Switzerland were unsettled in 2008 by the ongoing international financial crisis combined with the worsening outlook for the economy and the labour market. As a result, they changed their investment behaviour and preferred savings and investment products with a strong focus on liquidity. This was reflected above all by the cash flows in the Swiss investment-fund market: In the first eleven months of 2008, approximately CHF 24.5 billion was withdrawn from equity and bond funds.

Continued expansion of customer base

The development of new customers is as positive as ever in the region: from January to December 2008, 16,300 people in Switzerland decided in favour of the holistic advisory approach and the best-select choice offered by the AWD Group. This represents growth of 5.2 % compared with the prior year. In addition, 29,500 existing customers once again took advantage of AWD's financial advice during 2008. In total therefore, AWD Switzerland advised 45,800 customers during the year under review, which is 1.8 % more than in 2007.

Adviser numbers remained fairly stable, decreasing only slightly by 2.0 % to 390 at 31 December 2008. AWD Switzerland has 17 representative offices.

Revenue growth dampened by customers' liquidity preference

This investor behaviour with a strong preference for liquidity influenced the business development of AWD Switzerland during the reporting period. With its advisory focus on pension planning, AWD Switzerland primarily concentrates on filling its customers' individual pension gaps. The main product area comprises long-term unit-linked life insurance and investment-fund savings plans.

Customers' reserved attitude to these products dampened the company's revenue trend: it generated revenue of €69.3 million in 2008, compared with €70.4 million in the prior year.

Operating profit reduced by extensive recruiting campaign and intensified sponsoring activities

AWD Switzerland intensified its actions aimed at recruiting and retaining high-quality advisers in 2008. Strategic investments were also made for new sales tools in the field of information technology. In addition, the company expanded its media presence and intensified its advertising and sponsoring activities in the context of the EURO 2008 football championship. The resulting expenditure had a negative impact on earnings before interest and taxes (EBIT). AWD Switzerland achieved a total operating profit of €5.3 million in 2008; the EBIT margin was 7.6 %.

Key figures for Switzerland

	2008	2007	Change
Revenue	€69.3 million	€70.4 million	-1.6 %
EBIT	€5.3 million	€9.1 million	-41.8%
EBIT margin	7.6 %	12.9 %	-5.3 %-points
Advisers	390	398	-2.0 %
Representative offices	17	17	0.0 %
Customers advised	45,800	45,000	1.8 %

Holding segment

The Holding segment comprises the administrative areas and the business activities of AWD Holding AG. In addition to traditional holding-company activities such as finance, controlling and internal auditing, AWD Holding AG also performs cross-company functions such as sales coordination and the Group's public relations. AWD Holding AG largely generated the revenue shown below with intra-Group rental income.

Consolidation

In the 2008 consolidated financial statements, intersegment revenue of €3.6 million and operating earnings of minus €0.1 million were eliminated on consolidation.

Key figures for the Holding segment

	2008	2007	Change
Revenue	€3.6 million	€3.5 million	2.9 %
EBIT	-€37.2 million	-€30.8 million	20.8%

REVENUE DISTRIBUTION / PRODUCT GROUPS

Revenue by type of commission

In financial year 2008, the AWD Group posted revenue of €633.0 million. Up-front commission accounted for 74.2 % or €469.9 million of total revenue. Group revenue attributable to up-front commission decreased slightly by 1.5 percentage points year on year. In absolute terms, up-front commission decreased by €73.2 million or 13.5 % over the year. This was primarily due to the decline in new business volumes in the United Kingdom and Austria. The AWD Group earns up-front commission mainly by brokering insurance, pensions and investment funds.

In the period under review, the AWD Group generated €144.9 million or 22.9 % of its revenue from recurring commission and miscellaneous commission. This is a slight decrease of €8.3 million or 5.4 % compared with 2007. Group revenue attributable to recurring and miscellaneous commission decreased by 1.5 percentage points year on year. Recurring and miscellaneous commission results primarily from management fees for customers' brokered assets as well as dynamic insurance policies, recurring commission and other payments on existing insurance contracts with product partners. Recurring commission also includes pro-rated commission paid on contracts from previous years.

The AWD Group generated other revenue primarily by passing on costs for merchandising and training material as well as IT services. This amounted to 2.9 % or €18.2 million of the Group's total revenue in 2008.

Up-front commission by product group

The AWD Group once again generated more than three quarters of its up-front commission during the period under review from insurance, pension and investment products. The split of up-front commission by product group reflects the clear focus on this advisory area: **unit-linked products, investment funds** and **life insurance products** accounted for a total of 80.8 % of up-front commission in 2008.

Unit-linked products again constituted the main source of revenue for the AWD Group. This includes unit-linked life insurance and pension policies as well as state-supported old-age pension contracts – for example Riester, Rürup and corporate pension contracts in Germany and private pension policies in Austria – to the extent they are based on mutual fund solutions. In the year under review, commission revenue from unit-linked products decreased to €190.4 million, compared with €223.1 million in 2007. The unit-linked share of up-front commission reached 40.5 %.

In 2008, **investment-fund products** accounted for 20.8 % of up-front commission. Commission generated by this product group decreased by €24.6 million to €97.9 million. The high volatility of international capital markets in 2008 and customers' resulting extremely liquidity-oriented investment preferences significantly curbed the revenue growth of these products last year.

Life insurance products contributed a total of €91.4 million to the AWD Group's revenue in 2008 – a slight increase of €2.5 million year on year. This product group's share of up-front commission thus amounted to 19.5 %. Life insurance products include traditional life insurance, term life insurance, annuity insurance, general and occupational disability policies as well as non-unit-linked, state-supported pension provision and corporate pension products.

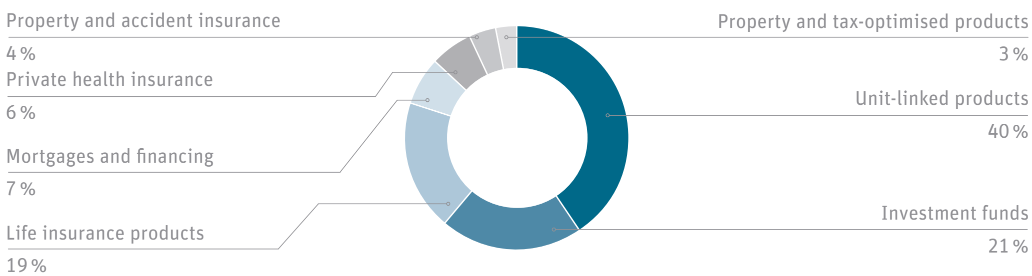
The **mortgages and financing product** group includes traditional house-building loan contracts in Germany and Austria as well as property financing in Germany. In the year 2008, the share of Group revenue accounted for by mortgages and financing amounted to €31.6 million, a slight increase of €0.6 million or 1.9 %. The mortgages and financing product group's share of up-front commission amounted to 6.7%.

In the period under review, the AWD Group generated commission revenue of €13.7 million from **property and tax-optimised products,** compared with €39.6 million in the prior year. This product group includes commission revenue from the brokering of property, closed-end investment funds, and investment products based on property or property equity. The AWD Group is particularly active in this product group in Austria. In 2008, property and tax-optimised products' share of up-front commission was 2.9 %, which was substantially lower than in 2007.

The **private health insurance** product group includes full health insurance, supplementary health insurance and illness per diem insurance. In this segment, the AWD Group primarily brokers supplementary health insurance as an addition to statutory health insurance. This product group's contribution to up-front commission amounted to €27.5 million. Its share of up-front commission reached 5.9 %, which was 1.8 percentage points higher than in 2007.

Property and accident insurance effectively round off the AWD Group's comprehensive advisory and customer-care portfolio. In this product group, the AWD Group generated commission revenue of €17.3 million in 2008, representing year-on-year growth of €1.7 million. Its share of up-front commission reached 3.7 % and was thus 0.8 of a percentage point higher than in 2007.

Breakdown of up-front commission by product group (continuing operations)



FINANCIAL POSITION

The **financing activities** of the AWD Group and its operating companies are managed by AWD Holding AG. This includes the provision of liquid funds for the operating business, for investment and for any acquisitions. In order to control liquidity and invest surplus liquidity, AWD Holding AG operates a system of central cash management for all the companies of the Group. The AWD Group's business model allows the generation of high **cash flows.** Business developments in 2007 were therefore financed once again from our own resources and without having to resort to interest-bearing loan capital.

The net cash inflow from operating activities decreased by about 94 % in 2008 compared with the previous year because of the generally difficult market situation and in particular the lower sales in the United Kingdom and Austria, as well as the recruiting campaign and the restructuring actions in the UK. The net cash outflow from investing activities increased compared with the prior year, primarily due to the acquisition of Deutsche Proventus AG. The net cash outflow from financing activities reflects the payment of the dividend for the year 2007 of €58.0 million or €1.50 per share.

Cash flow statement (entire Group, abridged)

€ million	2008	2007	Change
Cash and cash equivalents at beginning of year	170.8	141.2	21.0 %
Cash inflow from operating activities	5.9	104.1	-94.3 %
Cash outflow from investing activities	-64.2	-21.7	>100 %
Cash outflow from financing activities	-58.0	-50.2	15.5 %
Change in cash and cash equivalents	**-116.3**	**32.2**	**n.a.**
Changes related to currency translation and consolidation	-2.2	-2.6	-15.4 %
Cash and cash equivalents at end of year	**52.3**	**170.8**	**-69.4 %**

The Group's **capital structure** was affected by the decrease in equity in 2008. This decrease resulted from the payment of the dividend for 2007 and from the entire Group's net loss for the year 2008.

Liabilities consisted mainly of trade payables and provisions for risks, commission owed to self-employed financial advisers and taxes. There were no liabilities to banks in 2008, as in the previous years.

Equity and liabilities (entire Group)

	2008		2007	
	€ million	Proportion	€ million	Proportion
Equity	46.2	13.3 %	120.5	29.3 %
Liabilities	301.2	86.7 %	290.7	70.7 %
Balance sheet total	**347.4**	**100 %**	**411.2**	**100 %**

The analysis of **working capital** demonstrates the continued inherent funding power of the AWD business model. Unlike some other companies, AWD Group does not need to finance its working capital with equity or borrowed capital, but benefits from its own internal funding. The difference between trade receivables and trade payables has a particularly positive effect on the AWD Group's capital structure.

Working capital (entire Group)

€ million	2008	2007	Change
Inventories	-2.2	-1.4	57.1 %
Trade receivables	-99.8	-93.5	6.7 %
Trade payables	113.9	109.8	3.7 %
Financing from working capital	11.9	14.9	-20.1 %

ASSET POSITION

The change in the asset structure reflects the substantial reduction in cash and cash equivalents resulting from acquisitions. Non-current assets increased due to the inclusion of Deutsche Proventus AG in the consolidated group and to investments in the locations of the companies of the Group. Current assets, which primarily comprise receivables, increased by €15.9 million.

Assets (entire Group)

	2008		2007	
	€ million	Proportion	€ million	Proportion
Non-current assets	152.2	43.8 %	113.4	27.6 %
Current assets (excluding cash)	142.9	41.1%	127.0	30.9 %
Cash and cash equivalents	52.3	15.1 %	170.8	41.5 %
Balance sheet total	347.4	100 %	411.2	100 %

VALUE ADDED

The AWD Group generated value added of €143.6 million in 2008.

Value added

€ million	2008	2007	Change
Source			
Revenue	633.0	717.5	-11.8 %
Other income	12.8	10.1	26.7 %
Total output	645.8	727.6	-11.2 %
Self-employed financial advisers	-332.5	-362.7	-8.3 %
Material expenses	-14.2	-12.7	11.8 %
Depreciation, amortization and impairments	-16.4	-15.9	3.1 %
Other expenses	-139.1	-122.0	14.0 %
Total input	-502.2	-513.3	-2.2 %
Value added	143.6	214.3	-33.0 %
Utilization			
Shareholders (dividends following year)	0.0	58.0	-100.0 %
Employees	120.9	128.1	-5.6 %
Public authorities	20.6	31.0	-33.5 %
Creditors	0.0	0.0	0.0 %
Company	2.1	-2.8	n.a.

The AWD Group's value added decreased by €70.7 million in 2008. This decrease mainly affects the shareholders due to the lack of a dividend distribution, as well as public authorities due to lower tax payments. Only payments to employees remained relatively stable.

HUMAN RESOURCES

The AWD Group is active in what is essentially a people's business. Well-trained, highly motivated and hard-working employees are a decisive factor for successful business operations in this sector. The AWD Group is a young company with flexible structures where talented youngsters have their place alongside persons with many years of know-how and market experience. This approach is reflected in the age structure of our employees: 66 % of them are under 40 years of age and 34 % are 40 or older. Employees between 30 and 39 account for the largest group with 36 % of the total. The average age is 36. This balanced mixture of young employees with experienced specialists and managerial staff has made a lasting mark on the corporate culture of the AWD Group.

Another success factor for the AWD Group is staff loyalty and retention. The longer people place their skills and expertise, their knowledge and abilities at a company's disposal, the more valuable they are. Evaluation of length of service shows that 38 % of the employees have been with the AWD Group for more than five years. In a company that was only founded 21 years ago and that has grown continuously since then, this high proportion of long-serving employees testifies to both a high level of employee satisfaction and the great appreciation that the AWD Group has for its deserving staff and know-how bearers.

The AWD Group is an international company, and this international character is shown by more than just the fact that the Group operates in many countries of Europe. For the AWD Group, its international reach is also a clear commitment to cultural diversity and international exchange. Intercultural knowledge transfer, a lack of bias and an appreciation of viewpoints that differ from one's own are values that are lived and nurtured at the AWD Group. The gender ratio at AWD is just as balanced and free of discrimination as the different nationalities within the Group: the percentages of women and men working for the AWD Group are 51 % and 49 % respectively.

STATEMENT ON THE GERMAN CORPORATE GOVERNANCE CODE, BOARD REMUNERATION AND INFORMATION RELEVANT FOR ACQUISITIONS

The statements and explanations concerning the German Corporate Governance Code, concerning the remuneration of the members of the boards and committees of AWD Holding AG pursuant to the German Commercial Code, and concerning information relevant for acquisitions pursuant to the German Commercial Code are to be found in the Notes to the Consolidated Financial Statements under the item Corporate Governance Report, as the German Corporate Governance Code requires combined disclosure in one place. For reasons of reporting clarity, we therefore refrain from duplicating these details in the Management Report and refer to the Notes to the Consolidated Financial Statements.

DEPENDENT COMPANY REPORT

AWD Holding AG has prepared a dependent company report for the year under review. All transactions listed in the dependent company report were carried out at arm's length, according to the information that was available at the time. In each case, the companies received appropriate consideration and were not disadvantaged, neither in the context of the transactions nor in any other way vis-à-vis the companies listed in the dependent company report.

EVENTS AFTER THE BALANCE SHEET DATE

On 24 February 2009, the Extraordinary General Meeting of AWD Holding AG resolved to squeeze out the minority shareholders and to conclude a profit transfer agreement with the parent company, Swiss Life Beteiligungs GmbH, and elected Dr. Ivo Furrer to the Supervisory Board. No other events have occurred since the balance sheet date that are subject to disclosure requirements.

RISK REPORT

The business of the AWD Group is subject to a large number of risks that is always inherent in entrepreneurial activities. The best possible monitoring and management of these risks is very important with a view to maintaining the Group's the long-term security and operating success. The AWD Group has therefore installed **risk management systems** in all of its companies. The design of these systems is based on fundamental guidelines issued by AWD Holding AG. It is a matter for local management to adapt these guidelines to the specific circumstances of the individual markets.

An integral component of risk management at the AWD Group is the **system for the early recognition of risks.** This system collates data on the most important risks and allows a fundamental assessment of their probability of occurrence and possible extent of damage. Risks are identified, recorded, assessed and documented systematically. The AWD Group's early-recognition system includes 450 individual risks for all of the companies of the Group in five different categories: **strategic, sales induced, financial, other risks and risks from general business operations.** The AWD Group makes use of four risk classes to quantify the actual risks: low risk, medium risk, high risk or existence-threatening risk.

Each of the 450 individual risks is allocated to a person responsible for that risk. Risks are monitored and managed by means of standardised processes such as regular reviews, information loops and activities. A system of risk inventory cards, predefined limits and reporting procedures is used to ensure that any serious or existence-threatening risks are recognised at an early stage, allocated to the responsible persons, and dealt with by taking appropriate measures. Up-to-date information on defined core risks such as adviser fluctuation, the quality of the brokered business, rising cost of sales in relation to sales revenue, or possible liability risks is included in the monthly reports to the Board of Management.

The risk management system at the AWD Group is based on binding **Group-wide corporate guidelines.** The actual risk management systems in operation are comprehensively documented in the individual markets and companies. Intensive controlling activities ensure adherence to regulatory requirements relating to risk management. The **Corporate Internal Auditing department** regularly reviews the functionality, effectiveness and efficiency of risk management as well as adherence to the requirements of applicable law. The risk management system is also embedded in the Group's planning and control system. The close links between risk management and corporate controlling reinforce the required early-warning function and are used specifically for the continuous further development of both systems.

Strategic risks

Changes in economic and political conditions can have a negative impact on our business model. Therefore, the AWD Group continually follows developments in the political, economic and legal-regulatory environment in all of its markets. The strategic and operational focuses are regularly reviewed with support from internal and, if required, also external specialists, and are adapted to changing conditions whenever necessary.

Independent advice and financial planning for private households and corporate clients (in the field of occupational pension plans) are the core of the AWD business model. A broad range of products and the possibility of offering our customers "best select" are key preconditions for the implementation of advice focused on customers' needs. The partnership with Swiss Life secures AWD's business model. The integration of AWD into the Swiss Life Group precludes the risk of influence being exerted on sales strategy and sales approach, and thus on the independence of our advisory approach, by (non-Group) shareholders. The AWD Group monitors the risk of losing operating independence due to the revenue dominance of one product supplier by continually reviewing the distribution of product groups.

Sales-induced risks

Within the framework of their operating activities, the companies of the AWD Group focus on the provision of independent advice to their customers and the distribution of finance products. Monitoring the risks of this core business takes place by means of various monitoring and control instruments.

The key value drivers of the AWD business model are customers and advisers. The numbers of advised customers, their breakdown as new and existing customers, as well as the quantity and quality of the brokered business are highly relevant for the sales departments. Other decisive parameters for sales controlling are adviser numbers and adviser productivity. Risks from adviser fluctuation or from inappropriate advice are addressed and reduced by means of targeted measures. The AWD Group is able to reduce advisory risks due to the large degree of standardisation in the advisory process, the use of innovative software, regular plausibility checks and control loops, as well as extensive requirements regarding documentation and the taking of minutes. The parameters defined for the measurement of these risks such as staff-turnover rates and cancellation rates are monitored by the sales-controlling functions of the operating companies, as well as by Corporate Controlling. Countermeasures are immediately implemented in the case of any undesirable developments.

The AWD Group counteracts liability risks from incorrect advice and the resulting claims for damages with the continual sensitisation and further training of advisers. Moreover, all advisers who are active for the AWD Group not only maintain the required documentation and minutes of advisory discussions, but also have pecuniary damage liability insurance with sufficient cover. The cover provided by these policies is regularly reviewed and adjusted to changing conditions if required.

Commission is the most important source of revenue and cash flows for the AWD Group. The controlling departments analyse the effects of potential changes in applicable commission models as well as regulatory and tax-law conditions for the products brokered.

Risks from general business operations

AWD brokers finance products from established producers, which are mainly banks and building societies, investment companies and insurance companies. In the advisory process, individual products and price tariffs are put together into tailored packages that focus on each customer's personal needs. The AWD Group counteracts risks from the declining attractiveness and quality of individual products by continually reviewing its product portfolio.

The business success of the AWD Group is based on the performance of its advisers and of its staff in the service centres. Staff-retention rates are boosted by high-quality training and further-training courses, interesting career prospects, appropriate fringe benefits and attractive remuneration models. Compulsory deputising arrangements in the service areas and management boards and committees guarantee the constant high quality of business routines and decision processes. Internal monitoring systems promote adherence to defined standards and rules. Particular attention is paid to the risk of losing key personnel.

In order to ensure the effectiveness and efficiency of business routines, the AWD Group applies information technology on a large scale. Standard software is increasingly applied in order to minimise possible IT risks. Software developed within the Group as a supplement to standard software is subjected to continuous quality controls. Modern data centres with outsourced emergency operations, back-up systems and databases aim to guarantee the integrity of the AWD Group's data stocks. The IT systems of the AWD Group are protected against unauthorised access by special access and authorisation concepts, which are supervised by a data protection executive. The IT systems are also protected by wide-ranging antivirus software and effective IT security.

By taking out insurance cover for potential liability risks and claims, the AWD Group ensures that its operating risks are safeguarded and limited. The extent of insurance cover is regularly examined and is adjusted to changing conditions as necessary.

Financial risks

Non-payment risks primarily result from commission receivables from product partners and from the granting of commission advances to sales representatives. In the nature of the distribution business, there is a period of several weeks until commission is paid by the producers of the products. Therefore, in some cases, commission earned but not yet received is already paid out to advisers. The AWD Group counteracts these risks by means of comprehensive account management and by applying strict criteria to the selection of business associates. Receivables that are assessed as subject to risk are impaired accordingly.

The AWD Group finances its operating business out of its regular cash flow. Ensuring adequate levels of liquidity is a core function of the Corporate Finance department. For this purpose and to invest any surplus liquidity, AWD Holding AG undertakes central cash management for the main companies of the Group.

In the field of interest-rate and exchange-rate management, the AWD Group does not make use of any derivative financial instruments for speculative purposes. Contractually agreed payments in significant amounts of foreign currencies are hedged with the use of suitable derivatives.

Other risks

The AWD Group limits legal risks by obtaining legal advice from its own lawyers and also from external lawyers if required. The legal departments follow and assess all legal cases and support the Board of Management and company management with decisions on corporate policy.

The AWD Group continually monitors developments in company law and analyses them with regard to possible effects on the Group. Adherence to the requirements of tax law is monitored by internal and external experts in conjunction with tax rules and the guidelines issued by the tax authorities.

The business activities of services companies such as the AWD Group have only a minor impact on the environment. There are no significant environmental risks from the operations of the AWD Group.

In the year under review, no risks arose that threatened the continued existence of the AWD Group. For the future, despite tried-and-tested risk management systems, we cannot rule out the possibility that risks previously unrecognised or assessed as being insignificant might be substantiated and have a material impact on the Group's asset position, financial position and profitability.

OUTLOOK

The expansion of global economic output came to an end as the financial markets crisis worsened in 2008. For the year 2008, Germany's Institute for the World Economy (IfW) expects growth of 3.6 % in global gross domestic product (GDP) and of 0.9 % in the euro zone.

However, due to the worsening worldwide property and credit crisis as well as negative feedback effects on the real economy, growth expectations for 2009 have been revised downwards significantly to 0.4 % for the world and minus 2.7 % for the euro zone. The industrialised countries' economic output is expected to shrink by 1.8 %. The financial crisis is likely to be a burden on the real economy until well into 2009. Financing costs for companies and private households have risen significantly and according to experts will be well above the levels of recent years in 2009. In this gloomy economic environment, customers continue to postpone long-term investment decisions.

Germany region

The development of the German economy has been substantially affected by the ongoing financial markets crisis. The Institute for the World Economy (IfW) estimates German GDP growth in 2008 at 1.5 %, and for the AWD Group's most important core market, experts expect economic contraction of up to 2.7 % in 2009. Due to the high degree of uncertainty concerning further economic developments, the German government has already decided on a second economic stimulus package including a variety of measures to be taken to revive economic growth and boost domestic consumption. How these measures will affect the financial services sector and the extent of those effects cannot yet be assessed; but it is quite possible that customers' unwillingness to make long-term investment decisions will continue, due also to the loss of confidence in the financial services sector. This could temporarily dampen AWD's sales performance more significantly than expected. The current poor development of the values of equity-based and fund-based investment and insurance products could lead to an increase in customer complaints, despite our detailed documentation of the advisory process. Furthermore, the qualification requirements for new financial mediators that are mandatory as of 1 January 2009 (European Union Mediation Directive) could reduce the activity and productivity of some advisers.

With the goal of accelerating adviser growth, AWD started a major recruitment offensive in 2008, which will be continued in 2009. As the resulting effects tend to improve selling effectiveness and thus sales performance only in the medium term, in the short term there could be disproportionately high increases in expenses with corresponding reductions on earnings. Furthermore, intense competition for qualified advisers could have an impact on our targeted adviser retention and adviser development.

From today's perspective, the AWD Group anticipates a stable development of revenue in the Germany region in 2009, supported by the acquisition of Proventus. The takeover of Deutsche Proventus AG was completed in December 2008 and its revenue and earnings will be consolidated for the first time in 2009. On the earnings side, a temporary decrease is expected due to investment in sales operations. For the year 2010, a positive revenue trend is anticipated, in combination with a disproportionately high increase in earnings.

Austria & CEE region

Economic developments in Austria, like in the rest of Europe, are drastically affected by the financial markets crisis. The slump of the property market has deeply shaken investor confidence and boosted preference for short-term investments. Experts' (IfW) current growth estimates for 2008 are of just 1.7 %. For 2009, negative growth of minus 2.6 % is forecast. The effects of the global financial markets crisis are apparent even in the expansionary region of Central and Eastern Europe, where growth expectations have been reduced for both 2008 and 2009.

Nonetheless, the Central and Eastern Europe region continues to offer an interesting market environment because of the unchanged high need for supplementary private pension planning and insurance. AWD intends to utilize the inherent opportunities to secure and extend its own market position in 2009 through growth in the numbers of advisers and their productivity. However, a continuation of the financial market turbulence triggered by the international property and credit crisis could significantly impact the business development of AWD Austria due to the particular importance of equity-based products in Austria. The current poor development of the values of equity-based and fund-based investment products (e.g. real-estate equities) could also lead to an increase in customer complaints, despite extensive documentation of our advisory process. Any resulting impairment of AWD's reputation could reduce our sales success. As in core market Germany, there is also very intensive competition for advisers in Austria and the Czech Republic. This led to a regional increase in staff turnover in Austria last year. Increasingly aggressive advertising for financial advisers could lead to generally higher staff turnover and temporarily weaken our sales performance. The recruitment offensive we started also in Austria and the Czech Republic in 2008 should reduce this risk. At the same time, it tends to increase our expenses, with consequential revenue growth only in the medium term.

For the year 2009, a difficult year of upheaval is anticipated for Austria. The effects of the property and financial markets crisis are likely to have a sustained impact on the development of AWD Austria also in 2009. Forecasting the ongoing development of business in Austria is therefore highly uncertain. The same applies to Central and Eastern Europe. Nonetheless, generally stable business developments are anticipated for the Austria & CEE region. But if the aforementioned risks occur, the possibility of lower revenue and earnings than in 2008 cannot be excluded.

United Kingdom region

Economic developments in the United Kingdom were massively impacted by the property and mortgage crisis in 2008. GDP growth in 2008 was probably only 0.8 % (according to the IfW). For 2009, experts expect economic output actually to shrink by 2.3 %. The UK has been in recession since the third quarter of 2008. The property and mortgage market is in sharp decline and is unlikely to recover soon, despite stabilising action by the government. The poor development of values of equity-based and fund-based investment products is also depressing demand for these products.

The business development of AWD United Kingdom will be influenced also in 2009 by the strict regulation of financial markets and the particular focus placed by the Financial Services Authority (FSA) on the large IFAs. The target of judging all advisory services by the criterion of treating customers fairly generally leads to higher expenses with a negative impact on our performance. But at the same time, internal efforts to improve quality are improving our chances of acquiring new customers and retaining existing customers. The high documentation requirements in the advisory process are a burden on our advisers and their productivity. Some advisers might be tempted to avoid the state requirements by moving to a smaller company whose operations may be subject to less monitoring.

AWD counteracts the risk of losing staff by creating monetary and non-monetary loyalty incentives.

The high degree of uncertainty concerning ongoing economic developments and the resulting adjustment of customer behaviour with a strong preference for liquidity-oriented investments could have additional negative effects on the revenue trend and earnings of AWD UK. Should, contrary to expectations, the provisions recognised upon the introduction of the restructuring programme turn out to be insufficient, further charges cannot be ruled out. Finally, customer claims for compensation could arise from further random checks of past advisory cases by the FSA, with a resulting negative impact on earnings.

Following the restructuring initiated in the fourth quarter of 2008, AWD will focus in the United Kingdom on the areas of wealth management and corporate pension consulting. As a result of selling some business units, the AWD Group anticipates a significant drop in revenue in the UK in 2009. However, the changes to structures and processes that have been initiated should yield a sustained improvement in operating profitability with positive earning once again. A further improvement in earnings is targeted for 2010.

Switzerland region

Economic developments in Switzerland were relatively stable compared with the euro zone in 2008; last year's GDP growth is expected to be around 1.9 % (IfW). Negative growth is forecast for 2009, however (-0.9 %), with slightly positive growth in 2010 once again (+0.6 %). Due to demographic developments and the design of the pension system ("three-pillar system"), the need for additional individual financial planning should remain high in the future and demand for products for private provision and risk protection should generally remain stable. Nonetheless, in the present gloomy economic environment, customers are likely to remain reserved concerning long-term investment decisions. Existing sales opportunities are to be utilized through the inclusion in the product portfolio of new products such as "Champion Duo", a unit-linked life insurance from Swiss Life. Targeted measures for gaining new advisers should help to improve sales strength once again. Competition for advisers is also very intensive in Switzerland; AWD has reacted by sharpening its own profile as a holistic, best-select provider as well as with attractive, performance-related remuneration. The latter could lead to an increase in expenses in the short term. Furthermore, despite qualified advice and extensive documentation of the advisory process, the current poor development of values of equity-based and fund-based investment and insurance products could lead to an increase in customer complaints.

The AWD Group anticipates a return to a course of profitable growth in Switzerland this year: Revenue is expected to rise, while earnings should increase at a higher rate than revenue.

Summary

Due to recent developments in international money markets and capital markets and their consequences for the real economy, developments in 2009 are hard to forecast. Taking into consideration the restructuring that has been initiated in the UK and the consolidation of the company Deutsche Proventus AG, as well as the targeted expansion of the distribution capacity, the AWD Group anticipates a significant improvement in earnings in 2009 compared with last year. The high degree of uncertainty concerning ongoing economic developments in the regions where the AWD Group is active and customers' unchanged highly liquidity-oriented investment behaviour make forecasting difficult. The AWD Group is confident that it will successfully manage the risks currently recognisable. The 2008/2009 recruitment offensive will lead to growth opportunities in the following years; AWD intends to effectively utilize these opportunities in order to secure the Group's growth in the medium term.

Hanover, 9 March 2009
The Board of Management

Financial Statements

Income statement

from 1 January to 31 December 2008

€ million	Notes	2008	2007	Change
Revenue	1	633.0	717.5	-11.8 %
Cost of sales	2	-378.0	-416.3	-9.2 %
Gross profit		255.0	301.2	-15.3 %
Selling expenses	3	-127.6	-117.8	8.3 %
Administrative expenses	4	-112.1	-101.7	10.2 %
Other operating income	5	5.5	1.8	>100 %
Other operating expenses	5	-1.1	-0.5	>100 %
Operating profit (EBIT)		19.7	83.0	-76.3 %
Financial income	6	3.0	3.2	-6.3 %
Earnings before taxes		22.7	86.2	-73.7 %
Income taxes	7	-20.6	-31.0	-33.5 %
Net profit/loss from continuing operations		2.1	55.2	-96.2 %
Profit/loss from discontinued operations	23	-16.5	2.2	n.a.
Net profit/loss		-14.4	57.4	n.a.
Earnings per share, basic and diluted (in €)	8			
Entire Group		-0.37	1.49	n.a.
Discontinued operations		-0.42	0.06	n.a.
Continuing operations		0.05	1.43	-96.5 %

Balance sheet

to 31 December 2008

Assets

€ million	Notes	31 Dec 2008	31 Dec 2007	Change
Intangible assets	9	77.2	24.5	>100 %
Property, plant and equipment	10	48.3	43.6	10.8 %
Investment property	11	0.0	7.2	-100.0 %
Financial assets	12	0.2	0.7	-71.4 %
Deferred tax assets	7	1.3	6.4	-79.7 %
Other non-current assets	13	25.2	31.0	-18.7 %
Non-current assets		152.2	113.4	34.2 %
Inventories	14	2.2	1.4	57.1 %
Trade receivables	13	99.8	93.5	6.7 %
Other current assets	13	40.9	32.1	27.4 %
Cash and cash equivalents	15	52.3	170.8	-69.4 %
Current assets		195.2	297.8	-34.5 %
Total assets		347.4	411.2	-15.5 %

Equity and Liabilities

€ million	Notes	31 Dec 2008	31 Dec 2007	Change
Issued capital		38.6	38.6	0.0 %
Capital reserve		0.0	12.9	-100.0 %
Retained earnings		9.4	7.1	32.4 %
Balance sheet profit		0.1	62.2	-99.8 %
Accumulated changes in equity not affecting profit		-1.9	-0.3	>100 %
Equity	16	**46.2**	**120.5**	**-61.7 %**
Retirement benefit obligation	17	1.7	1.4	21.4 %
Non-current provisions	17	31.9	29.0	10.0 %
Deferred tax liabilities	7	5.7	1.9	>100 %
Other non-current liabilities	18	45.6	40.1	13.7 %
Non-current liabilities		**84.9**	**72.4**	**17.3 %**
Trade payables	18	113.9	109.8	3.7 %
Current provisions	17	93.4	90.6	3.1 %
Other current liabilities	18	9.0	17.9	-49.7 %
Current liabilities		**216.3**	**218.3**	**-0.9 %**
Total equity and liabilities		**347.4**	**411.2**	**-15.5 %**

Cash flow statement

from 1 January to 31 December 2007

€ million	Notes	2008	2007	Change
Operating profit (EBIT)		19.7	83.0	-76.3 %
Financial income		3.0	3.2	-6.3 %
Income taxes		-20.6	-31.0	-33.5 %
Loss from discontinued operations		-16.5	2.2	n.a.
Net profit/loss		**-14.4**	**57.4**	**n.a.**
Depreciations, amortization and impairments		17.2	16.3	5.5 %
Increase (+)/decrease (-) in provisions		0.8	3.2	-75.0 %
Other expenses (+)/income (-) not affecting profit		6.5	2.5	>100 %
Loss (+)/gain (-) on the disposal of non-current assets		0.5	0.0	>100 %
Decrease (+)/increase (-) in inventories, receivables and other assets		9.6	22.0	-56.4 %
Increase (+)/decrease (-) in payables and other liabilities		-14.3	2.7	n.a.
Cash inflow from operating activities	19	**5.9**	**104.1**	**-94.3 %**
Proceeds from the disposal of intangible assets		0.1	0.8	-87.5 %
Payments made for investments in intangible assets		-4.1	-7.5	-45.3 %
Proceeds from the disposal of property, plant and equipment		2.8	0.9	>100 %
Payments made for investments in property, plant and equipment		-10.0	-9.5	5.3 %
Proceeds from the disposal of financial assets		0.5	0.1	>100 %
Payments made for investments in financial assets		-1.3	-6.5	-80.0 %
Outflow from the sale of consolidated companies		-3.2	0.0	>100 %
Payments made for the acquisition of consolidated companies		-49.0	0.0	>100 %
Cash outflow from investing activities	20	**-64.2**	**-21.7**	**>100 %**
Dividends paid		-58.0	-50.2	15.5 %
Cash outflow from financing activities	21	**-58.0**	**-50.2**	**15.5 %**
Net change in cash and cash equivalents		**-116.3**	**32.2**	**n.a.**
Changes related to currency translation and consolidation		-2.2	-2.6	-15.4 %
Cash and cash equivalents at beginning of period		170.8	141.2	21.0 %
Cash and cash equivalents at end of period	22	**52.3**	**170.8**	**-69.4 %**

Statement of changes in equity

Entire Group (€ million)	Issued capital	Capital reserve	Retained earnings	Balance sheet profit	Accumulated changes in equity not affecting profit	Total
Balance at 1 January 2007	38.6	12.7	7.1	54.3	-0.9	111.8
Net profit				57.4		57.4
Payment of dividends				-50.2		-50.2
Currency changes					0.4	0.4
Withdrawal from reserves						0.0
Allocation to reserves						0.0
Other changes		0.2		0.7	0.2	1.1
Balance at 31 December 2007	38.6	12.9	7.1	62.2	-0.3	120.5
Balance at 1 January 2008	38.6	12.9	7.1	62.2	-0.3	120.5
Net loss				-14.4		-14.4
Payment of dividends				-58.0		-58.0
Currency changes					-1.6	-1.6
Withdrawal from reserves		-121.5		121.5		0.0
Allocation to reserves						0.0
Other changes		108.6	2.3	-111.2		-0.3
Balance at 31 December 2008	38.6	0.0	9.4	0.1	-1.9	46.2
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Segment report 2008

€ million	Germany operating segment	Austria & CEE	United Kingdom continuing operations	Switzerland	Holding company	Consoli-dation	AWD Group continuing operations	United Kingdom discontinued operations	entire AWD Group
Revenue	**385.6**	**114.5**	**63.6**	**69.3**	**3.6**	**-3.6**	**633.0**	**20.8**	**653.8**
thereof revenue from other segments	*0.4*	*0.0*	*0.0*	*0.0*	*3.2*	*-3.6*	*0.0*	*0.0*	*0.0*
Cost of sales	-224.3	-72.7	-38.6	-42.9	0.0	0.5	-378.0	-11.2	-389.2
Gross profit	**161.3**	**41.8**	**25.0**	**26.4**	**3.6**	**-3.1**	**255.0**	**9.6**	**264.6**
Selling expenses	-44.1	-23.6	-27.0	-15.2	-32.4	14.7	-127.6	-11.2	-138.8
Administrative expenses	-47.3	-14.2	-25.4	-5.9	-23.1	3.8	-112.1	-11.0	-123.1
Other operating income	2.6	0.4	3.2	0.0	14.8	-15.5	5.5	0.0	5.5
Other operating expenses	-0.1	-0.2	-0.7	0.0	-0.1	0.0	-1.1	-2.1	-3.2
Operating profit (EBIT)	**72.4**	**4.2**	**-24.9**	**5.3**	**-37.2**	**-0.1**	**19.7**	**-14.7**	**5.0**
Financial income	5.9	1.6	0.0	0.1	-102.8	98.2	3.0	-1.6	1.4
Earnings before taxes	**78.3**	**5.8**	**-24.9**	**5.4**	**-140.0**	**98.1**	**22.7**	**-16.3**	**6.4**
Income taxes	-24.7	-1.4	-4.4	-0.9	10.8	0.0	-20.6	-0.2	-20.8
Net profit/loss	**53.6**	**4.4**	**-29.3**	**4.5**	**-129.2**	**98.1**	**2.1**	**-16.5**	**-14.4**
Assets	233.3	66.2	34.5	30.0	636.4	-653.0	347.4	0.0	347.4
Liabilities	216.5	44.4	26.6	18.9	142.5	-147.7	301.2	0.0	301.2
Equity	16.8	21.8	7.9	11.1	493.9	-505.3	46.2	0.0	46.2
Cash flow from operating activities	83.7	3.9	-12.7	-2.6	-64.5		7.8	-1.9	5.9
Investments (excluding financial assets)	4.8	2.7	0.9	0.8	4.0		13.2	0.9	14.1
Depreciation, amortization and impairments	5.5	1.7	4.3	1.3	3.6		16.4	0.8	17.2
Employees	734	225	654	107	67		1.787	220	2.007
EBIT margin	18.8 %	3.7 %	-39.2 %	7.6 %	<-100 %		3.1 %	-70.7 %	0.8 %
Return on sales (before taxes)	20.3 %	5.1 %	-39.2 %	7.8 %	<-100 %		3.6 %	-78.4 %	1.0 %
Return on equity (after taxes)	>100 %	20.2 %	<-100 %	40.5 %	-26.2 %		4.5 %	n.a.	-31.2 %

Segment report 2007

€ million	Germany operating segment	Austria & CEE	United Kingdom continuing operations	Switzerland	Holding company	Consoli-dation	AWD Group continuing operations	United Kingdom discontinued operations	entire AWD Group
Revenue	384.7	165.4	97.0	70.4	3.5	-3.5	717.5	44.9	762.4
thereof revenue from other segments	*0.4*	*0.0*	*0.0*	*0.0*	*3.1*	*-3.5*	*0.0*	*0.0*	*0.0*
Cost of sales	-229.4	-98.6	-45.7	-43.3	0.0	0.7	-416.3	-20.1	-436.4
Gross profit	155.3	66.8	51.3	27.1	3.5	-2.8	301.2	24.8	326.0
Selling expenses	-36.9	-19.3	-35.4	-12.0	-22.0	7.8	-117.8	-17.2	-135.0
Administrative expenses	-46.8	-13.0	-20.9	-6.2	-18.5	3.7	-101.7	-6.8	-108.5
Other operating income	3.6	0.4	0.0	0.2	6.3	-8.7	1.8	0.7	2.5
Other operating expenses	-0.2	-0.2	0.0	0.0	-0.1	0.0	-0.5	0.0	-0.5
Operating profit (EBIT)	75.0	34.7	-5.0	9.1	-30.8	0.0	83.0	1.5	84.5
Financial income	6.5	1.2	-1.1	0.2	-3.5	-0.1	3.2	0.1	3.3
Earnings before taxes	81.5	35.9	-6.1	9.3	-34.3	-0.1	86.2	1.6	87.8
Income taxes	-32.7	-9.0	0.7	-1.7	11.7	0.0	-31.0	0.6	-30.4
Net profit/loss	48.8	26.9	-5.4	7.6	-22.6	-0.1	55.2	2.2	57.4
Assets	193.2	75.6	125.6	32.7	857.3	-876.4	408.0	3.2	411.2
Liabilities	175.7	58.2	52.3	27.0	150.9	-173.4	290.7	0.0	290.7
Equity	17.5	17.4	73.3	5.7	706.4	-703.0	117.3	3.2	120.5
Cash flow from operating activities	100.6	32.0	-0.9	8.1	-37.0		102.8	1.3	104.1
Investments (excluding financial assets)	8.2	2.1	3.6	1.4	1.4		16.7	0.3	17.0
Depreciation. amortization and impairments	6.7	1.6	2.5	1.1	4.0		15.9	0.4	16.3
Employees	698	208	775	100	64		1.845	377	2.222
EBIT margin	19.5 %	21.0 %	-5.2 %	12.9 %	<-100 %		11.6 %	3.3 %	11.1 %
Return on sales (before taxes)	21.2 %	21.7 %	-6.3 %	13.2 %	<-100 %		12.0 %	3.6 %	11.5 %
Return on equity (after taxes)	>100 %	>100 %	-7.4 %	>100 %	-3.2 %		47.1 %	68.8 %	47.6 %

Notes to the consolidated financial statements

Accounting principles

General remarks

The consolidated financial statements of AWD Holding AG for the financial year of 1 January to 31 December 2008 have been prepared in accordance with the regulations of the International Financial Reporting Standards (IFRS), the application of which is mandatory for the 2008 financial year, including the International Accounting Standards (IAS) of the International Accounting Standards Board (IASB), London. All of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the previous interpretations of the Standing Interpretations Committee (SIC) that are applicable for the financial year 2008 have been followed.

The IFRS consolidated financial statements have also been prepared in compliance with the 7th EU Directive. The AWD Group has prepared its consolidated financial statements according to internationally recognised accounting principles, making use of the exemption provided for by Section 315a Subsection 1 of the German Commercial Code (HGB). Supplementary obligatory disclosures required by the German Commercial Code (HGB) are included in these Notes. The income statement has been prepared according to the cost-of-sales method.

The consolidated financial statements have been prepared as of the balance sheet date of AWD Holding AG, which is 31 December 2008. The companies consolidated have the same balance-sheet date. In general, all of the financial statements of the consolidated subsidiaries and subgroups have been audited. The German Group companies that have taken advantage of the exemption from disclosure regulations pursuant to Section 264, Subsection 3 of the German Commercial Code (HGB) have been examined within the framework of the Group audit in line with Section 317, Subsection 3 of the German Commercial Code (HGB).

Due to the decision of 11 November 2008 to restructure business operations in the British market and to sell the unit AWD Home Finance along with other peripheral activities, these business activities are treated as discontinued operations as of 2008. The following notes refer therefore refer, unless otherwise indicated, to the continuing operations of the AWD Group without the discontinued operations. The prior-year figures have been adjusted accordingly.

Consolidated group

As well as AWD Holding AG, the consolidated group includes all subsidiaries which are not of minor importance and in which the holding company either directly or indirectly holds a majority of voting rights. These companies are fully consolidated.

Selected consolidated subsidiaries are shown in the list of the major companies of the Group. On the balance sheet date, they are 100 % owned by AWD Holding AG either directly or indirectly. A complete list of all ownership interests of the AWD Group is deposited with the Commercial Register of the Hanover District Court under the number HRB 57 068.

Compared with the prior year, four companies have been newly included in the consolidated group and two new companies have been founded. One company has left the consolidated group due to being sold.

Number of fully consolidated companies	Germany	Abroad	Total
Already consolidated at 1 January 2008	9	30	39
First consolidated in 2008	4	2	6
Changes due to reorganisation in 2008	0	-1	-1
Consolidated in 2008	13	31	44

In the United Kingdom, two non-active companies were newly founded. Furthermore, the Home Finance unit was sold with effect as of 12 December 2008.

At the beginning of December 2008, AWD Holding AG finalised the acquisition of the group of companies Deutsche Proventus AG, domiciled in Bremen. For organisational reasons, the date of first consolidation was 31 December 2008. The values of the acquired assets and liabilities are shown below:

Group Deutsche Proventus AG	Carrying value on acquisition € million	Value at first consolidation € million
Intangible assets	0.2	9.0
Property, plant and equipment	1.1	1.1
Deferred tax assets	0.2	0.2
Trade receivables	5.2	5.2
Other receivables / inventories	18.8	18.8
Cash and cash equivalents	2.6	2.6
	28.1	36.9
Trade payables	-9.1	-9.1
Deferred tax liabilities	-0.2	-3.0
Provisions	-14.1	-14.1
Other liabilities	-8.9	-8.9
Net assets	-4.2	1.8
Goodwill		49.8
Purchase price (including transaction costs)		51.6

The value adjustments on first consolidation result from the capitalisation of the customer base and brands of Deutsche Proventus AG and the corresponding deferred tax liabilities. The purchase price of €51.6 million (including transaction costs) was fully settled in cash. No equity instruments were applied. The net liquidity outflow at Group level is calculated as follows:

Group Deutsche Proventus AG	€ million
Cash acquired upon acquisition	2.6
Payment of purchase price	-51.6
Net liquidity outflow for the acquisition	-49.0

The acquired group of companies did not contribute to consolidated revenue and earnings in 2008 due to the date of first-time consolidation of 31 December. If the group of companies had been acquired and consolidated not as of 31 December 2008, but as of 1 January 2008, the contribution to revenue would have been €24.5 million and the contribution to earnings would have been €1.7 million.

Consolidation methods

The consolidated financial statements are based on the company financial statements of AWD Holding AG and the companies included in the consolidated group, which are generally prepared in accordance with accounting and evaluation methods uniform throughout the Group. Due to the large number and variety of the individual Group companies and the resulting conditions that are not always comparable, especially in the case of small Group companies it can happen that deviating accounting and valuation methods are applied in individual cases. They are, however, insignificant with regard to the presentation of the Group's overall net assets, financial position and profitability.

The accounting of the acquired subsidiaries is based on the purchase method. The acquisition costs of the purchase correspond to the fair value of the transferred current assets, the issued equity capital instruments and the liabilities that have arisen or been transferred at the time of the transaction, plus the costs that are directly attributable to the purchase. Assets and liabilities that are identifiable within the framework of a business combination are evaluated in the first consolidation. The surplus of the acquisition costs for the purchase over and above the Group's proportion of net assets valued at fair values is posted as goodwill. If the acquisition costs are less than the net assets valued at fair values of the acquired subsidiary company, the difference is entered directly as profit in the income statement.

Currency translation

In the consolidated financial statements, the financial statements of foreign companies outside the euro zone are generally translated according to the functional currency concept. As the Group companies operate independently, the respective currency of the country is the functional currency.

Intra-Group transactions, balances and unrealised profits and losses from transactions between Group companies are eliminated during the consolidation.

The earnings and balance-sheet items of all Group companies that have a functional currency that is different from the reporting currency of the Group are translated as follows into the Group's presentation currency: Current assets and liabilities are translated for each balance-sheet date at the exchange rate on the balance-sheet date. Income and expenses are translated for each income statement at the average exchange rate for the year. All differences arising from currency conversion are posted to equity.

In the statement of non-current assets and the statement of changes in provisions, the balances at the beginning and end of the financial year are translated at the exchange rates valid on those days, and the changes are translated at the average exchange rates for the year. Differences arising due to exchange-rate movements are shown separately as currency adjustments.

The exchange rates of the relevant currencies related to the euro are as follows:

Currency	Average rate 2008	Average rate 2007	Change
Pound sterling (GBP)	0.7935	0.6845	15.9 %
Swiss franc (CHF)	1.5874	1.6427	-3.4 %
Czech koruna (CZK)	24.8809	27.7091	-10.2 %
Slovak koruna (SKK)	31.1255	33.6247	-7.4 %
Polish zloty (PLN)	3.4918	3.7895	-7.9 %
Hungarian forint (HUF)	250.3785	251.3555	-0.4 %
Croatian kuna (HRK)	7.2122	7.3325	-1.6 %
Romanian leu (RON)	3.6610	3.3437	9.5 %

Currency	Year-end rate 31 Dec 2008	Year-end rate 31 Dec 2007	Change
Pound sterling (GBP)	0.9677	0.7346	31.7 %
Swiss franc (CHF)	1.4915	1.6557	-9.9 %
Czech koruna (CZK)	26.5391	26.5750	-0.1 %
Slovak koruna (SKK)	30.1313	33.5250	-10.1 %
Polish zloty (PLN)	4.1410	3.5928	15.3 %
Hungarian forint (HUF)	265.1556	252.3250	5.1 %
Croatian kuna (HRK)	7.3256	7.3320	-0.1 %
Romanian leu (RON)	3.9965	3.5910	11.3 %

Accounting and valuation methods

Income and expenses

Revenue is recognised if the agreed goods or services have been delivered and an entitlement to payment has arisen. If there is any uncertainty regarding the recognition of revenue, the criterion of cash inflow is applied. Billing back from cancellations is recognised as a revenue deduction. Operating expenses are recognised when the goods or services have been supplied. Due to the integration of the AWD Group into the Swiss Life Group, it was necessary to accelerate the monthly reporting in order to harmonise the respective schedules. Against this backdrop, it was necessary for some transactions (e.g. internal charging within the Group, recognition of income and expenses) to change the routines or carry out valuations on the basis of statistical estimates. The adjustment of estimates has increased consolidated revenue by approximately €20 million and Group EBIT by approximately €7 million.

Income taxes

Actual entitlement to tax rebates and tax liabilities is valued at the amount at which a rebate from the tax authorities or a payment to the tax authorities is expected. The calculation is based on the tax rates and tax laws applicable on the balance-sheet date.

Deferred taxes

Deferred tax assets and liabilities are formed to reflect temporary differences between tax and balance-sheet valuation rates, consolidation processes that affect income and tax-loss carryforwards. The valuation of deferred taxes is based on the tax rate applicable on the balance-sheet day. Deferred tax assets are only formed if the related tax relief is likely to occur. Deferred tax assets are only formed for tax-loss carryforwards that can be offset against profits that are anticipated in the foreseeable future.

Measurement of financial instruments

As in 2006, financial instruments were mainly measured at amortised cost. This applies to trade receivables and other financial receivables, trade payables and other financial payables. Exceptions are listed in the notes on the individual items of the balance sheet (securities held as non-current assets and derivative financial instruments). Due to the types of receivables and payables, there are no differences between amortised cost and fair value for either current or non-current financial instruments.

Intangible assets

Acquired intangible assets have been capitalised at the cost of acquisition. Intangible assets that are acquired in the course of a company purchase are, as of financial year 2004, stated at their fair value at the time of purchase. In the case of intangible assets with a specific useful life, their value is reduced by normal straight-line amortisation and additionally impaired to a lower fair value if this becomes necessary.

If the useful life cannot be determined, then instead of being subject to scheduled amortisation, they undergo an annual impairment test and if necessary are written down to their fair value. If the fair value of an asset that has previously been impaired increases again, the increase is recognised as a full or partial reversal. Goodwill is excluded from being written-up.

Property, plant and equipment / investment property

Property, plant and equipment are capitalised at the cost of acquisition or production, are subject to scheduled depreciation, and are impaired if necessary. Property, plant and equipment are depreciated by normal straight-line depreciation for their expected useful lives. Property, plant and equipment are impaired if the fair value of the affected asset is lower than its carrying value. If the fair value of an asset that has previously been impaired increases again, the increase is recognised as a full or partial reversal. Properties held as financial investments are valued at their amortised purchase costs or at fair value if this is lower.

Scheduled depreciation and amortisation are based on the following useful lives:

Assets	Depreciation rate
Licenses, software, etc.	1 to 10 years
Customer base	8 years
Buildings	2 to 50 years
Property held as a financial investment	25 years
Property improvements	4 to 20 years
Equipment	1 to 23 years

Securities
The measurement of securities upon initial recognition takes place at fair value, irrespective of their allocation to the various categories of financial instruments; such fair value is generally equivalent to cost of acquisition.

Subsequent measurement of securities in the category, "held-to-maturity financial investments" takes place at amortised cost.

Securities and other financial assets in the available-for-sale category are measured at fair value (market value). This mainly applies to securities held as non-current assets. The difference between amortised cost and fair value is entered in equity as unrecognised profit or loss with consideration of deferred taxes.

Inventories
Inventories are shown at the cost of acquisition or any lower fair value.

Receivables and other current assets
Receivables and other assets are valued at their cost of acquisition and impaired if necessary. Liabilities are impaired if objective evidence suggests that the due receivables will not be paid in full. The extent of the impairment is measured as the difference between the book value and the present value of the estimated future cash flow from this receivable. The impairment is entered in the accounts with an effect on the income statement.

Provisions
Provisions for pensions are valued based on regular actuarial reports. Provisions for cancellations cover the expected debits from cancelled business. Provisions for warranties are formed on the basis of past experience. Provisions for outstanding services and any other business-related obligations are valued based on expected costs. Other provisions are formed to cover identifiable risks and uncertain obligations in the amount of their probable utilisation. Provisions for cancellations and warranties with an expected due date of more than one year are discounted at an interest rate of 5.5 % p.a.

Liabilities
Liabilities are measured at amortised cost. Interest-free liabilities with a residual term of more than one year are generally discounted at an interest rate of 5.5 % p.a.

Estimations
The preparation of the consolidated financial statements requires for some items that assumptions are made for the measurement of amounts in the balance sheet (in particular for provisions for cancelled transactions and warranty claims as well as for goodwill), for the recognition of contingent liabilities, and for the recognition of income and expenses. Actual values may differ from these estimations. If the original estimation changes due to improved information, the amounts in the consolidated financial statements are amended accordingly, with a corresponding impact on the income statement.

Notes on the income statement

(1) Revenue

Revenue consists of up-front commission, recurring commission and other revenue (in particular from passing on the cost of services to self-employed financial advisers).

€ million	2008	2007	Change
Total up-front commission	469.9	543.2	-13.5 %
thereof for unit-linked insurance products	190.4	223.1	-14.7 %
thereof for life-insurance products	91.4	88.9	2.8 %
thereof for investment-fund products	97.9	122.5	-20.1 %
thereof for property and tax-optimised products	13.7	39.6	-65.4 %
thereof for mortgages and financing	31.6	31.0	1.9 %
thereof for private health insurance	27.5	22.5	22.2 %
thereof for property and accident insurance	17.3	15.6	10.9 %
Recurring commission	144.9	153.2	-5.4 %
Other revenue	18.2	21.1	-13.7 %
Total	633.0	717.5	-11.8 %

(2) Cost of sales

This item comprises not only commission payments to self-employed financial advisers but also personnel expenses for salaried employees who work in the area of providing brokerage and advisory services to customers. It also includes material expenses and changes in revenue-related provisions and costs of warranties.

€ million	2008	2007	Change
Commission expenses	332.5	362.7	-8.3 %
Personnel expenses	23.5	33.4	-29.6 %
Material expenses	14.1	12.7	11.0 %
Other expenses	7.9	7.5	5.3 %
Total	378.0	416.3	-9.2 %

(3) Selling expenses

Selling expenses comprise all the expenses of the operating functions of sales support and supervision, events, training and sales promotion.

€ million	2008	2007	Change
Personnel expenses	39.9	39.6	0.7 %
Sales promotion	32.4	23.9	35.6 %
Infrastructure expenses	19.7	18.4	7.1 %
Events and training	20.9	16.0	30.6 %
Services and consulting	6.3	9.6	-34.4 %
Information technology	6.4	6.6	-3.0 %
Depreciation	3.2	4.4	-27.3 %
Other expenses	-1.2	-0.7	71.4 %
Total	127.6	117.8	8.3 %

(4) Administrative expenses

Administration expenses comprise the costs of other business functions such as product management, processing of client applications, IT, purchasing and administration (finance, controlling, legal, personnel etc.).

€ million	2008	2007	Change
Personnel expenses	57.5	55.2	4.2 %
Infrastructure expenses	12.7	12.1	5.0 %
Services and consulting	17.3	13.4	29.1 %
Information technology	12.6	11.4	10.5 %
Depreciation	11.6	9.7	19.5 %
Other expenses	0.4	-0.1	>100.0 %
Total	112.1	101.7	10.2 %

(5) Other operating income and expenses

This includes the income and expenses from receivables and liabilities that are not typical of the business, from the disposal of non-current assets and from currency differences that result from business operations.

(6) Financial income

€ million	2008	2007	Change
Interest and similar income	7.3	8.4	-13.1 %
Interest and similar expenses	-0.4	-0.2	100.0 %
Accrued interest on non-interest-bearing liabilities	-1.1	-1.0	10.0 %
Changes in prices of securities	-0.3	-0.2	50.0 %
Changes in exchange rates	-1.2	-2.2	-45.5 %
Loss on equity investments	-1.3	-1.6	-18.8 %
Total	3.0	3.2	-6.3 %

The exchange-rate changes relate primarily to a loan in British pounds granted by AWD Holding AG to the British subsidiary. The loss on equity investments was a result of the impairment of the subsidiaries no longer consolidated in Italy.

(7) Income taxes

€ million	2008	2007	Change
Current income taxes	14.6	31.2	-53.2 %
Income taxes from other periods	0.4	-0.2	n.a.
Deferred taxes	5.6	0.0	100.0 %
Total	20.6	31.0	-33.5 %

Due to the sale and restructuring of business operations in the United Kingdom, deferred taxes which had been capitalised in past years had to be derecognised because in the current market situation there are doubts about the utilisability that is a condition for continued capitalisation.

The deferred tax assets are allocated to the following balance sheet items:

€ million	2008	2007	Change
Tax-loss carryforwards	1.0	1.1	-9.1 %
Assets	0.0	4.3	-100.0 %
Receivables	0.2	0.5	-60.0 %
Other items	0.2	0.5	-60.0 %
Total	1.4	6.4	-78.1 %

The deferred tax liabilities are allocated to the following balance sheet items:

€ million	2008	2007	Change
Intangible assets	2.8	0.0	100.0 %
Provisions	0.7	0.9	-22.2 %
Other items	2.2	1.0	>100 %
Total	5.7	1.9	>100 %

Due to the purchase-price allocation in the context of the first-time consolidation of Deutsche Proventus AG, intangible assets (brands, customer base) were to be capitalised, which led to the recognition of corresponding deferred tax liabilities.

The following tax-loss carryforwards are likely to be utilisable for tax purposes and to qualify as deferred taxes in the IFRS consolidated financial statements in the future, as current planning anticipates taxable profits that can be reduced accordingly within the respective carry-forward periods:

Carry-forward period € million	2008	2007	Change
More than 2 years	0.0	2.2	-100.0 %
Unlimited	5.3	3.2	65.6 %
Total	5.3	5.4	-1.9 %

The tax-loss carryforwards result from the Group's activities in the Central and Eastern Europe region. Although the tax-loss carryforwards at the Group's companies in the UK of GBP 20.3 million can be carried forward for an unlimited period of time, no deferred tax assets can be capitalised for them according to IFRS.

The tax expense for the headquarters of AWD Holding AG is calculated on the basis of the anticipated effective tax rate in Germany of 31.9 % (2007: 40.1 %) and is reconciled to the actual tax expense as follows:

€ million	2008	2007	Change
Earnings before taxes	22.7	86.2	-73.7 %
Calculated income taxes	7.2	35.2	-79.5 %
Non-deductibility of losses in the UK	7.9	0.0	>100.0 %
Differences due to foreign tax rates	-1.7	-6.2	-72.6 %
Income taxes from other periods and deferred taxes	5.0	-0.7	n.a.
Effects of tax-free income	0.5	-0.4	n.a.
Effects of non-deductible expenses	1.2	3.0	-60.0 %
Other effects	0.5	0.1	>100.0 %
Actual tax expense	20.6	31.0	-33.5 %

The significant increase in the actual tax expense compared with the calculated tax expense is mainly due to the fact that the operating losses and restructuring expense for the business activities in the United Kingdom did not lead to capitalisable deferred tax assets in 2008. Differences due to foreign tax rates arise due to deviations between German and foreign tax rates in relation to the profit achieved outside Germany. Income taxes from other periods primarily resulted mainly from deferred taxes capitalised in the past that had to be derecognised following the sale and restructuring of business operations in the United Kingdom, because the current market situation there are doubts about the utilisability that is a condition for continued capitalisation. Differences due to foreign tax rates arise due to deviations between German and foreign tax rates in relation to the profit achieved outside Germany. The change in the expected effective tax rate had no significant impact and is included in the other effects.

(8) Earnings per share

Basic earnings per share	2008	2007	Change
Net profit/loss (€ million)	-14.4	57.4	n.a.
Weighted number of shares	38,639,016	38,639,016	0.0 %
Earnings per share, basic (in € million) Entire Group	-0.37	1.49	n.a.
Earnings per share, basic (in € million) Discontinued operations	-0.42	0.06	n.a.
Earnings per share, basic (in € million) Continuing operations	**0.05**	**1.43**	**-96.5 %**

Earnings per share are calculated by dividing the net profit for the year by the weighted average number of shares issued. For the calculation of diluted earnings per share, the weighted average number of issued shares is adjusted by the number of all potentially diluting shares resulting from the exercise of stock options. In 2008, the stock options from the 2006 tranche were exercisable on 140 of 232 bank working days. Apart from 3,767 stock options, all of the stock options were exercised on the first possible day by way of cash compensation. It is intended to exercise the outstanding stock options also by way of cash compensation; therefore the basic and diluted numbers of shares are identical, as in 2007.

Diluted earnings per share	2008	2007	Change
Net profit/loss (€ million)	-14.4	57.4	n.a.
Weighted number of shares	38,639,016	38,639,016	0.0 %
Earnings per share, diluted (in € million) Entire Group	-0.37	1.49	n.a.
Earnings per share, diluted (in € million) Discontinued operations	-0.42	0.06	n.a.
Earnings per share, diluted (in € million) Continuing operations	**0.05**	**1.43**	**-96.5 %**

Notes on the balance sheet

Assets

(9) Intangible assets

2008 € million	Concessions, licenses and similar rights	Goodwill	Brand and customer base	Advance payments	Total
Accumulated acquisition costs at 1.1.2008	28.4	17.2	0.0	0.3	45.9
Additions	4.0	0.0	0.0	0.1	4.1
Disposals	-3.4	-0.4	0.0	0.0	-3.8
Reclassifications	0.5	0.0	0.0	-0.4	0.1
Currency adjustments	0.0	-4.1	0.0	0.0	-4.1
Changes in consolidated group	0.6	49.8	8.8	0.0	59.2
Accumulated acquisition costs at 31.12.2008	**30.1**	**62.5**	**8.8**	**0.0**	**101.4**
Accumulated amortisation at 1.1.2008	20.2	1.2	0.0	0.0	21.4
Additions	4.9	0.7	0.0	0.0	5.6
Disposals	-3.3	-0.4	0.0	0.0	-3.7
Reclassifications	0.0	0.0	0.0	0.0	0.0
Currency adjustments	0.1	0.0	0.0	0.0	0.1
Changes in consolidated group	0.8	0.0	0.0	0.0	0.8
Accumulated amortisation at 31.12.2008	**22.7**	**1.5**	**0.0**	**0.0**	**24.2**
Residual book values at 1.1.2008	8.2	16.0	0.0	0.3	24.5
Residual book values at 31.12.2008	**7.3**	**61.0**	**8.8**	**0.0**	**77.2**

The goodwill disposals are connected with the disposal of peripheral activities in the United Kingdom, in particular the Home Finance unit. The changes in the consolidated group primarily relate to goodwill and the brand value and customer base from the first-time consolidation of the Deutsche Proventus group of companies.

2007 € million	Concessions, licenses and similar rights	Goodwill	Brand and customer base	Advance payments	Total
Accumulated acquisition costs at 1.1.2007	24.8	17.3	0.0	0.7	42.8
Additions	6.6	0.7	0.0	0.2	7.5
Disposals	-2.0	0.0	0.0	0.0	-2.0
Reclassifications	0.6	0.0	0.0	-0.6	0.0
Currency adjustments	-0.4	-0.8	0.0	0.0	-1.2
Changes in consolidated group	-1.2	0.0	0.0	0.0	-1.2
Accumulated acquisition costs at 31.12.2007	28.4	17.2	0.0	0.3	45.9
Accumulated amortisation at 1.1.2007	19.3	1.3	0.0	0.0	20.6
Additions	5.0	0.0	0.0	0.0	5.0
Disposals	-2.0	0.0	0.0	0.0	-2.0
Reclassifications	0.0	0.0	0.0	0.0	0.0
Currency adjustments	-0.2	-0.1	0.0	0.0	-0.3
Changes in consolidated group	-1.9	0.0	0.0	0.0	-1.9
Accumulated amortisation at 31.12.2007	20.2	1.2	0.0	0.0	21.4
Residual book values at 1.1.2007	5.5	16.0	0.0	0.7	22.2
Residual book values at 31.12.2007	8.2	16.0	0.0	0.3	24.5

(10) Property, plant and equipment

2008 € million	Land and buildings	Equipment, furniture etc.	Advance payments made	Total
Accumulated acquisition costs at 1.1.2008	38.8	55.5	0.2	94.5
Additions	2.0	6.6	1.4	10.0
Disposals	-1.4	-3.8	0.0	-5.2
Reclassifications	16.6	0.2	-0.5	16.3
Currency adjustments	0.6	-1.7	-0.1	-1.2
Changes in consolidated group	1.5	-0.4	0.0	1.1
Accumulated acquisition costs at 31.12.2008	**58.1**	**56.4**	**1.0**	**115.5**
Accumulated depreciation at 1.1.2008	14.1	36.8	0.0	50.9
Additions	2.5	7.4	0.0	9.9
Disposals	0.0	-3.4	0.0	-3.4
Reclassifications	9.4	0.1	0.0	9.5
Currency adjustments	0.5	-1.0	0.0	-0.5
Changes in consolidated group	0.9	-0.1	0.0	0.8
Accumulated depreciation at 31.12.2008	**27.4**	**39.8**	**0.0**	**67.2**
Residual book values at 1.1.2008	24.7	18.7	0.2	43.6
Residual book values at 31.12.2008	**30.7**	**16.6**	**1.0**	**48.3**

The additions to land and buildings mainly reflect investment in the office buildings in Germany.

The investments in equipment and furniture were spread over all segments.

2007 € million	Land and buildings	Equipment, furniture etc.	Advance payments made	Total
Accumulated acquisition costs at 1.1.2007	38.4	52.2	0.1	90.7
Additions	0.9	8.1	0.5	9.5
Disposals	0.0	-2.4	0.0	-2.4
Reclassifications	0.4	0.0	-0.4	0.0
Currency adjustments	-0.4	-1.3	0.0	-1.7
Changes in consolidated group	-0.5	-1.1	0.0	-1.6
Accumulated acquisition costs at 31.12.2007	38.8	55.5	0.2	94.5
Accumulated depreciation at 1.1.2007	13.0	33.7	0.0	46.7
Additions	1.8	7.2	0.0	9.0
Disposals	0.0	-2.1	0.0	-2.1
Reclassifications	0.0	0.0	0.0	0.0
Currency adjustments	-0.2	-0.9	0.0	-1.1
Changes in consolidated group	-0.5	-1.1	0.0	-1.6
Accumulated depreciation at 31.12.2007	14.1	36.8	0.0	50.9
Residual book values at 1.1.2007	25.4	18.5	0.1	44.0
Residual book values at 31.12.2007	24.7	18.7	0.2	43.6

(11) Investment property

Because the Group's own use of the real estate previously shown as investment property has meanwhile increased, the corresponding values were reclassified into property, plant and equipment in the second quarter of 2008.

Investment property € million	2008	2007	Change
Accumulated acquisition costs at 1.1.	16.3	16.3	0.0 %
Reclassifications	-16.3	0.0	100.0 %
Accumulated acquisition costs at 31.12.	0.0	16.3	-100.0 %
Accumulated depreciation at 1.1.	9.1	8.6	5.8 %
Additions	0.4	0.5	-20.0 %
Reclassifications	-9.5	0.0	100.0 %
Accumulated depreciation at 31.12.	0.0	9.1	-100.0 %
Residual book values at 1.1.	7.2	7.7	-6.5 %
Residual book values at 31.12.	0.0	7.2	-100.0 %

(12) Financial assets

2008 € million	Related companies	Equity investments	Securities	Total
Accumulated acquisition costs at 1.1.2008	2.3	0.1	0.1	2.5
Additions	1.3	0.0	0.0	1.3
Disposals	-0.5	0.0	-0.1	-0.6
Reclassifications	0.0	0.0	0.0	0.0
Currency adjustments	0.0	0.0	0.0	0.0
Changes in consolidated group	0.1	0.0	0.0	0.1
Accumulated acquisition costs at 31.12.2008	**3.2**	**0.1**	**0.0**	**3.3**
Accumulated amortisation and impairments at 1.1.2008	1.8	0.0	0.0	1.8
Additions	1.3	0.0	0.0	1.3
Disposals	0.0	0.0	0.0	0.0
Reclassifications	0.0	0.0	0.0	0.0
Currency adjustments	0.0	0.0	0.0	0.0
Changes in consolidated group	0.0	0.0	0.0	0.0
Accumulated amortisation and impairments at 31.12.2008	**3.1**	**0.0**	**0.0**	**3.1**
Residual book values at 1.1.2008	0.5	0.1	0.1	0.7
Residual book values at 31.12.2008	**0.1**	**0.1**	**0.0**	**0.2**

The additions to related companies shown under both accumulated costs of acquisition and accumulated amortisation and impairments primarily reflect the two subsidiaries in Italy, which are now in liquidation.

2007 € million	Related companies	Equity investments	Securities	Total
Accumulated acquisition costs at 1.1.2007	0.1	0.1	4.2	4.4
Additions	1.8	0.0	0.2	2.0
Disposals	-0.1	0.0	-4.3	-4.4
Reclassifications	0.0	0.0	0.0	0.0
Currency adjustments	0.0	0.0	0.0	0.0
Changes in consolidated group	0.5	0.0	0.0	0.5
Accumulated acquisition costs at 31.12.2007	2.3	0.1	0.1	2.5
Accumulated amortisation and impairments at 1.1.2007	0.0	0.0	0.0	0.0
Additions	1.8	0.0	0.0	1.8
Disposals	0.0	0.0	0.0	0.0
Reclassifications	0.0	0.0	0.0	0.0
Currency adjustments	0.0	0.0	0.0	0.0
Changes in consolidated group	0.0	0.0	0.0	0.0
Accumulated amortisation and impairments at 31.12.2007	1.8	0.0	0.0	1.8
Residual book values at 1.1.2007	0.1	0.1	4.2	4.4
Residual book values at 31.12.2007	0.5	0.1	0.1	0.7

(13) Trade receivables and other assets

Trade receivables comprise in particular receivables from product partners (such as insurance companies, investment funds or banks), which are derived from ongoing commission charges and from cancellation reserves. Other assets comprise in particular interest-bearing long-term receivables due from product manufacturers from cancellation securities and related interest-bearing financial resources blocked in favour of product manufacturers (fixed-term deposits at banks), receivables due from employees and self-employed financial advisers as well as other receivables due from the tax authorities and from guarantees. Other receivables and other assets include income tax receivables of €3.2 million (2007: €1.2 million). The carrying values correspond with fair values. In both 2008 and 2007, receivables and other assets include relatively insignificant volumes of financial derivatives.

2008 € million	Balance at 31.12.2008	Term under 1 year	Term over 1 year	Impairments in 2008
Trade receivables	96.0	96.0	0.0	0.3
Assets related to cancellation securities	11.1	3.8	7.3	0.0
Tied-up financial assets	8.4	0.0	8.4	0.0
Other receivables and other assets	50.4	40.9	9.5	2.0
Total	165.9	140.7	25.2	2.3

2007 € million	Balance at 31.12.2007	Term under 1 year	Term over 1 year	Impairments in 2007
Trade receivables	90.1	90.1	0.0	0.9
Assets related to cancellation securities	10.3	3.4	6.9	0.0
Tied-up financial assets	20.8	0.0	20.8	0.0
Other receivables and other assets	35.4	32.1	3.3	1.4
Total	156.6	125.6	31.0	2.3

(14) Inventories

Inventories primarily comprise goods that are intended for further sale, such as training documentation and material for sales support.

(15) Cash and cash equivalents

Cash and cash equivalents comprise cheques, cash in hand and cash at banks.

(16) Equity

The share capital of AWD Holding AG remained unchanged in 2008. The share capital consists of 38,639,016 bearer shares of no par value. The reduction in equity to €46.2 million from €120.5 million in the prior year was primarily a result of the Group's loss for the year and the dividend payment to the shareholders of €58.0 million in 2008. The balance sheet loss for 2008 of AWD Holding AG in the company financial statements according to the German Commercial Code (HGB) was offset by a withdrawal from the capital reserve. Part of the goodwill charged to reserves according to IFRS 1 has now been charged to the balance sheet profit in order to avoid a negative capital reserve.

Non-current and current liabilities

(17) Provisions

€ million	Pension obligations	Taxes	Cancellation risks	Warranty costs	Commission commitments	Other provisions	Total
Balance at 1.1.2008	1.4	9.7	34.0	32.3	17.8	25.8	121.0
Utilisation	0.0	-6.0	-18.7	-4.7	-15.7	-20.2	-65.3
Release	-0.1	0.0	0.0	-9.3	-1.2	-1.5	-12.1
Allocation	0.4	3.5	20.9	12.7	11.0	31.0	79.5
Accrued interest	0.0	0.0	0.8	0.4	0.0	0.0	1.2
Exchange-rate change	0.0	0.2	-0.4	-1.4	0.0	-4.3	-5.9
Change in consolidated group	0.0	0.1	-1.5	0.0	11.8	-1.9	8.5
Balance at 31.12.2008	1.7	7.5	35.1	30.0	23.7	28.9	126.9
Thereof long-term	1.7	0.0	15.2	9.3	5.4	2.0	33.6

The allocations to other provisions and warranty costs primarily comprise the future costs that will be incurred for the restructuring in the United Kingdom. An altered risk assessment induced by recent positive experience led to a release of provisions, mainly of warranty costs in the Germany region. Pension obligations are primarily based on tax-leveraged contributions to company pension schemes for employees and self-employed financial advisers. These contributions are placed in long-term investments, separately from the other assets of the AWD Group, in favour of those eligible for benefits. With an assumed discount rate of 6.5% (2007: 4.25%), an expense of €0.4 million (2007: €0.3 million) was recognised in the reporting period with the use of the corridor method. The entire **defined benefit obligations** amounted to €3.1 million as of 31 December 2008 (2007: €3.4 million).

Tax provisions reflect the status of the tax obligations on the balance-sheet date, as calculated on the basis on the financial results and tax-related adjustments. Provisions for cancellation risks cover the financial consequences of anticipated reversals, whereby liability for the cancellation of business is still applicable. Provisions for warranty costs compensate risks related to customers and self-employed financial advisers. As well as these facts and amounts that are covered by provisions, it is not possible to exclude the risk that additional economic effects may occur in the future due to business activities. However, there is insufficient certainty for the presentation of contingent liabilities.

In connection with the acquisition of Chase de Vere in 2005, receivables from guarantees due from the vendor of the company and provisions for guarantees were recognised in the same amount. In 2008, these amounts were reduced by €0.7 million (2007: €6.7 million) due to the positive development. This had no impact on the income statement.

(18) Liabilities

Liabilities and their terms are comprised as follows:

2008 € million	Balance at 31.12.2008	Term under 1 year	Term over 1 year
Trade payables	159.5	113.9	45.6
Financial liabilities	0.0	0.0	0.0
Other liabilities	9.0	9.0	0.0
Total	168.5	122.9	45.6

Trade payables primarily comprise current commission invoices. The carrying amounts correspond with the fair values from self-employed financial advisers and retained cancellation reserves. Of the other liabilities, €2.7 million are from taxes (2007: €2.0 million).

2007 € million	Balance at 31.12.2007	Term under 1 year	Term over 1 year
Trade payables	149.6	109.8	39.8
Financial liabilities	0.0	0.0	0.0
Other liabilities	18.2	17.9	0.3
Total	167.8	127.7	40.1

Other information

Contingent liabilities and other financial liabilities

At the balance-sheet date, there were liabilities from guarantees and warranties in an amount of €5.7 million (2007: €1.8 million). They mainly apply to rental contracts.

There are other financial obligations particularly as a result of rental and leasing contracts as well as other agreements in an amount of €43.7 million. They are comprised as follows:

2008 € million	Balance at 31.12.2008	Term under 1 year	Term over 1 year	Term over 5 years
From rental contracts	29.6	6.0	14.4	9.2
From leasing contracts	4.6	2.9	1.7	0.0
From other agreements	9.5	2.8	6.7	0.0
Total	43.7	11.7	22.8	9.2

2007 € million	Balance at 31.12.2007	Term under 1 year	Term over 1 year	Term over 5 years
From rental contracts	32.1	5.1	12.4	14.6
From leasing contracts	1.7	0.9	0.8	0.0
From other agreements	12.2	2.7	9.5	0.0
Total	46.0	8.7	22.7	14.6

Financial derivatives

As a rule, no financial derivatives are used for speculative purposes. Selected foreign-currency receivables and payables (particularly regarding subsidiaries) are hedged by means of suitable derivatives. Financial derivatives are initially measured at cost of acquisition and subsequently at fair value through profit and loss. The effects on the financial statements are not material.

	31.12.2008		31.12.2007	
€ million	Nominal value	Fair value	Nominal value	Fair value
Currency option contracts (GBP put options)	0.0	0.0	0.2	0.4
Thereof term more than 1 year	0.0	0.0	0.0	0.0

Material expenses

€ million	2008	2007	Change
Cost of purchased goods	3.4	3.4	0.0 %
Cost of purchased services	10.8	9.3	16.1 %
Total	14.2	12.7	11.8 %

Depreciation, amortisation and impairments

€ million	2008	2007	Change
Systematic intangible assets	4.8	4.9	-2.0 %
Systematic property, plant and equipment	10.0	9.2	8.7 %
Systematic depreciation	14.8	14.1	5.0 %
Extraordinary depreciation	1.6	1.8	-11.1 %
Total	16.4	15.9	3.1 %

The value of the equity interest in the non-consolidated subsidiaries in Italy, which are in liquidation, has been impaired to zero. The amount of €1.3 million has been charged to income from equity investments. Depreciation, amortisation and impairments do not include discontinued operations of €0.8 million in 2008 and of €0.4 million in 2007.

The details given of personnel expenses, numbers of employees and the external auditors' fees are mandatory pursuant to the German Commercial Code (HGB) and, by definition, apply to the entire Group.

Personnel expenses (entire Group)

€ million	2008	2007	Change
Wages and salaries	115.2	132.1	-12.8 %
Social-security levies and pension plans	20.9	23.2	-9.9 %
Total	136.1	155.3	-12.4 %

Numbers of employees (entire Group)

Average numbers	2008	2007	Change
Directors	46	45	2.2 %
Employed financial advisers	338	438	-22.8 %
Employed staff	1,596	1,707	-6.5 %
Trainees	27	32	-15.6 %
Total	2,007	2,222	-9.7 %

External auditors' fees (entire Group)

€ million	2008	2007	Change
Audit of year-end financial statements	1.0	1.0	0.0 %
Other certifications and audits	0.1	0.1	0.0 %
Tax-consulting services	0.1	0.1	0.0 %
Other services	0.1	0.3	-66.7 %
Total	1.3	1.5	-13.3 %

Details of the parent company

The consolidated financial statements of the AWD Group are included in the consolidated financial statements of Swiss Life Holding AG, Zurich, via Swiss Life Beteiligungs GmbH, Munich. The financial statements are deposited with the tax authorities in Zurich.

Notes on the cash flow statement

(19) Cash flow from operating activities

In the cash flow from operating activities (operating cash flow), expenses and income with no effect on cash flow are eliminated.

(20) Cash flow from investing activities

The cash flow from investing activities includes investments in non-current assets, including expenditure for the acquisition of consolidated companies and income from the sale of non-current assets. The key areas of investment are explained in the notes on the development of non-current assets. Payments received and made on loans and securities entered under non-current assets are not included in the cash flow from investing activities, but in the cash flow from operating activities. The cash flow from investing activities in 2008 includes the payment in January of a subsequent obligation of €1.3 million relating to the two discontinued companies in Italy.

(21) Cash flow from financing activities

The cash flow from financing activities comprises the dividend distribution made during the financial year. On 4 June 2008, the shareholders of AWD Holding AG approved the distribution of a dividend of €1.50 per share. This represents a total distribution of €58.0 million.

(22) Cash and cash equivalents

The item of cash and cash equivalents is identical to the item by the same name on the assets side of the balance sheet, and includes bank deposits available at short notice, cheques and cash in hand.

Additional information

Interest income € million	2008	2007
Interest received	7.9	7.5
Interest paid	-0.1	-0.1
Total	7.8	7.4

Income taxes € million	2008	2007
Taxes received	2.7	0.6
Taxes paid	-23.0	-28.7
Total	-20.3	-28.1

Notes on segment reporting

Segment definition

The main business activities of the operating companies of the AWD Group consist of advising customers on their financial arrangements and the related brokering of various financial products from external insurance companies, investment funds and other companies. Individual customer care cannot be split any further in accounting terms. Differing sub-activities significant at the Group level cannot be identified within the individual companies of the Group. Therefore, each of the individual companies of the AWD Group is to be qualified as a one-product company. Their strategic and operational management and their internal reporting systems are structured along the lines of the respective national companies: As a consequence, segmentation takes place solely geographically.

Scope of the segments

The Germany segment comprises the subgroup of AWD Gruppe Deutschland GmbH, Hanover, and since 31 December 2008 the group of companies Deutsche Proventus AG, Bremen. The Austria & CEE segment comprises the subgroup AWD CEE Holding GmbH, Vienna. The subgroup AWD Group plc, London, has been separated into the segments, continuing operations and discontinued operations. The Switzerland segment comprises AWD Allgemeiner Wirtschaftsdienst AG, in Zug. AWD Holding AG is presented separately from the operating segments.

Consolidation and internal revenue

The respective internal consolidation has already taken place within the segments. The consolidation between the individual segments is represented in the consolidation column.

Significant income/expense consolidation arises from the supply of goods and services between AWD Holding AG and Allgemeiner Wirtschaftsdienst Gesellschaft für Wirtschaftsberatung und Finanzbetreuung mbH, particularly from rental and leasing services, administrative services and intra-Group financing. The internal supply of goods and services within the AWD Group was transacted at arm’s length and at market prices.

(23) Discontinued operations

By resolution of 11 November 2008, the Supervisory Board and Board of Management of AWD Holding AG decided to restructure the Group's business activities in the British market and to dispose of individual companies or business operations. In this context, peripheral activities were sold and the Home Finance business unit were sold in the fourth quarter.

According to IFRS 5, the discontinued operations are to be presented separately. The income statement is adjusted for the relevant amounts of the unit and the unit's earnings before taxes are shown separately in the income statement. The prior-year figures have been adjusted accordingly. In addition, the following income statement, cash flow details and reconciliation of the net loss provide an overview of the profitability and cash flows of the discontinued operations.

Income statement (€ million)	2008	2007	Change
Revenue	20.8	44.9	-53.7 %
Cost of sales	-11.2	-20.1	-44.3 %
Gross profit	9.6	24.8	-61.3 %
Selling expenses	-11.2	-17.2	-34.9 %
Administrative expenses	-11.0	-6.8	61.8 %
Other operating income	0.0	0.7	-100 %
Other operating expenses	-2.1	0.0	100 %
Operating profit (EBIT)	-14.7	1.5	n.a.
Financial income	-1.6	0.1	n.a.
Earnings before taxes	-16.3	1.6	n.a.
Income taxes	-0.2	0.6	n.a.
Annual profit/loss from discontinued operations	-16.5	2.2	n.a.

Cash flow statement (€ million)	2008	2007	Change
Cash flow from operating activities	-1.9	1.3	n.a.
Cash flow from investing activities	-0.6	-0.3	-100.0 %
Cash flow from financing activities (excluding internal financing)	0.0	-2.6	100 %
Net change in cash and cash equivalents	-2.5	-1.6	-56.3 %

The disposal of the Home Finance business unit and other peripheral activities in 2008 led to a capital loss. Furthermore, additional costs were incurred in connection with the disposal. This total amount is comprised as follows:

Net loss from discontinued operations and marginal activities (€ million)	
Sale proceeds	0.3
Disposal of assets (net)	-1.9
Operating loss for the year	-8.2
Costs related to the disposal of activities	-6.7
Net loss from discontinued operations	**-16.5**

Major companies of the Group

Name	Place	Issued capital in € or national currency		Equity holding
Segment Germany				
AWD Gruppe Deutschland GmbH	Hanover	€ 1,500,000		100 %
Allgemeiner Wirtschaftsdienst GmbH	Hanover	€ 2,700,000		100 %
tecis Finanzdienstleistungen AG	Hamburg	€ 500,000		100 %
HORBACH Wirtschaftsberatung GmbH	Cologne	€ 260,000		100 %
Deutsche Proventus AG	Bremen	€ 511,292		100 %
Segment Austria & CEE				
AWD CEE Holding GmbH	Vienna	€ 35,000		100 %
AWD Gesellschaft für Wirtschaftsberatung GmbH	Vienna	€ 726,728,34		100 %
AWD Ceská republika s.r.o.	Brno	€ 37,680,25	CZK 1,000,000	100 %
Segment Switzerland				
AWD Allgemeiner Wirtschaftsdienst AG	Zug	€ 3,754,609	CHF 5,600,000	100 %
Segment United Kingdom				
AWD Group plc	London	€ 67,996,405	GBP 65,800,121	100 %
AWD Chase De Vere Wealth Management Limited	London	€ 23,858,117	GBP 23,087,500	100 %
AWD Chase De Vere Consulting Limited	London	€ 1,999,587	GBP 1,935,000	100 %

With the exception of the company Deutsche Proventus AG, following resolutions by their respective controlling companies, the companies of the Group listed under the Germany segment and the less significant companies, AWD Gastronomie GmbH, AWD Versicherungsmakler und -beratungs GmbH and AWD Vermögensverwaltungsgesellschaft mbH (all in Hanover) have made use of the provisions of Section 264, Subsection 3 of the German Commercial Code (HGB) releasing them from disclosure obligations.

Corporate governance report

Corporate governance at AWD

Corporate governance provides a normative basis for AWD's dual system of management and supervision. At the AWD Group, corporate governance has traditionally enjoyed a high status based in particular on timely, voluntary commitments and their implementation. All areas of the Group are affected. Corporate governance at AWD serves to ensure the effective organisation of the management, support and monitoring of the company to develop and optimise entrepreneurial potential. It helps us to realise a sustainable increase in enterprise value, to ensure transparency in accounting, reporting and corporate communication, and to develop relevant corporate functions.

The AWD Group already created its own corporate governance department at the time of the initial public offering in 2000. The Supervisory Board and the Board of Management gave the Compliance Officer the task of creating a clear understanding of transparency and uniform standards in the Group. On the basis of statutory requirements and a voluntary code of conduct, including the recommendations and suggestions of the German Corporate Governance Code (HGB), corporate governance structures and procedures are constantly being further developed. The Corporate Compliance Officer conducts regular reviews of the normative basic principles of management and supervision, and reports directly to the Supervisory Board and the Board of Management on compliance with the code.

Communication on the issue of corporate governance is given high priority. In the past financial year, once again a detailed review was carried out in preparation for AWD's declaration of compliance 2008, which was discussed with the Board of Management and the Supervisory Board. The practice of corporate governance at the AWD Group is described in comparison with the currently valid version of the German Corporate Governance Code.

The declaration of compliance pursuant to Section 161 of the German Stock Corporation Act was issued on 18 December 2008. It was made available to the shareholders on the company's Internet website in good time in December 2008. All of the other declarations of compliance made since 2002 are also accessible there.

Declaration of compliance according to Section 161 of the German Stock Corporation Act

In accordance with Section 161 of the German Stock Corporation Act, the Supervisory Board and the Board of Management of AWD Holding AG declare, after separate resolutions by the Supervisory Board and the Board of Management, that the recommendations of the German Government Commission's Corporate Governance Code in the currently valid version as amended on 6 June 2008 will be complied with in full in the future, with the exception of a deviation stated here.

The recommendation of Clause 7.1.2, Sentence 4 of the German Corporate Governance Code as amended on 6 June 2008, according to which "interim reports shall be publicly available within 45 days of the end of the reporting period", will from today's perspective be followed except with regard to interim report on the first half of 2009.

Since the last declaration of compliance made on 13 September 2007, which referred to the German Corporate Governance Code as amended on 14 June 2007, AWD Holding AG has fully complied with the recommendations of the German Corporate Governance Code with the exception of the deviations stated here:

The recommendation of Clause 5.3.3 of the German Corporate Governance Code as amended on 14 June 2007, according to which "the Supervisory Board shall form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates for the Supervisory Board for recommendation to the General Meeting", was not followed with regard to the candidate proposals for the General Meeting on 4 June 2008. The 2007 declaration of compliance was updated on 23 April 2008.

The recommendation of Clause 7.1.2, Sentence 3 of the German Corporate Governance Code as amended on 14 June 2007, according to which "interim reports shall be publicly available within 45 days of the end of the reporting period", was not followed solely with regard to the interim report on the first half of 2008. The 2007 declaration of compliance was updated on 17 June 2008.

The recommendation of Clause 4.2.3, Sentence 2 of the German Corporate Governance Code as amended on 14 June 2007, according to which "the monetary compensation elements (for the members of the Board of Management) shall comprise fixed and variable elements", was not followed with regard to some of the Board of Management contracts newly concluded in 2008. Due to the strategic further development process and the Board of Management's expansion for the Group's further development from three to seven members in September 2008, 2008 is to be regarded as a year of transition concerning remuneration. From today's perspective, the Code recommendations will be followed in 2009.

AWD Holding AG

Hanover, 18 December 2008

Supervisory Board and Board of Management

Supervisory Board and Board of Management of AWD Holding AG with remuneration report

The Supervisory Board of AWD Holding AG comprised the following members at 31 December 2008:

Bruno Pfister
Chairman of the Supervisory Board,
Chairman of the Nomination and Personnel Committee

Year of birth: 1959
Place of residence: Wollerau, Switzerland
Profession: Group Chief Executive Officer (CEO), Swiss Life Holding AG and President of Group Management, Zurich
First appointed: As of 4.6.2008
Appointed until: 2013

Memberships of comparable monitoring boards of companies in Germany and abroad:

- Swiss Life International Holding AG, Zurich (Vice President and Delegate of the Administrative Board)
- Gottex Fund Management Holdings Limited, St. Peter Port, Guernsey (Member of the Board of Directors)
- Swiss Life Investment Management Holding AG, Zurich (Member of the Administrative Board)
- Admissions Office and Committee of the Admissions Office of the SIX Swiss Exchange, Zurich (Vice President)
- Schweizerischer Versicherungsverband (SVV), Zurich (Member of the Board of Management and of the Board of Management Committee since 25.6.2008)
- Swiss Life (Liechtenstein) AG, Vaduz (President of the Administrative Board until 5.12.2008)
- Swiss Life Funds (Lux) Management Company S.A., Luxembourg (Member of the Supervisory Board until 25.8.2008)
- Société suisse de participations d'assurance, Paris (Member of the Supervisory Board until 28.5.2008)
- Schweizerische Lebensversicherungs- und Rentenanstalt Holding AG, Zurich (President of the Administrative Board until 16.5.2008)
- Swiss Life Belgium S.A., Brussels (Member of the Supervisory Board until 29.4.2008)
- Swiss Life Assurances de Biens, France (Member of the Supervisory Board until 8.4.2008)
- Swiss Life Prévoyance et Santé, Paris (Member of the Supervisory Board until 12.3.2008)
- Swiss Life Assurance et Patrimoine, Paris (Member of the Supervisory Board until 12.03.2008)
- Meeschaert Assurances S.A., Paris (Member of the Supervisory Board until 12.3.2008)

Beat W. Hubacher
Deputy Chairman of the Supervisory Board,
Chairman of the Audit Committee,
Member of the Nomination and Personnel Committee

Year of birth: 1955
Place of residence: Oberwil-Lieli, Switzerland
Profession: Delegate for Corporate Mandates, Swiss Life Holding AG, Zurich
First appointed: As of 4.6.2008
Appointed until: 2013

Memberships of comparable monitoring boards of companies in Germany and abroad:

- Rentenanstalt Holding AG, Zurich (President of the Administrative Board)
- Swiss Life (Liechtenstein) AG, Vaduz (Member of the Administrative Board)
- Swiss Life (Luxembourg) S.A., Strassen (Member of the Administrative Board)
- Swiss Life Banque Privée, Paris (Member of the Administrative Board)
- Swiss Life Products (Luxembourg) S.A., Strassen (Member of the Administrative Board)
- Swiss Life Selection AG, Zurich (Member of the Administrative Board)
- Swiss Life Capital Holding AG, Zurich (Member of the Administrative Board)
- Swiss Life Funds (Lux) Management Company, Luxembourg (Member of the Administrative Board)
- Swiss Life Private Placement (Middle East) Ltd., Dubai (Member of the Board of Directors)

Dr. Hans Vieregge
Member of the Supervisory Board,
Member of the Audit Committee

Year of birth: 1941
Place of residence: Hanover, Germany
Profession: Former Member of the Board of Management of Nord/LB Norddeutsche Landesbank, Hanover
First appointed: 1999 – 2003
Reappointment: 2003 – 2008
Newly appointed until: 2011

Other memberships of statutory Supervisory Boards of German companies:

- Beteiligungsgesellschaft Emsland Stärke Aktiengesellschaft, Emlichheim (Chairman of the Supervisory Board)
- Emsland Stärke Gesellschaft mit beschränkter Haftung, Emlichheim (Chairman of the Supervisory Board)
- GEBAB Konzeptions- and Emissionsgesellschaft mbH, Meerbusch (Chairman of the Supervisory Board)
- RMX Risk Management Exchange AG, Hanover (Chairman of the Supervisory Board)
- Blohm + Voss Shipyards GmbH, Hamburg (Member of the Supervisory Board)
- Deutsche Schiffahrts-Treuhand Aktiengesellschaft, Flensburg (Member of the Supervisory Board)
- IFA Hotel and Touristik Aktiengesellschaft, Duisburg (Member of the Supervisory Board)

Memberships of comparable monitoring boards of companies in Germany and abroad:

- CONTI Beteiligungsverwaltungs GmbH & Co. KG “Conti Basel”, Munich (Member of the Administrative Board)
- CONTI 147. Schifffahrts-GmbH & Co. KG MT “Conti Equator”, Munich (Member of the Administrative Board)
- Oeseder Möbel Industrie Mathias Wiemann GmbH + Co. KG, Georgsmarienhütte (Member of the Advisory Board)
- Siepmann-Werke GmbH & Co. KG, Warstein-Belecke (Member of the Advisory Board)

Dr. Michael Frenzel
Member of the Supervisory Board

Year of birth: 1947
Place of residence: Hanover, Germany
Profession: Chairman of the Board of Management of TUI AG, Berlin/Hanover
First appointed: 2005 – 2008
Newly appointed until: 2011

Other memberships of statutory Supervisory Boards of German companies:

- Hapag-Lloyd AG, Hamburg (Chairman of the Supervisory Board)
- Hapag-Lloyd Fluggesellschaft mbH, Langenhagen (Chairman of the Supervisory Board)
- TUI Germany GmbH, Hanover (Chairman of the Supervisory Board)
- AXA Konzern Aktiengesellschaft, Cologne (Member of the Supervisory Board)
- Continental Aktiengesellschaft, Hanover (Member of the Supervisory Board)
- E.ON Energie AG, Munich (Member of the Supervisory Board)
- Volkswagen Aktiengesellschaft, Wolfsburg (Member of the Supervisory Board)

Memberships of comparable monitoring boards of companies in Germany and abroad:

- NORD/LB Norddeutsche Landesbank, Hanover (Member of the Supervisory Board)
- TUI Cruises GmbH, Hamburg (Member of the Shareholders’ Committee since 12.6.2008)
- Preussag North America, Inc., Atlanta, USA (Chairman of the Board of Directors)
- TUI China Travel Co. Ltd., Beijing, China (Member of the Board of Directors)
- TUI Travel plc, Crawley, United Kingdom (Non-Executive Chairman of the Board of Directors)

Professor Dr. Utz Claassen
Member of the Supervisory Board,
Member of the Nomination and Personnel Committee

Year of birth: 1963
Place of residence: Hanover, Germany
Profession: Business consultant
First appointed: As of 4.6.2008
Appointed until: 2013

Other memberships of statutory Supervisory Boards of German companies:

- Syntellix AG, Hanover (Chairman of the Supervisory Board)

Memberships of comparable monitoring boards of companies in Germany and abroad:

- Otto Bock GmbH & Co. KG, Duderstadt, Germany (Deputy Chairman of the Advisory Board)
- Personal HealthCare Telemedicine Services GmbH (PHTS Telemedizin), Dusseldorf, Germany (Member of the Advisory Board)
- trans-o-flex Schnell-Lieferdienst GmbH & Co. KG, Weinheim, Germany (Member of the Advisory Board)

During 2008, the following persons were also members of the Supervisory Board of AWD Holding AG:

Dr. Carl Hermann Schleifer
Chairman of the Supervisory Board,
Chairman of the Nomination and Personnel Committee,
Member of the Audit Committee until 4.6.2008

Year of birth: 1942
Place of residence: Kiel, Germany
Profession: Lawyer, tax consultant
First appointed: 1998 – 2003
Reappointment until: Annual General Meeting 2008

Other memberships of statutory Supervisory Boards of German companies:

- ttp Thyen, Theilen & Partner AG Steuerberatungsgesellschaft, Flensburg (Chairman of the Supervisory Board)
- Deutsche Ärzteversicherung AG, Cologne (Member of the Supervisory Board)
- GLC Glücksburg Consulting AG, Hamburg (Member of the Supervisory Board)

Professor Dr. Dr. h.c. Bernhard Servatius
Deputy Chairman of the Supervisory Board,
Member of the Nomination and Personnel Committee until 4.6.2008

Year of birth: 1932
Place of residence: Hamburg, Germany
Profession: Lawyer, university lecturer
First appointed: 1999 – 2003
Reappointment until: Annual General Meeting 2008

Memberships of comparable monitoring boards of companies in Germany and abroad:

- EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany (Member of the Advisory Board)

Professor Dr. J.-Matthias Graf von der Schulenburg
Member of the Supervisory Board,
Chairman of the Audit Committee,
Member of the Nomination and Personnel Committee until 4.6.2008

Year of birth: 1950
Place of residence: Hanover, Germany
Profession:
Director of the Institute for Insurance Studies of the University of Hanover
First appointed: 1998 – 2003
Reappointment until: Annual General Meeting 2008

Other memberships of statutory Supervisory Boards of German companies:

- AXA Krankenversicherung Aktiengesellschaft, Cologne (Member of the Supervisory Board)

Memberships of comparable monitoring boards of companies in Germany and abroad:

- VHV Vereinigte Hannoversche Versicherung a.G., Hanover (Member of the Administrative Board)
- SCOR Deutschland Rückversicherungs AG, Hanover (Chairman of the Advisory Board)
- Techniker Krankenkasse, Hamburg (Chairman of the Advisory Board)
- AXA Krankenversicherung Aktiengesellschaft, Cologne (Member of the Advisory Board)
- Continentale Krankenversicherung a.G., Dortmund (Member of the Advisory Board)
- DAK Deutsche Angestellten-Krankenkasse, Hamburg (Member of the Advisory Board)

Professor Dr. Dr. h.c. Klaus E. Goehrmann
Member of the Supervisory Board until 4.6.2008

Year of birth: 1938
Place of residence: Hanover, Germany
Profession: Chairman of the Board of Management of the International Neurobionic Foundation, Hanover
First appointed: 1999 – 2003
Reappointment until: Annual General Meeting 2008

Other memberships of statutory Supervisory Boards of German companies:

- Hannover Marketing GmbH, Hanover (Chairman of the Supervisory Board)
- Höft & Wessel AG, Hanover (Chairman of the Supervisory Board)
- InBev Deutschland GmbH, Bremen (Member of the Supervisory Board)
- Internationale Schule Hannover Region (ISHR) GmbH, Hanover (Member of the Supervisory Board)
- MAN Nutzfahrzeuge AG, Munich (Member of the Supervisory Board)
- Philips Technologie GmbH, Hamburg (Member of the Supervisory Board)
- Philips Deutschland GmbH, Hamburg (Member of the Supervisory Board)
- Vereinigte Schmirgel- and Maschinenfabriken AG, Hanover (Member of the Supervisory Board)

Memberships of comparable monitoring boards of companies in Germany and abroad:

- VHV Vereinigte Hannoversche Versicherung a.G., Hanover (Chairman of the Administrative Board)
- HDI-Gerling Sach Service Holding AG (Member of the Administrative Board)

Manfred Behrens
Deputy Chairman of the Supervisory Board from 4.6.2008 until 19.8.2008

Year of birth: 1955
Place of residence: Hanover, Germany
Profession: Co-Chairman of the Board of Management of AWD Holding AG, Hanover (since 1.9.2008)
First appointed: As of 4.6.2008
Appointed until: 2013, stepped down as of 19.8.2008

Other memberships of statutory Supervisory Boards of German companies:

- Aareal Bank AG, Wiesbaden (Member of the Supervisory Board)
- Depfa Holding Verwaltungsgesellschaft mbH (Member of the Supervisory Board until 31.10.2008)

Memberships of comparable monitoring boards of companies in Germany and abroad:

- Commerzbank Aktiengesellschaft, Frankfurt (Member of the State Advisory Boards)
- Association of German Insurers (Member of the Presiding Committee and Main Committee Life)

By resolution of the Extraordinary General Meeting of 24.2.2009, the following person was elected Member of the Supervisory Board of AWD Holding AG:

Dr. Ivo Furrer
Member of the Supervisory Board,
Member of the Audit Committee

Year of birth: 1957
Place of residence: Wiesendangen, Switzerland
Profession: Chief Executive Officer Switzerland of Swiss Life Holding AG, Zurich
First appointed: As of 24.2.2009
Appointed until: 2013

The total remuneration of the Supervisory Board for the year 2008 amounted to €0.2 million (2007: €0.4 million).

The individualised details of remuneration are as follows:

2008	Fixed remuneration	Variable remuneration	Total remuneration
Bruno Pfister (as of 4.6.2008)	€21k	€0k	€21k
Beat W. Hubacher (as of 4.6.2008)	€16k	€0k	€16k
Dr. Hans Vieregge	€22k	€0k	€22k
Dr. Michael Frenzel	€18k	€0k	€18k
Prof. Dr. Utz Claassen (as of 4.6.2008)	€13k	€0k	€13k
Dr. Carl Hermann Schleifer (until 4.6.2008)	€18k	€0k	€18k
Professor Dr. Dr. h.c. Bernhard Servatius (until 4.6.2008)	€13k	€0k	€13k
Professor Dr. J.-Matthias Graf von der Schulenburg (until 4.6.2008)	€13k	€0k	€13k
Professor Dr. Dr. h.c. Klaus E. Goehrmann (until 4.6.2008)	€9k	€0k	€9k
Manfred Behrens (from 4.6.2008 until 19.8.2008)	€7k	€0k	€7k
Total	€150k	€0k	€150k

2007	Fixed remuneration	Variable remuneration	Total remuneration
Dr. Carl Hermann Schleifer	€36k	€69k	€105k
Professor Dr. Dr. h.c. Bernhard Servatius	€27k	€52k	€79k
Professor Dr. J.-Matthias Graf von der Schulenburg	€27k	€52k	€79k
Dr. Hans Vieregge	€22k	€44k	€66k
Professor Dr. Dr. h.c. Klaus E. Goehrmann	€18k	€34k	€52k
Dr. Michael Frenzel	€18k	€34k	€52k
Total	€148k	€285k	€433k

Due to the net loss for the year, no variable remuneration was payable for the members of the Supervisory Board in 2008. The exact rules for the remuneration of the Supervisory Board are approved by the Annual General Meeting and laid down in the Articles of Association of AWD Holding AG. In addition to this remuneration, the members of the Supervisory Board received non-cash benefits in the form of the use of motor vehicles and the reimbursement of expenses totalling €13 thousand. No pension commitments or loans have been made to the members of the Supervisory Board.

On the balance-sheet date, the members of the Supervisory Board held no AWD shares. No member of the Supervisory Board is a beneficiary of a stock-option plan of the AWD Group.

The following persons were members of the Board of Management of AWD Holding AG in 2008:

Carsten Maschmeyer
Co-Chairman of the Board of Management

Year of birth: 1959
Place of residence: Hanover, Germany
Profession: Co-Chairman of the Board of Management of AWD Holding AG, Hanover
First appointed: 1998 – 2003
Reappointment: 2003 – 2008
Newly appointed until: 2013
Responsible for:

- Strategic Further Development
- New Markets
- Communication

Manfred Behrens
Co-Chairman of the Board of Management

Year of birth: 1955
Place of residence: Hanover, Germany
Profession: Co-Chairman of the Board of Management of AWD Holding AG, Hanover (since 1.9.2008)
First appointed: 2008
Appointed until: 2013
Responsible for:

- Group Coordination with Swiss Life
- Corporate Governance
- Compliance
- Personal
- Corporate Legal Affairs
- Corporate Internal Auditing

Other memberships of statutory Supervisory Boards of German companies:

- Aareal Bank AG, Wiesbaden (Member of the Supervisory Board)
- Depfa Holding Verwaltungsgesellschaft mbH (Member of the Supervisory Board until 31.10.2008)

Memberships of comparable monitoring boards of companies in Germany and abroad:

- Commerzbank Aktiengesellschaft, Frankfurt (Member of the State Advisory Boards)
- Association of German Insurers (Member of the Presiding Committee and Main Committee Life)

Nils Frowein
Deputy Chairman of the Board of Management

Year of birth: 1964
Place of residence: Hanover, Germany
Profession: Deputy Chairman of the Board of Management AWD Holding AG, Hanover (since 7.1.2008)
First appointed: 2008
Appointed until: 2013
Responsible for:

- Partners
- Products
- IT
- Processing
- Organisation
- UK

Other memberships of statutory Supervisory Boards of German companies:

- Deutsche Proventus AG, Bremen (Chairman of the Supervisory Board since 19.2.2009)
- tecis Finanzdienstleistungen AG, Hamburg (Deputy Chairman of the Supervisory Board since 3.3.2008)
- tecis Asset Management AG i.L., Hamburg (Chairman of the Supervisory Board since 4.3.2008)

Memberships of comparable monitoring boards of companies in Germany and abroad:

- AWD Group plc, London (Member of the Board of Directors (non-executive) since 11.2.2008)
- AWD Allgemeiner Wirtschaftsdienst AG, Zug (Member of the Administrative Board since 24.4.2008)

Wilhelm Zsifkovits
Member of the Board of Management

Year of birth: 1953
Place of residence: Bad Sauerbrunn, Austria/ Hanover, Germany
Profession: Member of the Board of Management of AWD Holding AG, Hanover
First appointed: 2007
Appointed until: 2012
Responsible for:

- Sales
- Sales Personnel
- Sales Executive Development
- Training and Further Training
- tecis
- Proventus
- Horbach
- Austria & CEE

Other memberships of statutory Supervisory Boards of German companies:

- tecis Finanzdienstleistungen AG, Hamburg (Chairman of the Supervisory Board since 3.3.2008)
- Deutsche Proventus AG, Bremen (Deputy Chairman of the Supervisory Board since 19.2.2009)

Dr. Martin Jünke
Member of the Board of Management

Year of birth: 1959
Place of residence: Hemmingen, Germany
Profession: Member of the Board of Management of AWD Holding AG, Hanover (since 1.9.2008)
First appointed: 2008
Appointed until: 2013
Responsible for:

- Corporate Finance
- Corporate Controlling
- Financial Communication

Other memberships of statutory Supervisory Boards of German companies:

- Deutsche Proventus AG, Bremen
  (Member of the Supervisory Board since 19.2.2009)
- tecis Finanzdienstleistungen AG, Hamburg
  (Member of the Supervisory Board since 23.2.2009)

Memberships of comparable monitoring boards of companies in Germany and abroad:

- AWD Group plc, London
  (Member of the Board of Directors (non-executive) since 11.2.2008)

Marco Baur
Member of the Board of Management

Year of birth: 1961
Place of residence: Rüschlikon, Switzerland
Profession: Member of the Board of Management of AWD Holding AG, Hannover (since 29.9.2008)
First appointed: 2008
Appointed until: 2011
Responsible for:

- Management of AWD Switzerland

Memberships of comparable monitoring boards of companies in Germany and abroad:

- AWD Allgemeiner Wirtschaftsdienst AG, Zug
  (Delegate of the Administrative Board)

Dr. Rolf Wiswesser
Member of the Board of Management

Year of birth: 1963
Place of residence: Wunstorf, Germany
Profession: Member of the Board of Management of AWD Holding AG, Hanover (since 29.9.2008)
First appointed: 2008
Appointed until: 2011
Responsible for:

- Management of AWD Germany

Tobias Grieß
Member of the Board of Management until 29.2.2008

Year of birth: 1968
Place of residence: Cologne, Germany
Profession: Member of the Board of Management of AWD Holding AG, Hanover (until 29.2.2008)
First appointed: 2007
Appointed until: 2012, stepped down as of 29.2.2008
Responsible for:

- Partners and Products
- Customer Relationship Management (CRM)
- Market Research
- Financial Planning

Other memberships of statutory Supervisory Boards of German companies:

- Funds@Work AG, Frankfurt
  (Member of the Supervisory Board)
- tecis Finanzdienstleistungen AG, Hamburg
  (Deputy Chairman of the Supervisory Board until 29.2.2008)

The total remuneration of the members of the Board of Management who held office in 2008 was €3.7 million, compared with €2.4 million in 2007. The remuneration of Mr. Marco Baur and Dr. Rolf Wiswesser is paid by the companies of the Group for which they are active. The individualised details of remuneration break down as follows:

2008	Fixed remuneration	Variable remuneration	Long-term remuneration	Fringe benefits	Total remuneration
Carsten Maschmeyer	€644k	€75k	€27k	€25k	€771k
Wilhelm Zsifkovits	€515k	€400k	€46k	€46k	€1,007k
Nils Frowein (as of 7.1.2008)	€453k	€400k	€20k	€120k	€993k
Manfred Behrens (as of 1.9.2008)	€167k	€0k	€0k	€71k	€238k
Dr. Martin Jünke (as of 1.9.2008)	€83k	€33k	€17k	€11k	€144k
Dr. Rolf Wiswesser (as of 1.9.2008)	€167k	€184k	€0k	€8k	€359k
Marco Baur (as of 1.9.2008)	€105k	€0k	€0k	€11k	€116k
Tobias Grieß (until 29.2.2008)	€77k	€0k	€0k	€2k	€79k
Total	€2,211k	€1,092k	€110k	€294k	€3,707k

2007	Fixed remuneration	Variable remuneration	Long-term remuneration	Fringe benefits	Total remuneration
Carsten Maschmeyer	€644k	€322k	€0k	€25k	€991k
Ralf Brammer (until 30.6.2007)	€230k	€115k	€0k	€33k	€378k
Dr. Ulf Mainzer (until 14.11.2007)	€422k	€240k	€44k	€33k	€739k
Tobias Grieß (as of 1.9.2007)	€153k	€77k	€0k	€7k	€237k
Wilhelm Zsifkovits (as of 27.11.2007)	€5k	€76k	€0k	€0k	€81k
Total	€1,454k	€830k	€44k	€98k	€2,426k

Of the variable remuneration of the Board of Management, 30% depends on the positive development of Group revenue and 70% depends on the positive development of EBIT. The variable remuneration agreements concluded with the members of the Board of Management include elements of remuneration that are fixed or guaranteed for 2008. The long-term elements of remuneration are allocations to profit-sharing provisions of the Board of Management, which are to be recognised depending on revenue, EBIT and adviser numbers. This profit sharing will be due to be paid out in 2011. Fringe benefits include costs for removal, rent reimbursement, company cars, private health-care and nursing-care insurance, collective accident insurance and payments for life insurance and pension commitments.

Payments and allocations to provisions for the claims of former or retired members of the Board of Management reduced earnings by €2.5 million in 2008 (2007: €2.4 million).

The members of the Board of Management did not hold any shares of AWD Holding AG on the balance sheet date. The members of the Board of Management owned 53,515 share options on the balance sheet date (2007: 50,137). Only some of them were exercisable due to non-fulfilment of the MDAX criterion. From Stock Option Plan 2006, a total of 10,972 options were exercised through cash compensation.

Related-party disclosure

In 2008, AWD Holding AG and the companies of the Group received commission revenue of €15.9 million from the Swiss Life branch in Germany in the context of an agreement dating from 2000. The volume of other transactions with related persons and companies was not material in 2008. AWD Holding AG has concluded a directors' and officers' insurance policy for financial loss and third-party liability ("D&O insurance") with an appropriate excess for the members of the Supervisory Board and the Board of Management and for AWD Holding AG.

Stock-option plans

AWD Holding AG has issued share options to Board of Management members, directors, employees and self-employed financial advisers of the AWD Group companies. Share options are issued subject to the achievement of individual performance targets that are checked one year after the options were issued. Share options are forfeited if the holder fails to achieve these targets or leaves the AWD Group before exercise. For all stock-option plans, there is a waiting period of two years after the options are issued, followed by a three-year exercise period. Share options may only be exercised if the AWD share price develops on average 10% per annum better than the MDAX share index (MDAX criterion). The stock-option plans are as follows:

Stock-option plan	2003	2004	2005	2006	2007	Total
Outstanding on 1.1.2008	113,737	368,842	95,370	146,389	197,510	921,848
Granted in 2008						
Exercised in 2008				142,622		142,622
Forfeited in 2008		74,321	21,468		83,476	179,265
Lapsed in 2008	113,737					113,737
Outstanding on 31.12.2008	0	294,521	73,902	3,767	114,034	486,224
Exercise price	€11.78	€28.59	€29.25	€25.75	€32.82	
Exercisable on 31.12.2008	0	0	0	3,767	0	

In the first quarter of 2008, the exercise range for stock-option plan 2003 expired. The corresponding share options (113,737) lapsed without being exercised. In 2008, 179,265 stock options were forfeited. From stock-option plan 2006, 142,622 share options were exercised in 2008 by way of cash compensation. No new stock-option plan was created in 2008.

The stock-option plans have been evaluated with a binomial technique on the basis of the following key figures.

Stock-option plan	2003	2004	2005	2006	2007
Weighted share price when granted	€11.78	€28.59	€29.25	€25.75	€32.82
Exercise price	€11.78	€28.59	€29.25	€25.75	€32.82
Option waiting period	2 years	2 years	2 years	2 years	2 years
Option exercise period	3 years	3 years	3 years	3 years	3 years
Expected dividend yield	4.2%	2.6%	4.3%	4.0%	4.0%
Risk-free interest rate	4.0%	4.0%	3.0%	3.0%	4.0%
Expected volatility	45%	45%	30%	33%	31%
Option value before MDAX criterion	€2.98	€7.23	€4.42	€3.97	€5.77
Value loss due to MDAX criterion	-59%	-59%	-58%	-60%	-58%
Net value of options	€1.22	€2.96	€1.86	€1.59	€2.42

The weighted share price when options are granted is equal to the average stock-exchange price of AWD shares in the Xetra closing auction at the Frankfurt Stock Exchange on the first ten trading days of the month in which the options are granted. The level of the MDAX is also recorded when the options are granted. The risk-free interest rate is based on zero-coupon bonds with congruent terms of the Federal Republic of Germany, whereby the probable option period is estimated on the basis of the actual utilisation of former stock-option plans. The expected volatility of AWD's share price is derived from its historical volatility. At the same time, the historical volatility of the MDAX is also recorded. The estimate of expected dividends takes account of the historical dividend yield as well as of recent statements by the Board of Management concerning dividend policy. Based on this assessment and the forfeiture rate, the net effect in 2008 was a charge on earnings of €0.2 million (2007: €0.3 million).

Additional information relevant for takeovers

Pursuant to Section 21 of the German Securities Trading Act (WpHG), the following changes in the shareholder structure were to be reported in 2008:

Shareholder	Date	New share of voting rights	Old share of voting rights
Crédit Industriel et Commercial, Paris	2.1.2008	5.6223%	<5%
Banque Fédérative du Crédit Mutuel, Strasbourg (Allocated pursuant to Section 22, Subsection 1, Sentence 1, No. 1 of the WpHG)	02.01.2008	5.6223 %	<5 %
Crédit Mutuel, Strasbourg (Allocated pursuant to Section 22, Subsection 1, Sentence 1, No. 1 of the WpHG)	02.01.2008	5.6223 %	<5 %
Swiss Life Holding AG, Zurich (Financial instruments pursuant to Section 25 of the WpHG)	04.03.2008	10.46 %	<5 % and 10 %
Swiss Life Beteiligungs GmbH, Munich	19.03.2008	73.38 %	<3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 % and 50 %
Swiss Life Holding AG, Zurich (partially by allocation pursuant to Section 22, Subsection 1, Sentence 1, No. 1 of the WpHG)	19.03.2008	86.19 %	<20 %, 25 %, 30 %, 50 % and 75 %
Carsten J. Maschmeyer (partially by allocation pursuant to Section 22, Subsection 1, Sentence 1, No. 4 and 6 of the WpHG)	19.03.2008	10.46 %	>30 %, 25 %, 20 % and 15 %
Marcel Jo Maschmeyer	19.03.2008	1.95 %	>5 % and 3 %
Maurice Jean Maschmeyer	19.03.2008	1.95 %	>5 % and 3 %
Crédit Industriel et Commercial, Paris	19.03.2008	0.00 %	>5 % and 3 %
Banque Fédérative du Crédit Mutuel, Strasbourg (Allocated pursuant to Section 22, Subsection 1, Sentence 1, No. 1 of the WpHG)	19.03.2008	0.00 %	>5 % and 3 %
Crédit Mutuel, Strasbourg (Allocated pursuant to Section 22, Subsection 1, Sentence 1, No. 1 of the WpHG)	19.03.2008	0.00 %	>5 % and 3 %
Carsten J. Maschmeyer (partially by allocation pursuant to Section 22, Subsection 1, Sentence 1, No. 4 and 6 of the WpHG)	31.10.2008	0.00 %	>10, 5 % and 3 %
Swiss Life Beteiligungs GmbH, Munich	31.10.2008	96.65 %	<75 %
Swiss Life Holding AG, Zurich (Financial instruments pursuant to Section 25 of the WpHG)	31.10.2008	0.00 %	>10 % and 5 %

As in 2007, the share capital of AWD Holding AG is equally divided into 38,639,016 ordinary voting shares.

On 24 February 2009, the Extraordinary General Meeting of AWD Holding AG resolved to squeeze out the minority shareholders, to conclude a profit transfer agreement with parent company Swiss Life Beteiligungs GmbH, and to elect Dr. Ivo Furrer as a member of the Supervisory Board.

The general meetings of the shareholders pass resolutions on any changes in the Articles of Association. The Supervisory Board decides on the appointment and dismissal of members of the Board of Management.

As of the balance sheet date, the approved capital of AWD Holding AG amounted to €7,280,791, for which the Board of Management is authorised with the consent of the Supervisory Board to exclude shareholders' subscription rights in cases of capital increases in exchange for non-cash contributions and capital increases connected with stock-option plans. Furthermore, the share capital is conditionally increased by an amount of up to €2,050,000 for the purpose of serving stock-options in favour of employees.

Approval of the consolidated financial statements

The Board of Management prepared the consolidated financial statements on 9 March 2009 and will present them to the Supervisory Board on 11 March 2009 for its resolution on their adoption on 18 March 2009.

Hanover, 9 March 2009

The Board of Management

INDEPENDENT AUDITOR'S REPORT

We have audited the consolidated financial statements – comprising income statement, balance sheet, cash flow statement, statement of changes in equity, segment report and notes, as well as the group management report – as prepared by AWD Holding Aktiengesellschaft, Hanover – for the financial year from 1 January 2008 until 31 December 2008. The preparation of these consolidated financial statements and the group management report in accordance with IFRS, as applicable in the EU, and the supplementary regulations of Section 315a, Subsection 1 of the German Commercial Code (HGB) is the responsibility of the company's legal representatives. Our task is to state our opinion, based on our audit, on the consolidated financial statements and the group management report.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the HGB and in conformance with German generally accepted standards for the audit of financial statements as specified by the Institut der Wirtschaftsprüfer (IDW, German Institute of Chartered Accountants). Those standards state that the audit must be planned and conducted in such a way that it is possible to recognise with reasonable assurance any inaccuracies or irregularities that would have a significant effect on the presentation in the consolidated financial statements prepared according to the applicable accounting principles and in the group management report of the company's net assets, financial position and profitability. When determining the audit procedure, due consideration is given to knowledge of the group's business activities, its economic and legal environment and expectations of possible errors. The effectiveness of the internal accounting control systems and the evidence supporting the amounts and disclosures in the consolidated financial statements and the group management report were primarily examined on a test basis within the framework of the audit. The audit includes assessing the year-end financial statements of the companies included in the consolidation, the classification of the consolidated group, the accounting and consolidation principles applied, significant judgements made by the company's legal representatives and an appraisal of the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not give rise to any objections.

In our opinion, which is based on the results of our audit, the consolidated financial statements comply with IFRS, as applicable in the EU, and the supplementary regulations of Section 315a, Subsection 1 of the HGB, and, taking these regulations into account, give a true and fair picture of the group's assets, finances and profitability. The group management report is consistent with the consolidated financial statements, provides an accurate overall picture of the group's situation, and accurately reflects the opportunities and risks of future developments.

Hanover, 9 March 2009

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dyckerhoff	Lilienblum
Chartered accountant	Chartered accountant

RESPONSIBILITY STATEMENT BY THE BOARD OF MANAGEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hanover, 9 March 2009

The Board of Management

9-year overview AWD Group

HGB	2000	2001	2002	2003	2004
FROM THE INCOME STATEMENT (€ million)					
Revenues	342.6	384.7	463.3	562.7	691.1
Expenditure for brokerage and consulting	-203.5	-225.0	-244.0	-288.8	-384.6
Other operating expenses and income	-133.9	-132.7	-206.1	-218.4	-234.6
Earnings before interest and taxes	5.2	26.9	13.2	55.5	71.9
Financial income, net	8.0	27.0	12.7	4.2	3.8
Earnings before taxes	13.2	53.9	25.9	59.7	75.7
Taxes	-6.2	-10.6	-9.0	-23.5	-25.6
Net profit	7.0	43.3	16.9	36.2	50.1
ASSETS (€ million)					
Non-current assets					
Intangible assets	2.7	10.1	14.2	11.8	21.1
Property, plant and equipment	40.5	53.5	56.8	53.0	52.6
Financial assets	1.8	2.4	4.5	37.3	47.8
Current assets					
Inventories	0.5	0.6	1.0	0.8	1.1
Receivables and other assets	117.8	139.0	147.2	137.4	158.7
Cash and cash equivalents	587.3	584.5	122.7	104.4	136.2
Total assets	750.6	790.1	346.4	344.7	425.6
EQUITY AND LIABILITIES (€ million)					
Shareholders' equity	586.4	578.4	121.7	91.8	110.6
Provisions incl. special item with accrual character	72.9	81.0	90.1	102.6	130.5
Liabilities	91.4	130.7	134.6	150.3	184.5
Total liabilities	750.6	790.1	346.4	344.7	425.6
FROM THE CASH FLOW STATEMENT (€ million)					
Net profit for the year	7.0	43.3	16.9	36.2	50.1
Net cash inflow from operating activities	-11.3	49.3	44.7	67.5	97.2
Net cash outflow from investing activities	-41.7	-60.5	-478.9	-40.5	-37.4
Net cash outflow for financing activities	553.0	-1.8	-26.5	-19.0	-28.4
Cash and cash equivalents at end of the period	570.1	557.1	96.4	104.4	136.2
HUMAN RESOURCES					
Employees (annual average)	505	758	1,496	1,546	1,656
Personnel expenses in € million	33.3	49.6	81.5	104.1	112.8
Expenses per employee in € thousand	65.9	65.4	54.5	65.3	68.1
REVENUES					
Share Germany	67.0 %	65.9 %	58.8 %	56.0 %	62.0 %
Share outside Germany	33.0 %	34.1 %	41.2 %	44.0 %	38.0 %
INVESTMENTS (€ million)					
Property, plant and equipment, intangible and financial assets	25.7	22.5	19.1	15.2	15.3
Investments in companies	18.7	61.8	472.3	29.1	23.5
SHARES					
Number of shares at 31 December	37,912,590	37,912,590	37,912,590	37,912,590	37,927,450
Dividend distribution for the fiscal year in € million	2.7	26.5	19.0	28.4	47.4
Dividend per share in €	0.07	0.70	0.50	0.75	1.25
Earnings per share in €	0.18	1.14	0.45	0.95	1.32
Cash flow per share in €	-0.30	1.30	1.18	1.78	2.56
Equity per share in €	15.47	15.26	3.21	2.42	2.92
KEY FIGURES					
Commission income in million €	139.0	160.0	219.0	273.9	306.5
Return on revenues (before taxes)	3.9 %	14.0 %	5.6 %	10.6 %	11.0 %
EBIT margin	1.5 %	7.0 %	2.8 %	9.9 %	10.4 %
Return on equity (after taxes)	1.2 %	7.5 %	13.9 %	39.4 %	45.3 %

IFRS	2004	2005*	2006*	2007*	2008*	Change
INCOME STATEMENT (€ million)						
Revenues	716.4	630.2	728.0	717.5	633.0	-11.8 %
Cost of Sales	-447.3	-365.1	-429.0	-416.3	-378.0	-9.2 %
Selling expenses	-111.2	-104.6	-115.8	-117.8	-127.6	8.3 %
Administrative expenses	-85.5	-106.0	-107.2	-101.7	-112.1	10.2 %
Other operating income and expenses	3.2	3.8	1.8	1.3	4.4	>100 %
Earnings before interest and taxes (EBIT)	75.6	58.3	77.8	83.0	19.7	-76.3 %
Financial income	-0.1	2.4	4.9	3.2	3.0	-6.3 %
Earnings before taxes	75.5	60.7	82.7	86.2	22.7	-73.7 %
Taxes	-25.0	-21.5	-25.9	-31.0	-20.6	-33.5 %
Net profit	50.5	39.2	56.8	55.2	2.1	-96.2 %
ASSETS (€ million)						
Fixed assets	149.9	167.7	133.9	113.4	152.2	34.2 %
Current assets	267.1	240.9	268.2	297.8	195.2	-34.5 %
thereof: Cash and cash equivalents	136.2	107.2	141.2	170.8	52.3	-69.4 %
Total assets	417.0	408.6	402.1	411.2	347.4	-15.5 %
EQUITY AND LIABILITIES (€ million)						
Equity	119.2	112.0	111.8	120.5	46.2	-61.7 %
Long-term liabilities	79.8	92.7	76.6	72.4	84.9	17.3 %
Short-term liabilities	218.0	203.9	213.7	218.3	216.3	-0.9 %
Total equity and liabilities	417.0	408.6	402.1	411.2	347.4	-15.5 %
CASH FLOW STATEMENT (€ million)						
Cash inflow from operating activities	97.2	40.0	85.4	104.1	5.9	-94.3 %
Cash outflow for investing activities	-37.4	-32.4	-12.8	-21.7	-64.2	>100 %
Cash outflow for financing activities	-28.0	-36.6	-36.6	-50.2	-58.0	15.5 %
Cash and cash equivalents at end of period	136.2	107.2	141.2	170.8	52.3	-69.4 %
HUMAN RESOURCES* **						
Employees including apprentices (annual average)	1,685	2,112	2,.096	2,222	2,007	-9,7 %
REVENUES						
Share Germany	62.8 %	52.4 %	50.9 %	53.6 %	60.9 %	+7.3 %-points
Share outside Germany	37.2 %	47.6 %	49.1 %	46.4 %	39.1 %	-7.3 %-points
INVESTMENTS (€ million)						
Property, plant and equipment, intangible and financial assets	15.3	11.0	14.0	17.0	14.1	17.1 %
Investments in companies	23.5	23.5	0.5	6.5	50.3	>100 %
SHARES						
Number of shares at 31 December	37,927,450	38,639,016	38,639,016	38,639,016	38,639,016	0.0 %
Dividend distribution for the fiscal year in € million	47.4	38.6	50.2	58.0	0.0	<-100 %**
Dividend per share in €	1.25	1.00	1.30	1.50	0.00	<-100 %**
Earnings per share in €	1.33	1.02	1.47	1.43	0.05	-96.5 %
Operating cash flow per share in €	2.56	1.04	2.21	2.69	0.15	-94.4 %
Equity per share in €	3.14	2.91	2.90	3.12	1.20	-61.5 %
KEY FIGURES						
Return on revenues (before taxes)	10.5 %	9.6 %	11.4 %	12.0 %	3.6 %	-8.4 %-points
EBIT margin	10.6 %	9.3 %	10.7 %	11.6 %	3.1 %	-8.5 %-points
Return on equity (after taxes)	42.4 %	35.0 %	50.8 %	45.8 %	4.5 %	-41.3 %-points

* The figures above are presented according to the accounting principles for discontinued operations

** Dividend proposal

*** according to HGB, entire Group

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