

Compliance with NYSE Listing Standards on Corporate Governance

KHD Humboldt Wegag International Ltd. ("KHD"), as a "foreign private issuer", the NYSE does not require KHD to comply with all of its listing standards regarding compliance. However, foreign private issuers are required to disclose any significant ways in which their corporate governance practices differ from those followed by U.S. domestic issuers under NYSE listing standards. Summarized below are the significant ways in which our practices differ from those required to be followed by U.S. domestic issuers:

- Section 303A.03 of the NYSE's Listed Company Manual requires the non-management directors of a listed company to meet at regularly scheduled executive sessions without management.

Since January 1, 2006, KHD's independent directors (all of whom are non-management directors) have not held any meetings at which non-independent directors and members of management were not in attendance.

- Section 303A.08 of the NYSE's Listed Company Manual requires shareholder approval of all equity compensation plans and material revisions to such plans.

Our current stock option plan requires shareholder approval of the plan, but not shareholder approval of the material revisions.