



Press release from AWD Holding AG

AWD accelerates restructuring programme

- **First successes of “Milestone” restructuring programme**
- **Initiation of turnaround in the UK and repositioning in Austria**
- **Group revenue of €258.3 million in first half of 2009**
- **Core business with life-insurance products expands by 12.1%**
- **Stable development of new business in Germany and Switzerland regions**
- **AWD gains 83,600 new customers in first half of 2009**
- **162,400 core customers advised once again - plus 7.1%**

Hanover, 26 August 2009 (AWD Holding AG) – AWD, Europe’s leading provider of old-age provision solutions, is accelerating its restructuring and efficiency programme in view of the ongoing financial market crisis. The measures initiated within the AWD Group’s ambitious cost-reducing programme entitled “Milestone” include the re-dimensioning of the AWD holding company and the optimisation of back-office functions in the German companies of the Group. The holding company will become a coordinating and monitoring strategic management holding company, which will reduce holding-company expenses to 3-4% of Group revenue (at present 7%).

With the measures that have been initiated, the AWD Group is reacting to the international financial crisis and the major challenges of the economic situation: Numerous factors have fundamentally changed people’s attitudes to saving and investing. In particular the high degree of uncertainty regarding the general and personal economic situation is causing customers to postpone long-term investment decisions. This is especially apparent in the Austria/CEE and United Kingdom regions: In the first half of this year, these regions posted revenue of €35.6 million and €22.3 million respectively, or 44.9% and 40.2% less than in

the first half of 2008. In Germany, the AWD Group's biggest market, the development of new business was stable. But the significant decrease in the investment business caused by the financial crisis and falling portfolio commission was reflected by lower revenue.

These effects were partially offset by growth in pension planning, income protection, and property and health insurance. In the field of life-insurance products, AWD increased its first-half revenue from €40.6 million in 2008 to €45.5 million to the half of this year. The AWD Group's core business has thus been strengthened. Total revenue reported in the Germany region amounted to €164.5 million, which is 11.5% below the figure for the first half of 2008. The Switzerland region developed positively, despite the difficult economic situation, achieving a slight increase in revenue of 2% to €35.8 million in the reporting period. The Group's total revenue for the first half of 2009 amounted to €258.3 million, which is 20% less than in the prior-year period.

The first successes of the cost-reducing measures already came in the first half of 2009. In Austria, AWD is being repositioned by adjusting and optimising the sales structure and costs in accordance with the re-dimensioned market potential resulting from the financial crisis. In the United Kingdom, the turnaround has been initiated and break even has been achieved again. Nonetheless, the significant fall in Group revenue, blocks of fixed costs that cannot be adjusted in the short term and substantial one-time effects during the reporting period led to a decline in earnings before interest and taxes (EBIT). In the first half of 2009, the Group's EBIT amounted to minus €10.3 million, compared with plus €27.2 million in the prior-year period. The bottom line for the first half of 2009 is therefore a net loss of €8.9 million, compared with a net profit of €20.0 million for the first half of last year.

During the period under review, 5,610 fully trained and registered AWD financial advisers supported 246,000 private customers with the planning of their finances – this is 2.9% more customers than in the prior-year period. While 83,600 customers took advantage of AWD's services for the first time, 162,400 core customers once again sought AWD's advice. This represents an increase of 7.1% compared with the first half of last year and demonstrates the Group's great cross-selling potential as well as the high quality of advice and the trust that customers place in their AWD advisers.

“The market environment still reflects the impact of the financial market crisis”, stated Manfred Behrens, CEO of the AWD-Group. “But with the measures now initiated, we will achieve a sustained improvement in the AWD Group's competitiveness. Our clear goal is to return the AWD Group to a stable and profitable growth path starting in the year 2009. Through stronger organic growth and a significant reduction in holding-company costs, we will be able to create the right conditions for positive earnings once again.”

In the autumn of 2008, AWD announced an ambitious programme designed to reduce costs and increase efficiency. The first concrete savings followed this spring: not extending sponsoring programmes, including the involvement with Bundesliga football club Eintracht Frankfurt, the sponsoring of the German FA Cup and of the AWD Dome in Bremen. The role of name sponsor of the AWD Arena in Hanover will continue, however.

Additional savings are now to come, above all the adjustment of expenditure for marketing and administrative functions will lead to significant cost reductions. These immediate actions can total up to savings of €7 million in 2009, the planned savings to be achieved by the holding company in 2010 amount to €17.5 million.

The further development of market positioning that has been initiated represents a substantial investment in the future of the AWD Group. All of the programme's measures will contribute towards making AWD profitable again and preparing it for future growth.

The interim report on the first half of 2009 can be downloaded from www.AWD-Group.de/ir.

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Please note: Unless otherwise indicated, all figures and details given here relate to the continuing operations of the AWD Group and exclude the operations of AWD Home Finance, which were discontinued on 12 December 2008.

Key figures for the AWD Group
H1 2009
26 August 2009

KEY FIGURES	H1 2009 € million	H1 2008 € million	Change
Revenue	258.3	322.9	-20.0%
Up-front commission	189.6	236.1	-19.7%
Recurring and other commission	59.3	76.2	-22.2%
Other revenue	9.4	10.6	-11.3%
<i>Up-front commission in%</i>			
<i>Unit-linked products</i>	40.7%	42.4%	-1.7 %-points
<i>Life-insurance products</i>	24.0%	17.2%	+6.8 %-points
<i>Investment funds</i>	17.1%	22.2%	-5.1 %-points
<i>Property and tax-optimised products</i>	1.6%	3.2%	-1.6 %-points
<i>Mortgages and financing</i>	4.2%	6.3%	-2.1 %-points
<i>Private health insurance</i>	7.2%	4.9%	+2.3 %-points
<i>Property and accident insurance</i>	5.2%	3.8%	+1.4 %-points
Earnings before interest and taxes (EBIT)	-10.3	27.2	n.a.
Financial income	0.6	1.7	-64.7%
Earnings before taxes	-9.7	28.9	n.a.
Profit/loss for the period	-8.9	20.0	n.a.
Earnings per share (€)	-0.23	0.52	n.a.

Number of advisers*	5,610*	5,954	n.a.
Number of sales representatives (total)	11,209	9,536	+17.5%
Number of customers advised	246,000	239,200	+2.9%

*As of 2009, only advisers registered in accordance with the EU Insurance Mediation Directive or local regulations, therefore not comparable with the prior year.

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Segment report
H1 2009
26 August 2009

KEY FIGURES	H1 2009 € million	H1 2008 € million	Change
Germany*			
Revenue	164.5	185.9	-11.5%
Earnings before interest and taxes (EBIT)	14.9	37.1	-59.8%
Number of advisers*	3.561	3.875	n.a.
Number of customers advised	138,300	122,000	+13.4%
Austria & CEE			
Revenue	35.6	64.6	-44.9%
Earnings before interest and taxes (EBIT)	-10.3	7.1	n.a.
Number of advisers	1,418	1,380	+2.8%
Number of customers advised	76,100	81,300	-6.4%
United Kingdom			
Revenue	22.3	37.3	-40.2%
Earnings before interest and taxes (EBIT)	0.0	-3.7	n.a.
Number of advisers	243	302	-19.5%
Number of customers advised	11,700	15,300	-23.7%
Switzerland			
Revenue	35.8	35.1	+2.0%
Earnings before interest and taxes (EBIT)	2.9	3.0	-3.3%
Number of advisers	388	397	-2.3%
Number of customers advised	19,900	20,600	-3.2%

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