

Rules of Procedure for the Supervisory Board of Pankl Racing Systems AG

(Version: 01/03/2007)

The Supervisory Board of Pankl Racing Systems AG has defined the following Rules of Procedure in accordance with Chapter 15(1) of the Articles of Association.

Chapter 1: General Matters

The Supervisory Board carries out its activities in compliance with the appropriate laws, the Articles of Association and the Rules of Procedures. The members of the Supervisory Board have the same rights and obligations and are not bound by any instructions.

Chapter 2: Election of the Chairman and his Deputy

Article 1: The Supervisory Board shall elect a Chairman and a Deputy Chairman from its midst. The oldest member of the Supervisory Board shall chair this election.

Article 2: The Chairman and Deputy Chairman shall be elected for as long as he/she remains a member of the Supervisory Board. If the Chairman or the Deputy Chairman ceases to be a member of the Supervisory Board, a new election shall be carried out immediately to replace the leaver.

Chapter 3: Age Restrictions for Supervisory Board and Management Board Members

Article 1: Supervisory Board Members shall not be older than 65 years of age. Supervisory Board Members, who exceed this age, shall retire after the AGM succeeding their 65th birthday.

Article 2: Management Board Members shall not be older than 65 years of age. When the Supervisory Board appoints a Management Board Member according to Chapter 75 of the Austrian Companies Act (§75 Aktiengesetz), then it shall make sure that the Management Board Member does not exceed the age restriction during his/her time in service.

Chapter 4: Meetings and Decisions

Article 1: Supervisory Board Meetings take place on the registered Company Seat or any other place as defined in the invitation in accordance with Chapter 94 of the Austrian Company's Act (§94 Aktiengesetz) and Chapter 16 of the Articles of Association.

Article 2: Decisions by means of votes in writing are possible, if the Chairman of the Supervisory Board or in case he is prevented the Deputy Chairman require this for a specific reason and no other member has any objections.

Article 3: Members of the Supervisory Board can add items to the agenda up to 10 days before the meeting takes place.

Article 4: Meetings are chaired by the Chairman or in case he is prevented the Deputy Chairman.

Article 5: The Supervisory Board casts decisions by a single majority vote except the law or the Articles of Association require a qualified majority. This shall also apply to elections. The Chairman defines the type of vote. Any member of the Supervisory Board is entitled to call for a secret vote.

Article 6: The members of the Management Board shall take part in Supervisory Board meetings as long as the Supervisory Board does not decide otherwise. Committees may request a Management Board member to take part in committee meetings.

Chapter 5: Corporate Governance and Compliance

Article 1: As a stock exchange listed company, Pankl Racing Systems AG is obliged to comply with the Austrian Corporate Governance Codex.

Article 2: Every member of the Supervisory Board is obliged to be familiar with and to comply with the Austrian Corporate Governance Codex's rules for supervisory board members.

Article 3: According to Rule 53 of the Austrian Corporate Governance Codex, the Supervisory Board shall include an appropriate number of supervisory board members who are independent of the Company and the Management Board. The Supervisory Board shall define the appropriate number of independent Supervisory Board members.

The Supervisory Board shall lay down appropriate criteria to define independence and publish these on the Company's website in accordance with Appendix 1.

In each first Supervisory Board Meeting at the beginning of a new fiscal year or on request of the Chairman, each Supervisory Board member shall make a statement with regards to his/her independence according to the criteria in Appendix 1.

Article 4: In each first Supervisory Board Meeting at the beginning of a new fiscal year or on request of the Chairman, each Supervisory Board member shall make a statement with regards to his/her holding in Pankl Racing Systems AG shares. This statement shall refer to personal holdings and also holdings of closely related parties - persons or legal entities as defined in Chapter 48a, Article 1, Number 9d of the Austrian Stock Exchange Law (§48a Abs 1 Ziff 9 lt d Börsegesetz). Each Supervisory Board member shall agree to this data to be published in the Annual Report and on the Company's website.

Article 5: Every Supervisory Board member agrees to his/her annual supervisory board compensation to be published in the Annual Report and the Company's website.

Article 6: Every Supervisory Board member undertakes to comply with the current version of the Company's Compliance Guidelines.

Article 7: The Rules of Procedure for the Supervisory Board shall be published on the Company's website.

Article 8: Every member of the Supervisory Board shall notify the Company (assistants to the Management Board) in writing with regards to any changes of professional functions, addresses and/or contact details (telephone numbers, e-mail addresses, etc.).

Chapter 6: Audit Committee

Article 1: The Supervisory Board defines an Audit Committee for the audit and the preparation to approve the financial statements, the dividend proposal, the status report, the audit of the consolidated financial statements, and the proposal for the election of the auditor from its midst, comprising two or more members. The audit committee must consist of one financial expert at least.

Article 2: The Audit Committee elects a chairman and a deputy chairman from its midst in the first meeting after its formation. The chairman and the financial expert shall not have been a Management Board member, senior employee or auditor of Pankl Racing Systems AG and shall not have signed the audit opinion at any time during three prior years prior to their engagement.

Article 3: The Audit Committee shall hold a meeting at least once per year after the end of each fiscal year before the Supervisory Board meeting to approve the financial statements. The auditor has to join this meeting.

Article 4: By analysing the auditor's reports, the Audit Committee may form an appropriate basis for the responsibility of the whole Supervisory Board in accordance with Article 1 of this Chapter.

Chapter 7: Other Committees

Article 1: The Supervisory Board may form other committees in addition to the Audit Committee as defined in Chapter 6. Such other committees may be an HR/Appointment Committee (Chapter 8) or a Remuneration Committee (Chapter 9).

Article 2: Committees perform functions on behalf of and as a representative of the Supervisory Board defined in the Rules of Procedure and by appropriate decisions of the Supervisory Board.

Article 3: The Supervisory Board appoints a committee member to be the chairman of the committee.

Article 4: The chairman of the committee may involve Supervisory Board members, who are not part of the committee, in an advisory capacity.

Article 5: If there is no formation of a committee, then the whole Supervisory Board shall deal with the functions within the Supervisory Board's responsibility and make appropriate decisions.

Chapter 8: HR/Appointment Committee

Article 1: If formed, the HR/Appointment Committee shall have the following functions:

- 1.1. Suggestions for appointments into the Supervisory Board: The HR/Appointment Committee plans the appointment of Supervisory Board seats with the independence of the members of the Supervisory Board in mind. The HR/Appointment Committee makes suggestions to the whole Supervisory Board, who in turn, present their decision to be voted on in the shareholder meeting.
- 1.2. Preparation of appointments into the Management Board: The HR/Appointment Committee shall define a requirements specification for the Management Board and shall prepare the decision of the whole Supervisory Board based on defined procedures taking into account succession issues. In doing so, the HR/Appointment Committee shall take consideration of the Company's strategic direction and its current stage of development and the stipulations of Chapter 3, Article 2.

Article 2: The Chairman of the Supervisory Board shall be a member and chairman of the HR/Appointment Committee.

Chapter 9: Remuneration Committee

Article 1: If formed, the Remuneration Committee shall have the following functions:

- 1.1. Scrutinising and approving of remunerations for the members of the Supervisory Board and all members of the Management Board.
- 1.2. Scrutinising and approving of all other benefits for members of the Supervisory Board, Management Board and senior employees of the Company.

Article 2: The Chairman of the Supervisory Board shall be a member and chairman of the Remuneration Committee.

Chapter 10: Calling of Committee Meetings

The appropriate committee chairman may call committee meetings. Every member of a committee is entitled to request a meeting to be called in by the committee chairman as long as he/she states a reason. The meeting can be called in any way as deemed appropriate. Deadlines are to be based on the stipulations in Chapter 16 of the Articles of Association.

Chapter 11: Quorums in Committees

Committees can only make decisions if all members participate. Decisions are made by single majority vote as long as the law or the Articles of Association do not say otherwise. Decisions by means of votes in writing are possible as long as no member raises any immediate objections.

Chapter 12: Minutes

Minutes shall be made of any Supervisory Board meeting and any committee meeting and shall be signed by the appropriate chairman of the meeting. Committee decisions shall be drafted in the appropriate meeting and signed.

Chapter 13: Confidentiality Undertaking

Article 1: Every member of the Supervisory Board undertakes to keep confidential any confidential matters and secrets of the Company with regards to the operations and the business of the Company, which he/she has gained knowledge of due to his/her Supervisory Board position. This obligation extends also to the time after the person ceases to be a member of the Supervisory Board. Upon leaving the Supervisory Board, any member is required to return any confidential documents to the Chairman of the Supervisory Board.

Article 2: If a member of the Supervisory Board intends to pass on any information to third parties, which he/she has received as a member of the Supervisory Board, then he/she shall inform the Chairman of the Supervisory Board beforehand.

Article 3: The Management Board shall hand out written reports to the members of the Supervisory Board as long as the Supervisory Board does not decide otherwise. Every member of the Supervisory Board is entitled to receive auditor reports, independence reports and any special reports on his/her request.

Appendix 1: Criteria to Define Independence of Supervisory Board Members in Accordance with the Austrian Corporate Governance Codex

According to Rule 53 of the Corporate Governance Codex, a Supervisory Board member of Pankl Racing Systems AG is deemed to be independent if he/she has no personal or business relationships with Pankl Racing Systems AG or the members of the Company's Management Board, which define a material conflict of interest and hence may influence the behaviour of the Supervisory Board member.

On this basis, the Supervisory Board of Pankl Racing Systems AG defines the criteria for establishing the independence of a Supervisory Board Member as follows:

- The Supervisory Board member has not served as a member of the Management Board or as a senior employee of Pankl Racing Systems AG or a group company of Pankl Racing Systems AG for a period of at least 2 years prior to appointment as a Supervisory Board member.
- The member of the Supervisory Board does not entertain a business relationship with Pankl Racing Systems AG or any group company of Pankl Racing Systems AG in an extent which is deemed to be material for the Supervisory Board member at the current time or in the year prior to the appointment as a Supervisory Board member. This also applies to companies, in which the Supervisory Board member has a material economic interest. The Supervisory Board's approval of single transactions according to the L-Rule 48

of the Corporate Governance Codex does not automatically lead for the member of the Supervisory Board to be deemed independent.

- The Supervisory Board member was not auditor or stakeholder or employee of the auditor of Pankl Racing Systems AG in a period of 3 years prior to the appointment as a Supervisory Board member.
- The member of the Supervisory Board is no member of the management board in a company in which a member of the Management Board of Pankl Racing Systems AG is a supervisory board member.
- The member of the Supervisory Board is no close relative (direct descendent, spouse, partner, parent, uncle, aunt, sibling, niece, nephew) of a Management Board member of Pankl Racing Systems AG or any person as defined in the bullet items above.