

## **Statement of Compliance with the Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG)**

The Board of Management and the Supervisory Board of HORNBAACH HOLDING Aktien gesellschaft hereby declare pursuant to Section 161 of the German Stock Corporation Act (AktG) that the recommendations of the “German Corporate Governance Code” government commission, as outlined in the version dated June 12, 2006 and published on July 24, 2006, were basically fulfilled from the previous statement of compliance up to July 20, 2007. Application was not made of the recommendations included in Points 5.4.1, and 5.4.7.

Since July 20, 2007, the company has basically complied with the recommendations contained in the version dated June 14, 2007 and published on July 20, 2007. Application has not been and is not made of the recommendations included in Points 5.3.3, 5.4.1 and 5.4.7.

The deviations from the recommendations referred to above have arisen on account of the following considerations:

a) Point 5.3.3 (new version ):

According to the recommendation newly included in Point 5.3.3, the Supervisory Board should establish a nomination committee consisting only of shareholder representatives to propose suitable candidates to the Supervisory Board for the election proposals it makes to the Annual General Meeting. The Supervisory Board of the company has not established any such committee. Based on previous experience, we do not believe the establishment of such committee to be necessary.

b) Point 5.4.1:

The recommendations in Point 5.4.1 clause 2 of the Code include the setting of an age limit for Supervisory Board members. In the interests of securing experience and competence to the benefit of the company, this recommendation has not been and is not followed.

c) Point 5.4.7:

In Point 5.4.7 clause 6, the Code recommends that the compensation of the members of the Supervisory Board be reported in the Corporate Governance report on an individual basis and broken down into its constituent components. On account of the overall level of compensation for the Supervisory Board, which in our opinion is unobjectionable, we do not consider the disclosure of individual compensation packages to be necessary. In Point 5.4.7 clause 7, the Code further recommends that any compensation paid or benefits granted by the company to members of the Supervisory Board for any services rendered personally, especially advisory and mediation services, are to be reported separately in the Corporate Governance report on an individual basis. Since July 13, 2007, HORNBAACH HOLDING AG has made use in one case of the opportunity of drawing on the expertise of one member of the Supervisory Board in specific areas. Such cooperation is undertaken on the basis of symbolic compensation. We see no need to provide individual disclosures in this respect.

Neustadt an der Weinstrasse, 4 December 2007