

DECLARATION OF COMPLIANCE

The Management Board and Supervisory Board hereby declare that Progress-Werk Oberkirch AG will comply with the recommendations of the German Corporate Governance Codex in the version of June 6, 2008, as promulgated by the Government Commission, with the following exceptions:

POINT 3.8

The D&O insurance policy does not include a deductible for the members of the governing bodies. This policy is constructed as a group insurance for the governing bodies, officers with Prokura (power of attorney governed by the German Commercial Code) and other senior managers. Officers employed at the company's foreign subsidiaries and members of staff vested with authority comparable to that of Prokura are deemed to be on equal terms. We do not find it necessary to differentiate between members of the governing bodies and other managers.

POINT 5.3.3

The Supervisory Board still finds it unnecessary to form a Nomination Committee.

POINT 5.4.1

There is currently no age limit for membership in the Supervisory Board. The Supervisory Board believes that age should not be a central criterion to judge recommendations for election to the Board. Instead, the qualification and relevant experience of the candidate should be the top priorities.

POINT 5.4.7

There is no separate compensation granted to Supervisory Board members for membership in committees.

The recommendations of the Government Commission German Corporate Governance Code in the version of June 14, 2007, and the amended version of June 6, 2008, (published on August 8, 2008), have been complied with since the issuance of the last Declaration pursuant to Section 161 AktG in December 2007, with the exception of those points specified.

Oberkirch, December 2008

Progress-Werk Oberkirch AG

The Supervisory Board

The Management Board