

DECLARATION OF COMPLIANCE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The Management Board and Supervisory Board of Progress-Werk Oberkirch AG declare that the company had complied with and continued to comply with the recommendations of the German Corporate Governance Code from June 18, 2009, as promulgated by the Government Commission, with the exceptions listed in the Declaration of Compliance of May 2010.

In view of the obligation to adjust the Declaration of Conformity to account for changes during the year, the Management Board and Supervisory Board of Progress-Werk Oberkirch AG hereby declare that the company will now comply with the recommendations of the German Corporate Governance Code from June 18, 2009, as promulgated by the Government Commission, with the following exceptions:

POINT 3.8

The D&O insurance policy does not include a deductible for Management or Supervisory Board members. In line with the Act on the Appropriateness of Management Board Remuneration (VorstAG) regarding mandatory deductibles, a transitional period applies until June 30, 2010. As of July 1, 2010, the legally required arrangement of deductibles will be implemented. For the Supervisory Board, the Articles of Association now provides a deductible amounting to one-half of the annual fixed compensation of the Supervisory Board member. The company holds the view that this is an appropriate arrangement.

POINT 5.3.3

The Supervisory Board continues to regard the formation of a Nomination Committee as unnecessary. Since the Supervisory Board comprises only six members, it is agreed that it is appropriate that the entire Supervisory Board should be involved with the nomination of Supervisory Board candidates.

POINT 5.4.1

There is currently no age limit for membership in the Supervisory Board. The company will also refrain from introducing such an age limit because it would unduly limit the pool of qualified candidates.

POINT 5.4.6

The members of the Supervisory Board will receive only a fixed compensation. According to the Management Board and Supervisory Board, that bests represents the control task of the Supervisory Board. Beyond the attendance fee under the conditions in the Articles of Association, there is no compensation granted to Supervisory Board members for membership in committees.

Oberkirch, June 2010

Progress-Werk Oberkirch AG

The Supervisory Board

The Management Board