

DECLARATION OF COMPLIANCE

The Board of Management and the Supervisory Board of *schlott gruppe AG* have agreed on the following declaration as per article 161 of the German Corporation Act:

1. The *schlott gruppe* represents that the recommendations contained in the German Corporate Governance Code of June 4, 2003, have been accepted and implemented with the following exceptions:
 - 1.1 The existing Directors-and-Officers-Liability-Insurance for Members of the Board of Management and the Supervisory Board has no deductible.
 - 1.2 The individual reporting of compensation for Members of the Board of Management is not provided. The division between fixed and variable compensation is included in the annual financial statements.
 - 1.3 There is no age limit for Members of the Board of Management. The Supervisory Board will be presented a revised form of the statutes on January 16, 2004, in which it is proposed to limit the age of Members of the Board of Management to 65 years.
 - 1.4 There is no age limit for Members of the Supervisory Board. However, the Supervisory Board will be presented a revision to the statutes on January 16, 2004, in which it is proposed to limit the age of Members of the Supervisory Board to 70 years.
 - 1.5 The chairmanship and membership in any of the Committees of the Supervisory Board are not being separately compensated. There is no intention at this time to introduce separate compensation beyond the current compensation given to Members of the Supervisory Board.
 - 1.6 The Members of the Supervisory Board of *schlott gruppe AG* do not receive any performance-related compensation. There is, at this time, no intention to introduce such compensation.
 - 1.7 *schlott gruppe AG* is not making available its annual financial statements within ninety days. *schlott gruppe AG* will make the annual financial statements available within 120 days as per the guidelines of the Prime Standard.
2. Since the issuance of the last declaration of compliance on December 27, 2002, which made reference to the German Corporate Governance Code dated November 7, 2002, the *schlott gruppe AG* has complied with the recommendations issued by the Federal Commission for the German Corporate Governance Code with the exception of the variances stated under 1.1, 1.3, 1.4, 1.5, 1.6 and 1.7 above.

Freudenstadt, December 29, 2003

The board of Management schlott gruppe AG

The Supervisory Board schlott gruppe AG

THE ARTICLES OF ASSOCIATION ARE AVAILABLE AS DOWNLOAD IN THE INTERNET AT WWW.SCHLOTTGRUPPE.DE