

Declaration of Compliance

The Executive and Supervisory Boards of HORNBAACH-Baumarkt-Aktiengesellschaft hereby declare in accordance with § 161 German Stock Corporation Law (AktG) in connection with § 15 EG AktG that the recommendations of the governmental commission “German Corporate Governance” have in principle been fulfilled. The following recommendations have, however, not been applied due to the considerations provided:

- *Clause 5.4.1 German Corporate Governance Codex (DCGK):
In section 5.4.1. the Codex requires the setting of an age limit for members of the Supervisory Board. We deviate from this recommendation. With the election of the longstanding former members of the Executive Board, Albert and Otmar Hornbach, to the Supervisory Board, we have secured a great pool of experience and competence for the benefit of the company. We should not wish to relinquish this valuable resource.*

- *Clause 5.4.2 German Corporate Governance Codex (DCGK):
In Section 5.4.2 the Codex requires that no more than two former members of the Executive Board should be members of the Supervisory Board. We deviate from this recommendation, since the election of Messrs. Albert, Albrecht and Otmar Hornbach means that three former members of the Executive Board of HORNBAACH-Baumarkt-AG are already represented in the Supervisory Board. In this respect, however, it should be acknowledged that Albrecht Hornbach is simultaneously Chairman of the Executive Board of HORNBAACH HOLDING AG and thereby of the parent company. He therefore represents the interests of the majority shareholder in HORNBAACH-Baumarkt-AG.*

- *Clause 7.1.2 German Corporate Governance Codex (DCGK):
In Section 7.1.2 the Codex requires that the consolidated financial statements be accessible to the public within 90 days of the end of the fiscal year and that the interim reports be published within 45 days of the end of the period under report. We shall be obliged to deviate from the recommendation to publish the consolidated financial statements within 90 days of the end of the fiscal year in respect of the statements for the year ending on February 28, 2003. As a result of the replacement of the existing financial reporting system by SAP and the resultant organizational changes, it will not be possible to meet the target of publishing the consolidated financial statements within 90 days, i.e. by May 31, 2003. Following a successful introduction of SAP and implementation of the resultant organizational changes, we nevertheless intend to meet this target for the consolidated financial statements as of February 28, 2004. The publication of quarterly reports within 45 days following the end of the period under report has, however, already been accomplished.*