

DECLARATION OF COMPLIANCE

pursuant to § 161 of the German Stock Corporation Law [AktG]

H&R WASAG AG complies with the recommendations of the Government Commission on Corporate Governance embodied in the German Corporate Governance Code as amended on May 21, 2003, with the following exceptions:

- With regard to the existing D&O insurance contracts, no deductibles have thus far been agreed. It is anticipated that the contracts will be amended with the institution of an appropriate excess.
- The system of Executive Board remuneration is explained in the company's reports and at the general meetings of shareholders. Presentation in this manner allows an assessment to be made of the reasonable nature of the emoluments and of the performance incentives created by way of remuneration. An individualized statement of remuneration is not made.
- There are no age limits on membership of the Executive Board or Supervisory Board. The choice of persons put forward for election to the Supervisory Board is made on the basis of the requisite knowledge, abilities and professional experience. Likewise the appointment of Executive Board members by the Supervisory Board is based on these same criteria. It is not intended to set an age limit as a criterion for exclusion.
- The Supervisory Board has not formed an audit committee. The areas of emphasis proposed for such a committee in the Corporate Governance Code put forward by the Government Commission are dealt with intensively at H&R WASAG AG by the Supervisory Board in its entirety.
- Dealings in Company shares by members of the boards are disclosed in accordance with the provisions of §15a of the German Securities Trading Law [WpHG]. Further disclosure is not anticipated.
- As a result of the large number of subsidiary companies integrated into the annual financial statements, the consolidated statements for the financial year 2003 could not be published until April 2004. Publication of the 3-month report (published on May 28) and the 9-month report (published on November 30) was also delayed. The background to this lay in the first-time integration of new activities effective January 2 and July 6, 2004, which necessitated additional time and organizational effort.

The Executive Board and Supervisory Board of H&R WASAG AG

Salzbergen, December 20, 2004