

**Declaration by the Management Board and Supervisory Board
of Schaltbau Holding AG**

**on the Recommendations of the
Government Commission on the German Corporate Governance Code**

**pursuant to § 161 AktG
("Declaration of Compliance")**

1. Since its last Declaration of Compliance issued on 18th January 2005, which referred to the version of the German Corporate Governance Code dated 21st May 2003, Schaltbau Holding AG **has** complied with all the recommendations of the Government Commission on the German Corporate Governance Code contained both in this version and in the version of 2nd June 2005 with the following exceptions:
 - The D&O insurance taken out for the members of Schaltbau Holding AG's Management and Supervisory Boards does not provide for any deductible (Code No. 3.8).
 - The contracts of service and the remuneration structure for the members of the Management Board are discussed and determined by the Supervisory Board's Personnel Committee (Code No. 4.2.2, 1. sub-paragraph).
 - There is currently no uniform arrangement for dealing with exceptional, unforeseeable developments affecting variable remuneration components (Code No. 4.2.3, 2. sub-paragraph, sentence 4).
 - Code Nos. 4.2.3, 3. and 4. are not applied.
 - The remuneration paid to the members of the Management Board consists of fixed and variable components but not of stock options or other comparable arrangements, so that the recommendations referring to these forms of remuneration are of no relevance to the Company (Code No. 4.2.3 sentences 4-7 and No. 7.1.3).
 - The remuneration sum for the members of the Management Board shown in the Notes to the consolidated annual financial statements is not divided into fixed and variable, performance-related components (Code No. 4.2.4).
 - The remuneration sum for the members of the Management Board shown in the Notes to the consolidated annual financial statements is not broken down among the individual recipients (Code No. 4.2.4 sentence 2).
 - In view of the age of the Management Board members, no long-term plan has yet been drawn up regarding their successors (Code No. 5.1.2).
 - The Supervisory Board has formed a Personnel Committee. An Audit Committee is provided for by the Supervisory Board's internal rules (Code No. 5.3.2) but has not been constituted.

- Elections to the Supervisory Board (5.4.3) have not so far taken the form of individual elections (version of 2nd June 2005 only).
 - No allowance is made in the remuneration paid to Supervisory Board members for membership of Committees (Code No. 5.4.7, 1. sub-paragraph in the version of 2nd June 2005 and No. 5.4.5, 1. sub-paragraph in the version of 21st May 2003).
 - The amount of remuneration paid to members of the Supervisory Board is stipulated in the Company's Articles of Association. No provision is therefore made for publication of additional information or of individual remunerations (Code No. 5.4.7, 3. sub-paragraph in the version of 2nd June 2005 and No. 5.4.5, 3. sub-paragraph in the version of 21st May 2003).
 - The conversion of the accounting system to international accounting standards (IFRS) as it applies to the interim reports and to the consolidated annual financial statements was completed as at 31st December 2005 in accordance with the deadline provided for by law (Code No. 7.1.1).
 - Code No. 7.1.2, according to which the audited consolidated financial statements must be published within 90 days after the close of the financial year and the half-yearly reports within 45 days after the close of the half-year, is not complied with at present.
 - The amount of equity capital and the result of the last financial year are not published in the case of third companies (Code No. 7.1.4)
2. Schaltbau Holding AG **will** comply with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated 2nd June 2005 with the exceptions listed in section 1. above.

Munich, February 2006

S c h a l t b a u H o l d i n g A G

For the Management Board:

For the Supervisory Board:

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