



Statement of Compliance with the Corporate Governance Codex

pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Board of Management and the Supervisory Board of HORNBAACH-Baumarkt-Aktiengesellschaft hereby declare in accordance with Section 161 of the German Stock Corporation Act (AktG) that the recommendations of the "German Corporate Governance Code" government commission, as outlined in the version dated June 2, 2005 and published in the electronic Federal Gazette on July 20, 2005, were in principle fulfilled from the company's previous statement of compliance up to the new version of the German Corporate Governance Code dated July 24, 2006. Application was not made of recommendations included in Points 4.2.3, 4.2.4, 5.4.1, and 5.4.7.

Since July 24, 2006, the recommendations of the government commission as outlined in the version dated June 12, 2006 and published in the electronic Federal Gazette on July 24, 2006, have been and are in principle fulfilled. Application has not been made and is not made of recommendations included in Points 4.2.3, 5.4.1, and 5.4.7.

The deviations mentioned have arisen on account of the following considerations:

a) Point 4.2.3:

In Point 4.2.3 clause 6 (previous version: 4.2.3 clause 5), the Code recommends that share options and similar arrangements be based on sophisticated parameters of comparison. The share option plan established in 1999 for HORNBAACH-Baumarkt-AG does not include any parameters of comparison. It lays down a hurdle to exercising such options. Any future share option plans will take account of appropriate parameters of comparison. In Point 4.2.3 clause 8 (previous version: 4.2.3 clause 7), the Code further recommends that the Supervisory Board should agree a cap for any extraordinary unforeseen developments. Such a cap is not included in the share option plan dating from 1999 at HORNBAACH-Baumarkt-AG, which in any case only provides for a relatively small allocation of options to members of the Board of Management.

b) Point 4.2.4 (previous version):

In the version valid until July 24, 2006, Point 4.2.4 clause 1 recommended that the remuneration of the members of the Board of Management be reported in the notes to the consolidated financial statements, broken down into fixed salaries, performance-related components and components of a long-term incentive nature. Point 4.2.4 clause 2 of the version valid until July 24, 2006 further recommended that such disclosures be made on an individual basis. On account of the overall level of remuneration for the Board of

Management, which in our opinion is appropriate, we did not disclose individual remuneration packages. The Annual General Meeting of the company held on July 13, 2006 approved the non-disclosure of the remuneration of members of the Board of Management with effect from the 2006/2007 financial year.

c) Point 5.4.1:

The recommendations set out in Point 5.4.1 clause 2 of the Code include the setting of an age limit for members of the Supervisory Board. In the interests of securing experience and competence to the benefit of the company, this recommendation has not been and is not followed.

d) Point 5.4.7:

In Point 5.4.7 clause 6, the Code recommends that the remuneration of the members of the Supervisory Board be reported in the Corporate Governance report on an individual basis and broken down into its constituent components. On account of the overall level of remuneration for the Supervisory Board, which in our opinion is appropriate, we do not consider the disclosure of individual remuneration packages to be necessary. In Point 5.4.7 clause 7, the Code further recommends that any remuneration paid or benefits granted by the company to members of the Supervisory Board for any services rendered personally, especially advisory and mediation services, are to be reported in the Corporate Governance report on an individual basis. In two cases up to the end of May 2006 and in one case since June 2006 HORNBACH-Baumarkt-AG has made use and continues to make use of the opportunity of drawing on the expertise of members of the Supervisory Board in specific areas. Such cooperation has been and is undertaken on the basis of insubstantial (symbolic) remuneration. We see no need to provide individual disclosures in this respect.

Bornheim bei Landau, November 28, 2006