



**Declaration of Conformity with the Corporate Governance Code
pursuant to Section 161 of the German Stock Corporation Act (AktG)**

The Board of Management and Supervisory Board of HORNBAACH-Baumarkt-Aktiengesellschaft hereby declare pursuant to 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 14, 2007 and published on July 20, 2007, were in principle fulfilled from the previous Declaration of Conformity until August 8, 2008. Application was not made of recommendations included in Points 4.2.3, 5.3.3, 5.4.1, and 5.4.7.

Since August 8, 2008, the recommendations in the version dated June 6, 2008 and published on August 8, 2008, have been and are in principle fulfilled. Application has not been made and is not made of the recommendations included in Points 4.2.3, 5.3.3, 5.4.1, and 5.4.6. No application was made of the recommendation included in clause 2 newly added to Point 7.1.2 for the report for the first half of the 2008/2009 financial year (March 1 to August 31, 2008).

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

a) Point 4.2.3:

In Point 4.2.3 clause 6, 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, but rather lays down a hurdle for exercising such options. Any future share option plans will take account of appropriate parameters of comparison. In Point 4.2.3 clause 8, the Code further recommends that the Supervisory Board should agree a cap for any extraordinary, unforeseen developments. No such cap is 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 5.3.3:

In Point 5.3.3, the Code recommends that the Supervisory Board should form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for its recommendations to the Annual General Meeting. The company’s Supervisory Board has not formed such a committee. Based on our experience to date, the establishment of such a committee would not appear to be necessary.

c) Point 5.4.1:

The recommendations in Point 5.4.1 clause 2 of the Code include the setting of an age limit for Supervisory Board members. 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 (previous version) and Point 5.4.6. (new version):

In Point 5.4.7 clause 6 of the version dated June 14, 2007 and in Point 5.4.6 clause 6 of the version dated June 6, 2008, the Code recommends that the compensation 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 level of compensation for the Supervisory Board, which in our opinion is unobjectionable, we do not consider the disclosure of individual compensation packages to be necessary. In Point 5.4.7 clause 7 (previous version) and Point 5.4.6 clause 7 (new version), the Code further recommends that compensation paid or benefits granted by the company to members of the Supervisory Board for services rendered personally, especially advisory and mediation services, are to be reported separately in the corporate governance report on an individual basis. HORNBACH-Baumarkt-AG makes use of the opportunity in one case of drawing on the expertise of one member of the Supervisory Board in specific areas. This cooperation is undertaken on the basis of symbolic compensation. We see no need to provide individual disclosures in this respect.

e) Point 7.1.2. clause 2 (new version):

Point 7.1.2 clause 2 has been extended to include the recommendation that half-year and quarterly reports be discussed by the Supervisory Board or its Audit Committee with the Board of Management prior to publication. Since August 8, 2008, this recommendation contained in the version dated June 6, 2008 and published on August 8, 2008 has been and is complied with in principle. However, the recommendation was not complied with for the report for the first half of the 2008/2009 financial year (March 1 to August 31, 2008). The period of time between August 8, 2008, the date of publication of the German Corporate Governance Code in its version dated June 6, 2008, and 09.30.2008, the date of publication of the half-year report, was too short to allow the recommendation to be complied with on this occasion.

Bornheim bei Landau, December 16, 2008

The Supervisory Board

The Board of Management