

**Declaration of Conformity 2008**  
**with the German Corporate Governance Code**  
**in accordance with Sec. 161 German Stock Corporation Act (AktG)**

The Board of Management and Supervisory Board of Schuler AG declare that the recommendations of the “Government Commission on the German Corporate Governance Code” published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette on June 6, 2008, have been complied with. The following exceptions are made:

**1. *D&O insurance and deductible***

*If the company takes out a D&O (directors and officers' liability insurance) policy for the Management Board and Supervisory Board, a suitable deductible shall be agreed. (Code section 3.8).*

In the case of the current D&O insurance for the Board of Management and Supervisory Board, no deductibles have been agreed. We believe that agreeing a deductible would not be a suitable method of improving the motivation and sense of responsibility for the tasks and functions with which the members of the Board of Management and Supervisory Board of Schuler AG have been entrusted.

**2. *Structure of Management Board compensation system***

*At the proposal of the committee dealing with Management Board contracts, the full Supervisory Board shall discuss and regularly review the structure of the Management Board compensation system. (Code section 4.2.2).*

The Supervisory Board of Schuler AG has transferred to the Personnel Committee the right to decide and act independently in questions concerning the remuneration of the Board of Management. This system has proved effective. The Personnel Committee discusses and regularly monitors the structure of the remuneration system.

The amount of compensation is based on the duties of the Board of Management member, as well as his performance and the business development of the Schuler Group, with suitable regard to comparative figures. The compensation system consists of fixed and variable components.

**3. Age limit for members of the Supervisory Board**

*An age limit for the members of the Supervisory Board shall be taken into account. (Code section 5.4.1)*

An age limit for membership of the Supervisory Board is not intended. The expert advice of our experienced Supervisory Board members, irrespective of their age, shall continue to benefit the company's development.

**4. Compensation of members of the Supervisory Board**

*Members of the Supervisory Board shall receive fixed as well as performance-related compensation. The compensation of individual members of the Supervisory Board shall be reported in the Notes of the Consolidated Financial Statements, subdivided according to components (Code section 5.4.7).*

The members of the Supervisory Board receive a fixed compensation, determined by the General Meeting of Schuler AG. The Chair receives twice as much as an ordinary member of the Supervisory Board, the Vice Chair receives 1.5-times as much as an ordinary member of the Supervisory Board. Members do not receive performance-related compensation. We believe that by choosing not to pay performance-related compensation, potential conflicts of interest in the decision-making process of the Supervisory Board which may influence the company's success criteria can be excluded

**5. Shareholdings held by Management Board and Supervisory Board**

*The shareholdings, including options and derivatives, held by individual Management Board and Supervisory Board members shall be reported if these directly or indirectly exceed 1% of the shares issued by the Company. If the entire holdings of all members of the Management Board and Supervisory Board exceed 1% of the shares issued by the company, these shall be reported separately according to Management Board and Supervisory Board. (Code section 6.6)*

In order to protect the interests and the privacy of corporate body members, their individual shareholdings are not disclosed in the case that these exceed 1% of the shares issued by the Company. Furthermore, it is not disclosed whether the total shareholding of all members of a body exceeds 1% of the shares issued by the Company.

**6. Deadlines for the publication of consolidated financial statements and interim reports**

*The Consolidated Financial Statements shall be publicly accessible within 90 days of the end of the financial year; interim reports shall be publicly accessible within 45 days of the end of the reporting period. (Code section 7.1.2).*

The Consolidated Financial Statements will continue to be publicly accessible within 120 days of the end of the financial year. Due to the project-based nature of the Schuler

Group's business, a suitable time corridor is required especially for the reliable and accurate determination of project-related accruals. Earlier disclosure would cause a disproportionate deterioration in the quality of the financial statements.

With the exception of the above-mentioned items 1 to 6, we shall continue to comply with the recommendations of the "Government Commission on the German Corporate Governance Code".

Göppingen, September 23, 2008

Schuler AG

For the Board of Management



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Jürgen Tonn

For the Supervisory Board



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Dr. Robert Schuler-Voith