

Declaration of compliance by the Executive Board and the Supervisory Board of BERU Akiengesellschaft, Ludwigsburg, pursuant to Section 161 of the German Stock Corporation Law (AktG) on the German Corporate Governance Code

According to Section 161 of the Stock Corporation Law, which came into effect in July 2002 with the Transparency and Disclosure Law, the Executive Board and the Supervisory Board of companies listed in Germany are obliged to declare annually that the recommendations of the German Corporate Governance Code have been complied with, and which of its recommendations have not been and are not complied with. This December, the Executive Board and Supervisory Board of BERU AG is issuing its third declaration of compliance with the German Corporate Governance Code, this time on the basis of the current version of May 21, 2003. This declaration of compliance is published on the Company's Internet site at www.beru.com.

BERU AG has followed and still follows the recommendations of the Government Commission on the German Corporate Governance Code in latest version in all aspects with the exception of the following clauses:

Clause 4.2.4

Pursuant to Clause 4.2.4, the compensation of the members of the Executive Board is to be reported in the Notes to the Consolidated Financial Statements subdivided according to fixed, performance-related and long-term incentive components. The figures are to be individualized.

This recommendation was not and is still not appropriate to BERU AG. In the view of the Executive Board and the Supervisory Board, the individualized presentation of the compensation of the Executive Board members would not result in any additional useful knowledge concerning personal performance, particularly as the Executive Board comprises only three members, and for an interim period since April 2004 until February 2005 only two members. The decisive factor is the view of the Executive Board as a body behaving collectively.

The compensation of the members of the Executive Board of BERU AG is subdivided into fixed and variable performance-related components. The variable components are linked to the development of the share price, the Group's net income and the level of the dividend. These details, and the disclosure of the total compensation of the Executive Board in the Notes to the Consolidated Financial Statements, form the basis for an assessment of whether the division of compensation into fixed and variable components is appropriate. It thus also serves to assess whether the compensation structure leads to the desired long-term incentive effects in the way of a sustained increase in the value of BERU AG.

The fundamental principles of the compensation system are regularly reviewed by the Supervisory Board and explained at the Annual Shareholders' Meeting, as are any changes to the system.

Clause 5.3.2

Pursuant to Clause 5.3.2, the Supervisory Board is to set up an Audit Committee, which deals in particular with issues of accounting and risk management and the independent audit.

BERU AG still does not follow this recommendation in combination with the recommendation of Clause 5.3.1 of the Corporate Governance Code. According to Clause 5.3.1, the formation of committees by the Supervisory Board depends on the specific circumstances of the company and the size of its Supervisory Board. BERU AG reflects its specific circumstances as a medium-sized company, and does not form an Audit Committees. Practice has shown,

also this year, that a qualified and productive exchange of opinions takes place in the plenary sessions of the Supervisory Board and in particular in the meeting dealing with the financial statements, and that the formation of an Audit Committee would not increase the efficiency of a Supervisory Board which anyway comprises only six members.

The Supervisory Board will continue to review this decision at regular intervals, or whenever a change in circumstances makes such a review necessary.

Clause 5.4.5

Pursuant to Clause 5.4.5, the compensation of the members of the Supervisory Board is to be stated in the Notes to the Consolidated Financial Statements, subdivided according to components. The figures are to be individualized.

The compensation system is laid down in the Articles of Incorporation, the new version of which was approved by the Annual Shareholders' Meeting in September 2003. According to these stipulations, the compensation of the members of the Supervisory Board consists of a fixed component and a variable component which depends on the level of the dividend distribution. The Chairman of the Supervisory Board receives three times as much and the Deputy Chairman of the Supervisory Board receives twice as much as the standard compensation. In addition, for membership of committees and for chairing such committees, 25% and 50% supplements are paid in excess of the fixed elements. No individualized details are given other than these details and the amount of the total compensation of the Supervisory Board as stated in the Notes to the Consolidated Financial Statements.

Explanation of the compensation system going beyond the comprehensible system approved with the Articles of Incorporation would not result in any additional useful knowledge being gained.

Clause 7.1.2

Pursuant to Clause 7.1.2, the Consolidated Financial Statements are to be publicly accessible within 90 days of the end of the financial year; interim reports are to be publicly accessible within 45 days of the end of the reporting period.

BERU AG has set itself the goal of making financial reports publicly accessible within the periods recommended by the German Corporate Governance Code. With the publication of the company's annual financial statements for the 2003/04 financial year, the company did not follow this recommendation for the first time. The reason for the publication of the Group's consolidated financial statements a few days after the 90-day reporting period was the changeover of the financial-reporting system from national (HGB) to international accounting principles (IFRS, formerly IAS).

In the future, BERU AG will publish its annual reports and interim reports regularly and in good time, and will make all efforts to observe the deadlines of 45 and 90 days as formulated in the German Corporate Governance Code. However, in the 2004/05 financial year and in the 2005/06 financial year, the Company will probably miss the deadlines by an average of four days in order to be able to continue to offer its shareholders a high quality of reporting.

Since the 2003/2004 financial year, the Company's annual financial statements have been published in accordance with the International Financial Reporting Standards (IFRS, formerly IAS). The quarterly and interim reports as of the 2004/05 financial year are also published in accordance with these internationally recognized accounting principles. With the accounting changeover to internationally recognized principles, BERU AG fulfills a further recommendation of the German Corporate Governance Code (Clause 7.1.1).

BERU AG thus follows the recommendations of the Government Commission on the German Corporate Governance Code in its current version in all points with the exceptions of the aforementioned Clauses 4.2.4, 5.3.2, 5.4.5 and 7.1.2.

Ludwigsburg, December 31, 2004

The Executive Board

The Supervisory Board