

## **Declaration Pursuant to § 161 of the German Stock Corporation Act on Compliance with the German Corporate Governance Code, as Amended May 21, 2003, at QSC AG**

Since its formation, QSC AG has attached high priority to corporate governance. Its own corporate governance principles largely conform to the requirements set forth in the German Corporate Governance Code. Since submittal of its last Declaration of Compliance, the company has deviated from this code, as amended November 7, 2002, in only few respects, and continues to deviate from the Code, as amended May 21, 2003, in the following respects:

1. The recommendation that demanding, relevant comparison parameters be stipulated for stock options and comparable instruments for members of the Management Board  
(Item 4.2.3, Paragraph 2, Sentence 2, of the Code; in the past, we did not follow this previous, similarly worded recommendation either)
2. The recommendation that a possibility of limitation (cap) for extraordinary, unforeseen developments be agreed for stock options and comparable instruments for members of the Management Board  
(Item 4.2.3, Paragraph 2, Sentence 4, of the Code; in the past, the Code did not yet contain this recommendation)
3. The recommendation that the company publish information relating to the value of stock options for members of the Management Board on the its website and in its Annual Report  
(Item 4.2.3, Paragraph 3, Sentence 2, of the Code; in the past, the Code did not yet contain this recommendation)
4. The recommendation that the compensation of the members of the Management Board be disclosed in individualized form in the notes to the consolidated financial statements  
(Item 4.2.4, Sentence 2, of the Code; in the past, this recommendation was formulated in the form of a suggestion, which we did not follow either)
5. Formation of an audit committee  
(Item 5.3.2, Paragraph 1, Sentence 1, of the Code; in the past, we did not follow this recommendation either)
6. Taking into account the economic situation and performance of the company, as well as chair and membership positions on committees, in connection with compensation of the members of the Supervisory Board  
(Item 5.4.5 of the Code; in the past, we did not follow this recommendation either)
7. Publication of interim reports within 45 days  
(Item 7.1.2 of the Code; in the past, we did not follow this recommendation either)

Although we did not follow the recommendation (formulated as a suggestion in the former version of the Code) that payments made to members of the Supervisory Board for personally provided advisory services be disclosed on an individualized basis in the notes to the consolidated financial statements for the 2002 fiscal year, we will do this for the 2003 fiscal year (Item 5.4.5, Paragraph 3, Sentence 2, of the Code). Moreover, during the course of the year

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2004 the company will for the first time publish the salient points of the compensation system for members of the Management Board and a portrayal of QSC AG's stock option programs (from which members of the Management Board have received allocations) on its website and provide explanations thereof in its Annual Report for the 2003 fiscal year (Item 4.2.3, Paragraph 3, Sentence 1, of the Code). In the Annual Report for the 2003 fiscal year, the company will also disclose for the first time in individualized form the compensation to the members of the Supervisory Board (Item 5.4.5, Paragraph 3, Sentence 1, of the Code); in the past, we had not followed this suggestion, which has now been changed to a recommendation, as the compensation of the members of the Supervisory Board is governed in the Articles and is therefore publicly accessible. At the 2004 Annual Shareholders Meeting, the Chairman of the Supervisory Board will for the first time outline the salient points of the compensation system for members of the Management Board as well as any changes thereto (Item 4.2.3, Paragraph 4, of the Code).

QSC's corporate governance principles are periodically reviewed by the Management and Supervisory Boards. The company will publish any future changes thereto with respect to conformity with the German Corporate Governance Code on its website.

December 17, 2003

For the Management Board  
Dr. Bernd Schlobohm

For the Supervisory Board  
John C. Baker