

Beta Systems Software AG Declaration of Conformity with the German Corporate Governance Code* in accordance with § 161 of the Stock Corporation Act (AktG)

[*in the version of 21st May 2003]

In the last Declaration of Conformity published on the Internet and in the Annual Report of Beta Systems Software AG for fiscal 2003, the Management Board and the Supervisory Board of Beta Systems Software AG declared that the Company conformed with the principles of conduct recommended in the German Corporate Governance Code, except for some minor departures from it, and would continue to do so in future. In fiscal 2004 Beta Systems Software AG did not and does not conform with the Code's recommendations in its version of 21st May 2003 in the following areas:

- **Excess in D&O insurance policies:**

Contrary to the recommendation that liability insurance taken out by the Company for its Management Board and Supervisory Board members (so-called Directors' and Officers' (D&O) insurance) should include a reasonable excess portion, Beta Systems does not consider that this measure will lead to any significant improvement in the motivation or sense of responsibility of its directors and officers. The insurance policies currently taken out by Beta Systems do not include any excess, and no change in this policy is planned in future.

- **Setting up an Audit Committee:**

In view of the current size and composition of the Supervisory Board (six persons) and also Beta Systems' corporate size, the Supervisory Board does not currently intend to set up a separate audit committee. Essentially the entire Supervisory Board deals with all questions regarding the rendering and auditing of accounts.

- **Age limits for Management Board and Supervisory Board members:**

Beta Systems regards the stipulation of age limits for Supervisory Board members as imposing a limitation on shareholders' rights to elect the Supervisory Board members of their own choice. Accordingly, the Company does not lay down any age limits in this respect. A similar departure from the Code's recommendation is that no age limit has been set for Management Board members either, as this would restrict the Supervisory Board in its selection of suitable candidates.

- **Compensation of Supervisory Board:**

The Supervisory Board members of Beta Systems Software AG only receive compensation in the form of fixed remuneration. Membership and chairmanship of the Personnel Committee is not subject to specific compensation. Proposals aimed at amending the Bylaws within this area failed to achieve the required majority at the last Annual General Meetings of Shareholders. The Supervisory Board remains committed to introducing an appropriate variable component in the future.

- **Compensation of Management Board:**

At present, no authorization by the General Meeting of Shareholders exists for a Management Board remuneration program that includes components with a long-term incentive effect and risk elements in the form of shares, stock options, or comparable instruments. Such instruments were last issued in 2001 as part of programs previously implemented within this area. Rights resulting from these programs were last exercised or have expired in 2004. Existing compensation models do not include limitations (cap) with regard to the variable remuneration components with a long-term incentive effect. The performance targets are based solely on the attainment of challenging absolute increases in the share price as an applicable threshold and are therefore not related to pertinent parameters of comparison. Proposals aimed at issuing stock options to the Management Board in the future, taking into account the recommendations of the German Corporate Governance, failed to achieve the required majority at the last Annual General Meetings of Shareholders. The Supervisory Board remains committed to implementing such components with regard to the compensation of Management Board members, in accordance with the recommendations put forward as part of the German Corporate Governance Code.

- **Information about the system of compensation for the Management Board on the Internet and at the General Meeting of Shareholders:**

The Management Board and Supervisory Board of Beta Systems Software AG do not intend to publish information regarding the salient points of the compensation system for the Management Board on the Internet, as all information relating to individual compensation and components of compensation, including all stock options issued, is included and explained in the Annual Report. The Annual Report can be accessed via the Company's website and is also made available to the General Meeting of Shareholders. It also contains calculations regarding the value of stock options already issued to senior managers. Therefore, the Supervisory Board of Beta Systems Software AG also not intends to furnish specific information to the General Meeting of Shareholders via the Chairman of the Supervisory Board, as shareholders are entitled to put forward questions and receive pertinent answers with regard to the compensation system at the General Meeting.

With the exception of the above-mentioned deviations, in the 2004 fiscal year Beta Systems Software AG conformed entirely with the recommendations of the German Corporate Governance in the version of May 21, 2003.

Berlin, November 24, 2004

Harald J. Joos
Chairman of the Supervisory Board

Karl-Joachim Veigel
Chief Executive Officer