

CORPORATE GOVERNANCE DECLARATION 2005

Statement of Compliance of STRATEC Biomedical Systems AG with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG).

STRATEC Biomedical Systems AG complies with recommendations made by the „German Corporate Governance Code Government Commission“ published in its version dated June 2, 2005 by the Federal Ministry of Justice in the official section of the electronic Federal Gazette, with the following exceptions:

Point 3.8 Clause 3

The German Corporate Governance Code recommends that a commensurate level of excess be agreed upon the conclusion of any D&O insurance policy for the members of the Board of Management and the Supervisory Board.

A D&O insurance policy was concluded for the Board of Management and the Supervisory Board for the first time in December 2003. A commensurate level of excess was agreed in this respect.

In December 2004, a new D&O insurance policy was concluded with better conditions and at a more favourable price. The insurance company does not provide for any commensurate level of excess upon the change of the premium. A commensurate level of excess has therefore not been agreed for the D&O insurance policy and will not be agreed in future in the existing form of insurance.

Point 4.2.3 Clause 7

The German Corporate Governance Code recommends that in order to cover against extraordinary unforeseen developments the Supervisory Board should agree a limit (cap) on the stock options and comparable instruments granted to the members of the Board of Management as variable components of their remuneration.

The Supervisory Board has not agreed any limit for the stock options issued to the members of the Board of Management, neither is any such limit foreseen for the future in view of the fact that this would result in the stock options failing to provide the element of risk/opportunity required, especially for variable components of remuneration, and that such a limit would not provide the necessary incentives, particularly when compared with practices in other countries.

Point 4.2.4 Clauses 1 and 2

The German Corporate Governance Code recommends that the remuneration of the members of the Board of Management should be disclosed in the notes to the consolidated financial statements and broken down into its fixed and performance-related components, as well as into any components of a long-term incentive nature.

Moreover, the Code recommends that these disclosures be made on an individual basis. STRATEC Biomedical Systems AG already fulfils the recommendations of the Code with regard to the disclosure of the remuneration of the Board of Management broken down into fixed and performance-related components, as well as components of a long-term incentive nature. The recommendation to publish such disclosures on an individual basis has not yet been complied with and will not be adhered to in future.

It is our opinion that the recipient of such disclosures as to the remuneration of the individual members of the Board of Management is less interested in the incentive for the individual member of the Board than in the incentive for the overall Board as an entirety. Moreover, any disclosure of the remuneration of the Board of Management on an individual basis would in the longer term result in a leveling out of the salaries between the various positions on the Board, thus undermining the desired incentive effect.

Point 5.2 Clause 2, Points 5.3.1 and 5.3.2

The German Corporate Governance Code recommends that the Supervisory Board should form specialist committees (including an audit committee), depending on the number of its members and the specific circumstances of the company.

The Supervisory Board of STRATEC Biomedical Systems AG consists of the minimum legal requirement

of three members. Given that a committee has to include at least two members, the establishment of committees would not lead to any increase in the efficiency of the activities of the Supervisory Board. All duties are performed by the Supervisory Board as a whole. No committees of any kind have been or will be established.

Point 5.4.7 Clause 6

The German Corporate Governance Code recommends that the remuneration of the members of the Supervisory Board be disclosed in the Corporate Governance report on an individual basis and broken down into its constituent components.

The transparency requirements of this recommendation in the Code are met by the disclosure of the composition of Supervisory Board remuneration in Section 13 of the company's Articles of Incorporation. The reporting of the remuneration of Supervisory Board members on an individual basis and broken down into its constituent components has therefore not been and is not foreseen.

Point 6.6 Clauses 4, 5 and 6

The German Corporate Governance Code recommends that any ownership of shares in the company or of related financial instruments by members of the Board of Management and the Supervisory Board should be stated in the Corporate Governance report in the event of such direct or indirect shareholdings exceeding 1% of the shares issued by the company.

Moreover, the German Corporate Governance Code recommends that the total shareholding held by such members should be stated in the Corporate Governance report broken down into the Board of Management and the Supervisory Board in the event of the total shareholding of all members of the Board of Management and the Supervisory Board exceeding 1% of the shares issued by the company.

The Board of Management and the Supervisory Board are of the opinion that the notification duties set out in the respective legal requirements, which require the company to be notified in the event of the shareholding held by any shareholder (in this case a company board) exceeding certain thresholds, are adequate in this

respect. The holdings of shares in the company or of related financial instruments by members of the Board of Management and the Supervisory Board have not been stated in the past and will not be reported in future. This does not apply to the disclosures resulting from legal requirements.

Point 7.1.2 Clause 3

The German Corporate Governance Code recommends that the consolidated financial statements and interim reports should be published within 90 days and 45 days respectively of the expiry of the respective reporting period.

The aforementioned deadlines concerning the publication of the consolidated financial statements and interim reports have not been and are in some cases still not met by the company. STRATEC Biomedical Systems AG does, however, meet the publication deadlines set out in the rules and regulations governing the company's membership of the segment of the regulated market of the Frankfurt Stock Exchange involving additional admission requirements (Prime Standard), namely four months in the case of annual financial statements and two months for interim reports.

Birkenfeld, December 16, 2005