



Corporate Governance Declaration in accordance with the German Accounting Law Modernization Act (BilMoG)

At Loewe, management and control of the Company is designed to provide for the continued existence of the company and sustained creation of value in accordance with the German principles of a social and free market economy.

Conscientious and transparent management

Loewe is an independent company with a clear brand strategy. Even in 2009, which was a challenging financial year because of the financial and economic crisis, our attractive and individual home entertainment solutions enabled us to further consolidate our current brand position in Europe. Loewe is now considered to be one of the leading premium brands “made in Germany” in the consumer electronics industry. We inspire our customers with products whose aesthetic appeal is timeless, with exclusive individuality, sensible technology and easy operation. In doing so, Loewe adheres to the most exacting standards. The corporate bodies of Loewe AG pursue the same high standards and are committed to conscientious, transparent and sustained creation of value in management of the Company.

Loewe understands value-based management to be an ongoing process. Our aim is to strike a balance between the interests of our staff, shareholders, customers and the public. Only on this basis is a sustainable and long-term increase in the value of the Company possible. This concept has formed the basis of all strategic decisions at the Company for many years. With this in mind we have already been publishing the principles of cooperation based on trust between the Executive Board and the Supervisory Board since our Annual Report 2001. Loewe AG attaches a very high value to good corporate governance. For this reason, we support the German Corporate Governance Code issued by the Government Commission and most recently updated on June 18, 2009, and as in the preceding year, we will implement all of the recommendations with only one exception. The current Declaration of Conformity and all previous versions are available for download on Loewe’s website.

Declaration of Conformity

Our principles continue to conform to the recommendations of the Code with one exception. On November 27, 2009, the Executive Board and the Supervisory Board issued their Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act (AktG). The following Declaration of Conformity was made permanently available to the shareholders within the prescribed period on the Company’s website at www.loewe.de under Investor Relations:

“The Executive Board and Supervisory Board of Loewe AG hereby issue the following Declaration of Conformity in accordance with Section 161 of the German Stock Corporation Act (AktG) with regard to the recommendations of the “Government Commission of the German Corporate Governance Code”:

1. Loewe AG will continue to comply with the recommendations of the German Corporate Governance Code in the version from June 18, 2009, published in the electronically maintained German Federal Official Gazette on August 5, 2009, with the following exception:

In concluding or renewing Executive Board contracts with members of the Executive Board currently in office, no severance payment cap will be agreed in order to protect established rights and to avoid unequal treatment of members of the Board (Subsection 4.2.3 Paragraph 4 Sentence 1 of the Code).

2. Loewe AG has complied with the recommendations of the German Corporate Governance Code as amended on June 6, 2008, published in the electronically maintained German Federal Gazette on August 8, 2008, since its last Declaration of Conformity on November 28, 2008 except for the recommendation set forth in Subsection 4.2.3 Paragraph 4 Sentence 1 (Severance Payment Cap in Concluding Executive Board Contracts).”

Procedures of the Executive Board and Supervisory Board

Loewe AG is a company under German law, on which the German Corporate Governance Code is also based. A basic principle of the German law governing share transactions consists in the split management and control structure with the corporate bodies of the Executive Board and the Supervisory Board, both of which are equipped with their respective independent competencies. The Executive Board and Supervisory Board at Loewe AG work closely together in a spirit of mutual confidence when it comes to management and supervision of the company.

Executive Board

The Executive Board of Loewe AG currently consists of three members. As the governing body they jointly manage the Company’s business. In doing so they are obliged to serve the interests of the Company and to enhance the sustainable enterprise value. The Executive Board drew up rules of internal procedure which were approved by the Supervisory Board. The respective tasks and areas of responsibility of the Executive Board are specified in the distribution of business plan. The Executive Board informs the Supervisory Board regularly, promptly and comprehensively with regard to about the course of business, the earnings and financial situation, personnel as well as corporate planning, investment projects and risk management.

Remuneration of the Executive Board

Loewe AG complies with the recommendations of the German Corporate Governance Code to disclose the remuneration for the Executive Board and the Supervisory Board individualized and broken down into fixed and variable components. The members of the Executive Board of Loewe AG are simultaneously managing directors of Loewe Opta GmbH. The remuneration of the Company’s Executive Board for fiscal year 2009 totaled EUR 1,988,860 (2008: EUR 2,694,626). No separate remuneration was paid for the GmbH activity. The amount of the incentive compensation for the Executive Board is based on the targets defined by the personnel committee of the Supervisory Board for the fiscal year in question. In addition to strategic goals, these targets primarily include key performance indicators of the Loewe Group. The Chairman of the Supervisory Board provided a detailed presentation of the remuneration policy principles and structure at the 2009 Shareholders’ Meeting and such a presentation is also planned for the next Shareholders’ Meeting on May 20, 2010. See page 135 of the Notes for comprehensive information on the individual remuneration of the Executive Board.

An age limit of 65 years generally applies to the three members of the Executive Board. Directors and officers insurance exists. A deductible has been stipulated to be a component of the fixed annual remuneration of each member of the Executive Board.

Supervisory Board

The Supervisory Board of Loewe AG consists of six persons. It advises and supervises the Executive Board in management of the Loewe Group. The Supervisory Board is provided with information by the Executive Board on a regular basis and included in any and all decisions of central importance for the further development of the Company. Topics that received particular emphasis during the consultations included the Loewe premium strategy, annual financial statements for 2008, the business trend in the year 2009, the budget for financial year 2010 as well as the innovations with regard to the German Act on the Appropriateness of Executive Board compensation (VorstAG).

In accordance with the recommendations of the German Corporate Governance Code, shareholders representatives were individually elected to the Supervisory Board at the Shareholders' Meeting on May 16, 2006. Statutory by-elections of two former members of the Supervisory Board were carried out by the Shareholders' Meeting on June 9, 2008. The proposed choices of Supervisory Board members take account of the knowledge, abilities and technical experience required for performance of the respective tasks as well as independence and diversity of its members. Supervisory Board members may not hold offices in other enterprises that compete with the Company. Furthermore, they may be not the chairperson or staff of an enterprise whose supervisory board includes a member of the Executive Board of the Company. The period of office of the Supervisory Board amounts to five years; the current period of office for all Supervisory Board members shall end with the statutory Shareholders' Meeting in 2011.

Remuneration of the Supervisory Board of Loewe AG

In accordance with subsection 5.4.7 of the German Corporate Governance Code, Loewe reports the compensation of the Supervisory Board individually and subdivided according to the respective components. Remuneration of the Supervisory Board is governed by the relevant provisions of the Articles of Incorporation, the currently valid version dated June 5, 2009, which was adopted by shareholders in the course of the last Shareholders' Meeting. Each member of the Supervisory Board of Loewe AG receives an annual fixed remuneration in the amount of EUR 15,000; the variable remuneration is performance-related and depends on the net income of the Group. Each member of the Supervisory Board receives an additional EUR 15,000 if Group earnings per share reach EUR 2.20. If earnings are lower or higher, then the variable component is correspondingly reduced or increased. This fixed and variable remuneration is doubled for the Chairman of the Supervisory Board, and the Deputy Chairman receives one and one-half times that amount. The total remuneration of the Supervisory Board for fiscal 2009 came to EUR 144,000 (2008: EUR 200,667). See page 134 of the Notes for detailed information on the individual remuneration of the Supervisory Board. The members of the Supervisory Board performed no consulting and mediation services or other services during the year under review. For this reason no remuneration was granted in excess of the aforementioned components.

Directors and officers insurance also exists for the Supervisory Board. An appropriate deductible – geared to the Supervisory Board incentive compensation – has been stipulated.

Committees of the Supervisory Board

In accordance with its rules of internal procedure the Supervisory Board formed from within its ranks a personnel committee, an audit committee and a nominating committee with three members each. At its constituent meeting on June 9, 2008 the Supervisory Board elected Dr. Rainer Hecker as chairman of the Supervisory Board and appointed new members for the three existing committees:

- The personnel committee includes Dr. Rainer Hecker, Dr. Mark Wössner and Dr. Michael Witzel. The committee is concerned with the personnel matters of the members of the Executive Board. Dr. Rainer Hecker was appointed as chairman of the committee.
- The audit committee is made up of Dr. Axel Berger, Dr. Rainer Hecker and Dr. Sönke Mehrgardt and is concerned in particular with questions involving accounting, risk management and compliance, the independence required of the auditor, the issuing of the audit mandate to the auditor, determination of crucial auditing items and the fee agreement. Dr. Axel Berger, who as vice-president of the German Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung e.V.) has particular expertise and experience in the application of accounting principles and internal

control procedures, was appointed as chairman of the committee. Dr. Axel Berger is independent and not a former member of the Company.

- The nominating committee is formed by Dr. Rainer Hecker, Dr. Axel Berger and Dr. Mark Wössner. The committee is represented exclusively with shareholders representatives and proposes suitable candidates to the Supervisory Board for its own nominations which it makes to the Shareholders' Meeting. Dr. Rainer Hecker was appointed as chairman of the committee.

Avoidance of conflicts of interest

Both the members of the Executive Board and the members of the Supervisory Board are bound by the best interests of the enterprise Loewe and may not pursue personal interests in their decisions. In connection with their work members may not demand or accept payments or other advantages from third parties for themselves or for any other person or grant third parties unjustified advantages. The members of the Executive Board shall disclose such transactions or sideline activities to the Supervisory Board without delay and they shall require the approval of the Supervisory Board. The Supervisory Board shall inform the Annual Shareholders' Meeting of any conflicts of interest that have occurred together with their treatment. No such conflicts of interests have occurred with members of the Executive Board or the Supervisory Board in the period under review.

Reportable securities held by members of the Executive and Supervisory Boards (directors' dealings)

Pursuant to Section 15a of the German Securities Trading Act, members of the Executive Board and of the Supervisory Board as well as persons in close association with them must disclose the purchase and sale of the Company's shares if the value of the transactions equals or exceeds EUR 5,000 in a calendar year. No transactions were reported to Loewe between November 28, 2008 and December 31, 2009.

Generally, Loewe promptly reports the details concerning these transactions and permanently displays them at www.loewe.de under Investor Relations. It also properly informs the German Federal Financial Supervisory Authority (BaFin).

Shareholdings of the Executive Board and Supervisory Board

As of December 31, 2009, the Executive Board held 158,458 (2008: 158,476) shares in Loewe AG; all three members of the Executive Board hold Loewe shares. No options exist. One member of the Supervisory Board holds 550,000 Loewe shares directly (2008: 550,000).

Compliance at Loewe

As one of the leading brands in consumer electronics, sustainable economic, ecological and social action is an indispensable element of corporate culture for Loewe. To meet the standards of a premium brand, we must exhibit perfect ethical conduct in our internal cooperation and in interaction with persons from outside the Company. This behavior includes compliance with laws, regulations and guidelines as well as commitments. Furthermore, Loewe drew up its own code of conduct in fiscal year 2009 and communicated it throughout the Company as a means to improve compliance standards. Based on the fundamental value of integrity, all requirements for the conduct of employees are described in detail in the code. In addition to compliance with all relevant laws, relations with business partners, the avoidance of conflicts of interest, the handling of information and insider rules as well as compliance with environmental protection and safety provisions are of particular importance for us.

Transparent and fair reporting

The requirement of making the same information available to our shareholders, financial analysts, shareholder associations, media and the interested public in both German and English regularly and simultaneously is of great importance for Loewe corporate communications. During the fiscal year we provide information to the capital market in the six months' financial report and by means of the corresponding interim reports for the first and third quarters. Furthermore, Loewe also announces its information in press conferences and analysts' conferences and uses the Internet as an information platform. Following the principle of fair disclosure, we treat all shareholders and significant target groups equally and promptly publish information on important new situations. Concomitant with regular reporting, we use ad hoc notifications to provide information promptly concerning circumstances that are not public knowledge which, if disclosed, would be capable of significantly influencing the Loewe share price.

Responsible handling of risks

Good corporate governance also includes responsible and consistent handling of business risks. By clearly defining areas of risk, Loewe is able to systematically identify, evaluate and document existing individual risks. At the same time, the system models their impacts on the Company's financial position and performance. The risk management system is an integral component of Loewe's entire planning, controlling, and reporting process. Transparent reporting makes it possible to detect discrepancies in key data at an early stage, thereby enabling management to identify risks earlier, control them and initiate measures for their timely elimination. See page 69 et seq. in the "Risks and Opportunities of Future Development" in the Annual Report section of the Group Management Report for further details.

Further information on corporate governance at Loewe

Additional information concerning the cooperation of the Supervisory Board and the Executive Board, the activity of the Supervisory Board and its three committees as well as the accounting and audit can be found in the Report of the Supervisory Board. Extensive information concerning offices held by the members of the Supervisory Board and Executive Board of Loewe AG can be found in the Annual Report for 2009 on page 136 et seq. of the Notes to the Consolidated Financial Statements in the section Corporate Bodies/Offices Held. Loewe also publishes current company developments on the website www.loewe.de. Among other things, annual financial statements, interim reports, the financial calendar, press releases, ad hoc notifications and reportable securities transactions can be found there.

Kronach, March 25, 2010

Loewe AG
The Executive Board