

Invitation

EXTRAORDINARY SHAREHOLDERS' MEETING
JULY 2011



We hereby warmly invite the Shareholders
of the Company to the

Extraordinary Shareholders' Meeting

to be held on Thursday, July 21, 2011,
starting at 10:00 am

in the Westin Grand Hotel,
Arabellastraße 6, 81925 Munich.

German Securities Identification Code: 676 474

ISIN: DE0006764749

Agenda

- 1. Report by the Executive Board on the financial situation at Pfleiderer AG, the restructuring concept, the restructuring agreement and the proposed capital measures**
- 2. Resolution on the reduction of Pfleiderer AG's share capital by means of a simplified capital reduction to cover losses and change to the Articles of Incorporation**

The Executive and Supervisory Boards propose making the following resolution:

- a) The share capital of the Company, currently amounting to EUR 150,166,272 divided into 58,658,700 registered shares with a pro rata amount of the share capital of EUR 2.56 per share, is to be reduced by EUR 149,775,214 to EUR 391,058. The reduction in the share capital is in compliance with the regulations on simplified capital reductions pursuant to Sections 229 ff. of the German Stock Corporation Act ("AktG") and the whole amount of the reduction is for the purpose of wiping out impairment losses and covering other losses.
- b) The share capital will be reduced such that initially the pro rata amount of the share capital per share is reduced from EUR 2.56 to one euro. In addition, the current 58,658,700 shares will be amalgamated at a ratio of 150:1.
- c) The Executive Board is authorized, with the approval of the Supervisory Board, to determine other details of the reduction in share capital and of its implementation.
- d) Article 4 (1) of the Company's Articles of Incorporation is hereby wholly amended as follows:

"The Company's share capital amounts to EUR 391,058. It is divided into 391,058 shares with a pro rata amount per share of the share capital of one euro."

3. Resolution on the increase in Pfeleiderer AG's share capital against cash contributions excluding subscription rights for shareholders

The Executive and Supervisory Boards propose making the following resolution:

- a) The share capital reduced under Item 2 of the Agenda to EUR 391,058 will then be increased against cash contributions by up to EUR 51,608,942 to up to EUR 52,000,000. The capital is increased by means of the issue of 51,608,942 new, registered no-par-value shares representing a pro rata amount of the share capital of one euro. The new shares will be issued at a price of EUR 1.37 per share ("subscription price"), accordingly amounting to a total issue volume of up to EUR 70,704,251. The new shares will qualify for dividends from the fiscal year beginning on January 1, 2012. The number of new shares to be issued must amount to at least 43,787,782.
- b) The shareholders' statutory subscription rights are excluded. A bank, as settlement agent ("Settlement Agent"), will, however, agree to offer shareholders the opportunity to buy a total of 7,821,160 new shares at a price of EUR 5.11 per new share ("Offer to Sell Shares"). The Offer to Sell Shares must be in such a form that the shareholders can acquire new shares proportionate to their amount of the share capital following the capital reduction approved under Item 2 of the Agenda (ratio of 1:20). The offer period must last at least two weeks. New shares that are not acquired by shareholders under the terms of the Offer to Sell Shares may be offered at the same price to third parties. The placement of new shares not acquired by shareholders should occur immediately after the expiry of the Offer to Sell Shares.
- c) Under the terms of the Company's restructuring concept and for the purpose of technical settlement of the capital increase proposed under Item 3 of the Agenda, the Settlement Agent or another bank determined by the Executive Board with the approval of the Supervisory Board will be authorized to subscribe the new shares.

- d) The Executive Board is instructed to report the implementation of the capital increase pursuant to Section 188 AktG for entry in the commercial register only after the following conditions have been met:
- (i) The Settlement Agent has published the Offer to Sell Shares and the deadline for accepting the Offer to Sell Shares and the extension for the disposal of new shares not acquired under the terms of the Offer to Sell Shares have expired;
 - (ii) The lenders defined as Alternative Investors in the Restructuring Agreement dated May 12, 2011, between the Company and its creditors have given waivers that are effective subject to the Restructuring Effective Date (as defined in Clause 7.1 of the Restructuring Agreement) becoming effective and to other conditions laid down by the Executive Board, such waivers to relate to 40% of their loan receivables in a nominal amount of EUR 371,621,922.80 and to 100% of the interest accrued on these loan receivables between March 1, 2011, and the Restructuring Effective Date, and certain ancillary claims amounting to around EUR 33.5 million;
 - (iii) The Settlement Agent has concluded purchase contracts in accordance with Clause 3.3 of the Restructuring Agreement for up to 42,022,282 new shares arising from the capital increase resolved under Item 3 of the Agenda with the Alternative Investors, effective subject to entry in the commercial register of the implementation of the capital increase at a price totaling EUR 60,000,000;
 - (iv) The creditors of the EUR 275,000,000 Undated Subordinated Fixed to Floating Rate Securities issued in 2007 (“Hybrid Bond”) have effectively agreed in accordance with Clause 4.2 of the Restructuring Agreement that the Hybrid Bond be exchanged for the right to purchase such a number of new shares (“Purchase Right”) that – if the Purchase Right were exercised in full by creditors of the Hybrid Bond – would be equivalent to around 4% of the Company’s share capital after actual implementation of the capital increase

resolved under this Item 3 of the Agenda (pursuant to the share capital entered in the commercial register after implementation of the offer described in b) and entry in the commercial register of the implementation of the capital increase under this Item 3 of the Agenda).

- e) The resolution on the capital increase ceases to be valid if at least 43,787,782 new shares have not been subscribed by December 31, 2011, or if the implementation of the capital increase has not been reported for entry in the commercial register by December 31, 2011. If lawsuits are initiated or other legal measures taken against the resolution on the capital increase, the deadlines are extended until six months after the date of the release ruling by the courts pursuant to Section 246a AktG.
- f) The Executive Board is authorized, with the approval of the Supervisory Board, to determine other details of the increase in share capital and of its implementation.
- g) The Supervisory Board is authorized to adjust the amount of the share capital and the number of issued shares in Article 4 (1) of the Articles of Incorporation in accordance with the volume of the capital increase.

4. Resolution on creating a new authorization for the issue of bonds with warrants and the exclusion of subscription rights on these bonds with warrants; cancelation of the authorization to issue convertible bonds and/or bonds with warrants dated June 23, 2010, cancelation of Conditional Capital I, cancelation of Authorized Capital 2010, cancelation of conditional capital pursuant to Article 4 (4) and amendment to conditional capital pursuant to Article 4 (5) of the Articles of Incorporation, creation of new Conditional Capital I; adaptation of the Articles of Incorporation

Under a resolution by the Annual Shareholders' Meeting held on June 23, 2010, the Executive Board was authorized, with the approval of the Supervisory Board, to issue until June 22, 2015 on one or several occasions bearer or registered convertible bonds and/or bonds with warrants with or without a limited term in a total nominal amount of up to EUR 250,000,000 and to grant options to holders or creditors of bonds with warrants or conversion rights to holders of bonds with conversion rights for up to 23,463,480 new registered no-par-value shares in Pfleiderer Aktiengesellschaft with a total pro rata amount of the share capital of up to EUR 60.066,508.80 in accordance with the terms applicable to the convertible bonds or bonds with warrants. In order to be able to provide the shares to be granted upon exercise of the subscription rights, it was further resolved that conditional capital ("Conditional Capital I") in the amount of EUR 60,066,508.80 be created. To date the Executive Board has not made any use of this authorization to issue bonds with warrants and/or conversion rights. This authorization is to be canceled, a new resolution is to be formulated for the issue of bonds with warrants, and Conditional Capital I is to be canceled and replaced by new Conditional Capital I ("New Conditional Capital I"), in order to be able to implement the issue of bonds with warrants provided for under the terms of Clause 3.2(g) of the Restructuring Agreement.

The Executive and Supervisory Boards accordingly propose the following resolution:

- a) Authorization for the issue of bonds with warrants and exclusion of subscription rights on these bonds with warrants

aa) Nominal amount, authorization period, number of shares, consideration

The Executive Board is authorized, with the approval of the Supervisory Board, to issue bonds with warrants up to June 30, 2012, for a total amount of up to EUR 1,108,990, to which detachable warrants are attached, vesting the right to acquire up to 11,089,900 registered no-par-value shares in the Company representing a pro rata amount of the share capital totaling up to EUR 11,089,900 pursuant to more closely defined terms and conditions pertaining to the warrants. The bonds with warrants are split into individual bonds with a nominal amount of EUR 10. Each of these bonds has 100 warrants attached.

The bonds with warrants are issued for cash at their nominal value.

bb) Exclusion of subscription rights, those entitled to subscribe

The shareholders' subscription rights are excluded.

The bonds with warrants are to be issued to lenders that are defined as "Par Lenders" in the Restructuring Agreement, that participate in the implementation of the restructuring concept, have participated in the Restructuring Agreement and that will have waived 40% of their loan receivables in a nominal amount of EUR 391,565,073.75 and 100% of the interest accrued on these loan receivables between March 1, 2011, and the Restructuring Effective Date, plus certain ancillary claims amounting to around EUR 35.3 million up to the date of the issue of the bonds with warrants ("Original Lenders").

cc) Warrants

As long as the Company's shares are listed, as defined in Section 3 (2) AktG, each warrant entitles the holder to acquire in accordance with the applicable terms and conditions one registered no-par-value share in the Company in return for paying the exercise price. If the Company's share capital is increased to EUR 52,000,000, the exercise price

is EUR 7.49 subject to any adjustments to the exercise price or the subscription ratio. To the extent that and for as long as the Company's shares are not listed, as defined in Section 3 (2) AktG, compensation in cash will be paid in lieu of the warrant. Section 9 AktG and Section 199 (1) AktG remain unaffected.

The warrant may be exercised until December 31, 2018. The term may be extended pursuant to the terms and conditions pertaining to the bonds with warrants if the listing, as defined in Section 3 (2) AktG, of the Company's shares ceases before the deadline for exercising the warrants. In this case, the deadline for exercising the warrants is extended by a period of 18 months after resumption of the listing. However, even in such a case, the deadline is no earlier than December 31, 2018.

dd) Cash compensation

To the extent that and for as long as the Company's shares are not listed, as defined in Section 3 (2) AktG, the terms and conditions pertaining to the bonds with warrants should provide for cash compensation after a change in control in lieu of the warrants:

- provided that holders of the warrants demand this if the change in control has occurred prior to December 31, 2018;
- provided that 75% of the holders of the warrants resolve to replace the warrants with an amount in cash, such amount to be determined by the Company, at a meeting of the warrant holders convened by the Company, if the change in control has occurred prior to the end of December 31, 2018 and regardless of any change in control for the period commencing on January 1, 2019;
- no later than December 31, 2018, provided a change in control has occurred by then; or
- after a change in control after December 31, 2018.

ee) Change in control

After a change in control, provided that at such time the Company's shares are no longer listed, as defined in Section 3 (2) AktG, each warrant holder should have a claim to cash compensation pursuant to Clause 4.a) dd). If the meeting of warrant holders does not determine the amount of the cash compensation, the cash compensation per warrant should be calculated on the basis of the price that was paid for shares in the Company in the transaction that led to the change in control or on the basis of the Company's intrinsic value, to be determined by two independent investment banks/certified accountants.

Subject to terms to be defined more precisely by the Executive Board with the approval of the Supervisory Board, a change in control shall be deemed to mean, provided that at such time the Company is not listed, as defined in Section 3 (2) AktG, the acquisition of more than 50% of the shares or voting rights in the Company, the acquisition of control by other means (for example, by acquiring the right to appoint or dismiss the majority of the members of the Supervisory Board or, following a change in legal structure, the majority of members of the main management body, by entering into a control agreement or a condition in the Articles of Incorporation enabling the setting of business policies) or by transferring all or virtually all of the Company's assets.

ff) Protection from dilution

The terms and conditions pertaining to the warrants should contain clauses for protection from dilution in the event that the Company increases its share capital during the warrant period or grants or guarantees additional convertible bonds, bonds with warrants, convertible participation rights or other warrants. The terms and conditions pertaining to the warrants may also provide for an adjustment to retain the value of the exercise price or the subscription ratio or other measures (such as compensation payments) in the event of other measures taken by the Company that may lead to a change in the value of the warrants, in particular

in the case of a capital increase from the Company's own funds, a share split or amalgamation, a decrease in capital or payment of special dividends. Compliance with Section 9 (1) of the German Stock Corporation Act must be observed at all times.

gg) Authorization to lay down the other terms and conditions pertaining to the warrants

The Executive Board is authorized, with the approval of the Supervisory Board, to lay down the additional details for the issue and the features of the bonds with warrants and the terms and conditions pertaining to the warrants, in particular the rate of interest, term, dilution protection, determining the occurrence of a change in control, the requisite quorum for meetings of warrant holders and details of the extension of the option period.

b) Revocation of the authorization dated June 23, 2010, and cancellation of Conditional Capital I

The authorization resolved under Item 8 of the Agenda of the Annual Shareholders' Meeting held on June 23, 2010, to issue convertible bonds and/or bonds with warrants and on Conditional Capital I pursuant to Article 4 (3) of the Articles of Incorporation in the amount of EUR 60,066,508.80 is hereby revoked.

c) Cancellation of Authorized Capital 2010

The Authorized Capital 2010 resolved under Item 7 of the Agenda of the Annual Shareholders' Meeting held on June 23, 2010, is hereby canceled.

Article 4 (2) of the Articles of Incorporation is deleted and the numbering of the following paragraphs amended accordingly.

d) Cancellation of authorized capital pursuant to Article 4 (4) of the Articles of Incorporation

The authorized capital in Article 4 (4) of the Articles of Incorporation in the amount of up to EUR 1,989,836.00 is hereby canceled. Article 4 (4) of the Articles of Incorporation is deleted and the numbering of the following paragraphs amended accordingly.

- e) Change of authorized capital pursuant to Article 4 (5) of the Articles of Incorporation

The authorized capital in Article 4 (5) of the Articles of Incorporation is hereby changed. The conditional capital increase of up to EUR 11,661,644.80 is reduced to an increase in the amount of up to EUR 1,400,000.

- aa) Article 4 (5) becomes Article 4 (3) and is reformulated as follows:

(3) The Company's share capital may be conditionally increased by up to EUR 1,400,000 (New Conditional Capital II). The conditional capital increase may only be carried out by issuing up to 1,400,000 new shares in the Company to the extent that in the context of the authorization granted until May 31, 2011, and/or in the context of the Pfeleiderer Stock Option Plan 2006, subscription rights are granted, the holders make use of these rights to subscribe to shares in the Company, and the Company does not use treasury shares or cash compensation to fulfill the subscription rights. The new, registered no-par-value shares are entitled to dividends as of the beginning of the fiscal year in which they are issued.

- bb) The Executive Board is instructed to only report the change of Article 4 (5) of the Articles of Incorporation for entry in the commercial register if entry of the resolutions under Items 2 and 3 of the Agenda is reported at the same time or these resolutions have already been entered in the commercial register.

- cc) The Supervisory Board is authorized to adapt the wording of the Articles of Incorporation to match the respective issue of shares subscribed under New Conditional Capital II and to make all other related adaptations that only affect the wording. The same applies to the expiration of periods for exercising subscription rights arising from the authorization granted until May 31, 2011, and the Pfeleiderer Stock Option Plan.

f) Conditional capital increase

The share capital is hereby conditionally increased by up to EUR 25,000,000 by the issue of up to 25,000,000 new, registered no-par-value shares ("New Conditional Capital I"). The conditional capital increase is solely for the purpose of granting shares to creditors of bonds with warrants that are issued in accordance with the above authorization.

The new shares are issued at the option price to be determined in accordance with the above authorization. The new shares qualify for dividends from the fiscal year in which they are issued provided that they were issued after the ordinary Annual Shareholders' Meeting for that fiscal year. If the new shares are issued before the ordinary Annual Shareholders' Meeting for the fiscal year in which they were issued, they qualify for dividends from the preceding fiscal year. The conditional capital increase may only be carried out to the extent that use has been made of the warrants arising from the bonds with warrants issued in accordance with the authorization under a). The Executive Board is authorized to stipulate the further details of the execution of the conditional capital increase.

g) Amendment to the Articles of Incorporation

aa) Article 4 (3) of the Articles of Incorporation becomes Article 4 (2) and is reformulated as follows:

"(2) The share capital is hereby conditionally increased by up to EUR 25,000,000 divided into up to 25,000,000 registered no-par-value shares ("New Conditional Capital I"). The conditional capital increase may only be carried out to the extent that holders of warrants attached to bonds with warrants that were issued on the basis of authorization resolved under Item 4 of the Agenda of the Extraordinary Shareholders' Meeting held on July 21, 2011, make use of them. The conditional capital increase will not be carried out if cash compensation is granted or treasury shares or shares arising from authorized capital are employed to service requirements.

The new registered no-par-value shares qualify for dividends from the fiscal year in which they are issued provided that they were issued after the ordinary Annual Shareholders' Meeting for that fiscal year. If the new registered no-par-value shares are issued before the ordinary Annual Shareholders' Meeting for the fiscal year in which they were issued, they qualify for dividends from the preceding fiscal year. The Executive Board is authorized to determine the other details of the implementation of the conditional capital increase."

- bb) The Executive Board is instructed to only report the New Conditional Capital I for entry in the commercial register if entry of the resolutions under Items 2 and 3 of the Agenda is reported at the same time or these resolutions have already been entered in the commercial register.
- cc) The Supervisory Board is authorized to adapt the wording of the Articles of Incorporation to match the respective issue of shares subscribed and to make all other related adaptations that only affect the wording. The same applies in the event of non-utilization of the authorization to issue bonds with warrants after expiration of the authorization period and in the event of non-utilization of New Conditional Capital I after expiration of the periods for exercising the warrants.

5. Election of Members to the Supervisory Board

Effective February 17, 2011, Dr. Helmut Burmester resigned from his position as a member of the Company's Supervisory Board. At the proposal of the Executive Board and the Chairman of the Company's Supervisory Board, in its decision dated March 30, 2011, the Nuremberg Municipal Court – Registration Court – appointed Mr. Alfred Hagebusch to serve as Dr. Burmester's successor until the end of the Company's next Shareholders' Meeting.

The Shareholders' Meeting is expected to elect Mr. Alfred Hagebusch to take the place of the shareholders' representative on the Supervisory Board who left the Board prematurely.

Pursuant to Sections 96 (1) and 101 (1) AktG in conjunction with Sections 1 (1), 5 (1), 7 (1) clause 1 no. 1, 7 (2) no. 1 of the German Codetermination Act (MitbestG) and Article 8 (1) of the Articles of Incorporation, the Supervisory Board consists of six members elected by the Shareholders' Meeting and six members elected by the employees in accordance with the provisions of the Codetermination Act.

On the recommendation of the Nominations Committee, the Supervisory Board proposes the election of:

Mr. Alfred Hagebusch,
resident in Heidelberg,
Lawyer (*Rechtsanwalt*) in Frankfurt am Main,

for the remaining term of office of the departing member, i. e. for the period until the end of the Annual Shareholders' Meeting to which a resolution for the ratification of the actions of the members of the Supervisory Board in fiscal 2011 is put, as a shareholders' representative.

The Annual Shareholders' Meeting is not bound by any nominations.

Mr. Alfred Hagebusch holds the following positions on other statutory supervisory boards or comparable monitoring boards of German or foreign commercial enterprises.

- Member of the Supervisory Board of Florenus AG with its registered office in Berlin.

Reports, Notices and Information for Shareholders

On Items 3 and 4 of the Agenda: Report by the Executive Board to the Shareholders' Meeting pursuant to Section 186 (4) AktG (Item 3 of the Agenda) and report by the Executive Board to the Shareholders' Meeting pursuant to Section 221 (4) in conjunction with Section 186 (4) AktG (Item 4 of the Agenda)

A. Preamble

The Executive and Supervisory Boards are proposing various capital measures to the Shareholders' Meeting that they consider to be essential to prevent the insolvency of Pfeleiderer AG (hereinafter also referred to as the "Company" or "PAG") and to restructure it. The capital measures form part of an extensive restructuring concept that the Company has been negotiating in recent months with its creditor banks, which are prepared to waive substantial amounts of their receivables, and with other participants. The success of the restructuring depends – along with other requirements – on the Shareholders' Meeting approving resolutions on the capital measures proposed. The capital measures comprise, as an initial step, a massive cut in capital, under which the share capital is to be reduced by means of a simplified capital reduction to cover losses from EUR 150,166,272 to EUR 39,105,8 (a ratio of 384:1). The capital will be reduced in two steps: first, the pro rata amount per share of the share capital is reduced from EUR 2.56 to EUR 1. Then the shares will be amalgamated in a ratio of 150:1. In a second step, the share capital that has been reduced in this manner is to be increased against cash contributions to EUR 52,000,000. Under the terms of this cash capital increase, the statutory subscription rights of shareholders will be excluded, as will also be the case with the authorization proposed by the Executive and Supervisory Boards to issue bonds with warrants. It is intended that the new shares be taken up by a bank on condition that a certain amount of the shares are offered to certain creditor banks, and otherwise to shareholders. The bonds with warrants will only be offered to certain creditor banks. The Executive Board accordingly reports on the background to the capital measures proposed with exclusion of subscription rights and so explains the subscription prices proposed.

B. Current situation

I. General information

1. The Pfleiderer Group is one of the world's leading system providers of wooden composites. The range of products encompasses in particular chipboard and wood fiber boards as well as laminated wooden flooring. Customers include primarily the furniture industry and wholesalers, but also DIY stores, the flooring sector and retail, as well as architects and interior designers. Besides Germany, there are production facilities in Poland, Russia, Sweden, Canada and the USA.
2. The Company mainly acts as a holding company and is responsible for the strategic direction and management of the Group. The operating activities are carried out in Group companies held directly or indirectly by PAG. PAG holds the Pfleiderer family brand.

II. Financing of the Pfleiderer Group

1. As of May 20, 2011, the loan liabilities of the Pfleiderer Group amounted to more than one billion euros (EUR 1,039 million). They can be broken down into two largely independent financing groups: "Financing Group West" comprising PAG and other Group companies in Western Europe and North America, and "Financing Group East" comprising Pfleiderer Grajewo S.A. and the other Eastern European Group companies. In addition, there are other financing liabilities (see 4 below).

2. Financing Group West

Financing in Financing Group West mainly relies on a syndicated loan agreement, several promissory note agreements, several bilateral loan agreements and a EUR 275 million subordinated bond. In addition, a further restructuring loan is being granted under the terms of the restructuring steps taken to date (see E.II.3 below for more information).

The syndicated loan, the promissory notes and the bilateral loans are jointly referred to hereinafter as "Senior Debt" and the respective lenders jointly as "Senior Debt Creditors".

Syndicated loan

Under the terms of a syndicated loan dated December 5, 2006, (as amended), PAG and various other companies in the Pfeiderer Group have available to them credit lines amounting to a total of around EUR 564.5 million (based on current exchange rates), which are currently fully drawn down. The syndicated loan was originally due to be repaid in full by the end of 2013. The Company was in the past no longer in a position to make payments of interest or repayments of principal when they actually became due.

Promissory notes

By means of various promissory note agreements dated June 24, 2008, PAG raised more loan capital. Of the promissory note agreements, EUR 154.5 million are still outstanding, which should originally have been repaid between 2011 and 2015.

Bilateral loans

Several bilateral credit lines totaling around EUR 54 million were made available to the Pfeiderer Group. As much as possible, these credit lines are regularly utilized.

Bond

In April 2007, Pfeiderer Finance B.V., a subsidiary of PAG, issued a subordinated EUR 275 million bond ("Hybrid Bond"). The Company issued a subordinated guarantee for this Hybrid Bond.

3. Financing Group East

Financing Group East comprises the Eastern European Group companies, headed by Poland's listed Pfeiderer Grajewo S.A., in which PAG indirectly holds 65.11% of the shares (of which 4.84% are pledged in favor of a pension fund). The financing of the companies belonging to Financing Group East comprises a syndicated loan agreement (equivalent when converted to around EUR 174.5 million), project finance (equivalent when converted to around EUR 73.6 million) and two bilateral loan agreements (equivalent when converted to a total of around EUR 21.7 million).

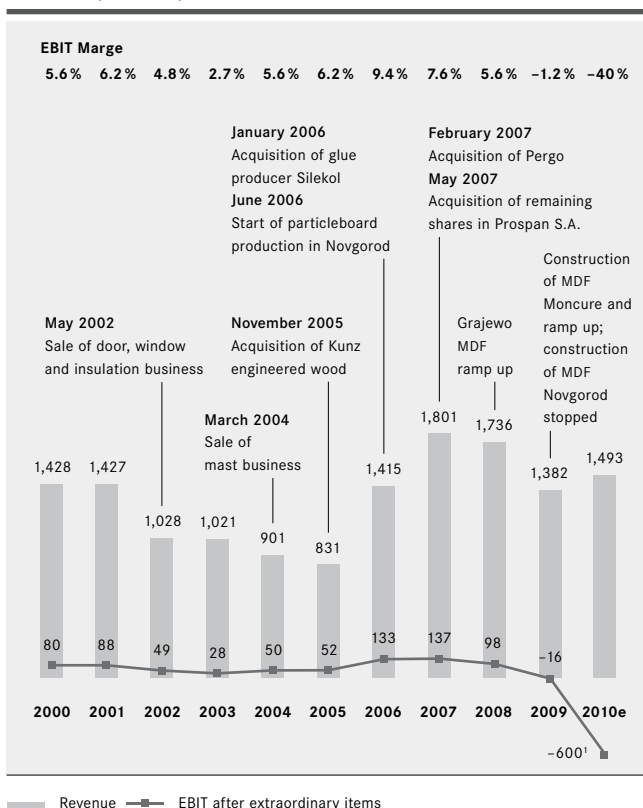
4. Other financing liabilities

Otherwise the Pfeiderer Group has additional liabilities totaling around EUR 171.7 million, arising in particular from asset-backed securities financing transactions, factoring, leasing and guarantee lines.

III. The Pfeleiderer Group's performance

1. The chart below shows the changes in the Pfeleiderer Group's sales and earnings over the last 10 years:

REVENUE AND EBIT
2000–2010e (ESTIMATES) IN MILLIONS OF EUROS



¹ Including impairments of EUR 342 million and extraordinary charges of EUR 70 million

Performance between 2000 and 2007 featured a strategic reorientation concentrating on wooden composites followed by strong growth. In fiscal 2007, the Pfeleiderer Group achieved its best-ever results, with sales of around EUR 1.8 billion, EBIT of around EUR 137

million and an EBIT margin of 7.6%. Fiscal 2008 already registered a slight drop in sales to around EUR 1.7 billion but, above all, a collapse in prices led to a significant drop in EBIT to around EUR 97.6 million and an EBIT margin of 5.6%.

- Between 2007 and 2010, sales fell from around EUR 1.8 billion to around EUR 1.4 billion. Operating profitability and cash flow worsened dramatically. EBITDA went from around EUR 248.7 million in fiscal 2007 to around EUR 91.5 million in fiscal 2010 (the figure for 2010 is preliminary and unaudited). Details of these developments may be seen below:

**GROUP EBITDA: 2007 – 2010e (ESTIMATES) IN MILLIONS OF EURO
(PRELIMINARY)**

SEGMENT	2007	2010e	Delta	in %
BC West	147.5	51.1	-96.4	-65
BC East	77.6	35.4	-42.2	-54
BC Panels NA	24.1	11.1	-13.0	-54
BC Flooring EU	10.9	11.4	0.5	+5
BC Flooring NA	-13.8	3.6	17.4	+126
Other	2.5	-21.0	-23.5	n. a.
Total*	248.7	91.5	-157.2	-63

* Deviation due to rounding errors

The figures stated for 2010 are from the preliminary and unaudited consolidated financial statements for the year 2010.

EBITDA = earnings before interest, taxes, depreciation and amortization and restructuring costs (equivalent to operating profit)

IV. Financial situation of the Pfeleiderer Group

The financial situation of the Pfeleiderer Group has become steadily worse since 2007. The Pfeleiderer Group's net financial liabilities have risen from around EUR 618 million in 2007 to around EUR 960 million in 2010.

C. Reasons for the crisis at the Pfleiderer Group

The main reasons for the current crisis are several cash-intensive takeovers and investments undertaken just before the global financial crisis set in, followed by negative market developments and unstable demand in all of the Pfleiderer Group's markets. This effectively wiped out the regional balancing of risks between the various market areas. In addition, there was a lack of integration of the companies that had been taken over, operating problems in the commissioning stages of investments, and a change in consumer behavior in individual markets.

D. Restructuring steps to date

I. Renegotiation of the financing agreements (up to January 2010)

In the course of 2009, clear signs of a worsening of the financial situation at the Pfleiderer Group meant that some of the financial covenants in the loan agreements had to be renegotiated with the banks.

In January 2010, agreement was reached with the lenders to Financing Group West to extend the financing until 2013, albeit at a significantly higher cost. This was intended to secure the volume of financing at around EUR 800 million until the end of 2013. This financing includes a further tranche of credit in the amount of around EUR 140 million, made available by the KfW to cover financing requirements.

II. Standstill Agreement for Financing Group West (December 2010)

Over the course of 2010 developments in the financial situation at the Pfleiderer Group continued to be negative. The Company would no longer have been in a position to repay principal due as of December 31, 2010. In order to give the Company the opportunity to develop a sustainable restructuring concept for the Pfleiderer Group, an agreement was signed on December 21, 2010, whereby the main lenders to Financing Group West declared their willingness to keep their lines open until the end of March 2011 and not to demand any repayments ("Standstill Agreement"). In return, the Pfleiderer Group agreed to place an additional package of collateral in favor of the creditors participating in the Standstill Agreement.

III. Downgrading of credit rating (December 2010)

In reaction to a potential breach of covenants in the loan agreements, the ratings agency Fitch dropped PAG's long-term rating before the end of December 2010 from "B-" to "CC" and its short-term rating from "B" to "C".

IV. Loss of more than half of the Company's share capital

The Company's preliminary and unaudited financial statements (prepared in accordance with the German Commercial Code (HGB)) record a loss for the year of around EUR - 390.6 million. This loss for the year - which is primarily a consequence of the restructuring in motion and the related closing of production facilities, as well as writedowns on participating interests in companies - has eaten up more than half of PAG's share capital. When this loss became foreseeable, the Executive Board convened an Extraordinary Shareholders' Meeting, as it is required to do pursuant to Section 92 (1) AktG, on April 7, 2011, at which shareholders were apprised of the current situation.

V. Extension of the Standstill Agreement with Financing Group West (April 2011)

On April 1, 2011, all lenders to Financing Group West approved an extension of the standstill period agreed in the Standstill Agreement until May 9, 2011. All interest and repayments of principal due to these lenders and any charges were deferred until then. This also gave time to negotiate new loan agreements and to develop a final restructuring concept.

VI. Further downgrading of credit rating (April 2011)

On April 28, 2011, the ratings agency Fitch dropped PAG's long-term credit rating from "CC" to "C". The short-term rating stays at "C".

E. Restructuring plan

To prevent the Company's threatened insolvency and to restructure the Pfeleiderer Group on a sustainable basis, a restructuring plan has been developed. It includes a concept for an operating and strategic as well as financial restructuring.

I. Concept for an operating and strategic restructuring

The concept developed by the Executive Board with the assistance of Roland Berger Strategy Consultants contains concrete packages of measures for an operating and strategic restructuring. Included amongst the measures being considered and that are being checked for their feasibility are, in particular:

- investigating the sale of the North American flooring and panel business, with the aim of using the proceeds of the sale to reduce financial liabilities,
- investigating the disposal of Thermopal (with the aim of using the proceeds of the sale to reduce financial liabilities and to strengthen the operating business),
- strengthening the Eastern European business, in particular the completion of the Novgorod II works (in Russia) to secure a share in future market growth and to defend the Company's market position in Russia and other CIS states,
- considering the restructuring of the Pfleiderer Group in Western Europe and the Flooring Europe division (e. g. by moving and outsourcing production processes) and
- further efficiency improvements at central functions, e.g. with a new IT system to provide better links with and between the companies acquired around the world that are due to remain in the Group.

II. Concept for a financial restructuring¹

On May 12, 2011, PAG, certain other companies in the Pfleiderer Group, and their main creditors (lenders) to Financing Group West signed a global restructuring agreement containing a detailed plan with measures for the financial restructuring of the Pfleiderer Group ("Restructuring Agreement"). Details of the measures proposed are as follows:

¹ The figures relating to the capital measures are preliminary. Discrepancies may arise here, especially as a result of differences arising from rounding figures up or down.

1. Capital reduction and cash capital increase at PAG

The proposal due to be made to shareholders at an Extraordinary Shareholders' Meeting to be held on July 21, 2011, is that they approve resolutions on the following capital measures, which are presented in full below to provide a better understanding, even if they can already be taken from the Agenda:

- PAG's share capital, currently amounting to EUR 150,166,272 divided into 58,658,700 registered no-par-value shares with a pro rata amount of the share capital of EUR 2.56 per share, is to be reduced by EUR 149,775,214 to EUR 391,058. The share capital will be reduced such that initially the pro rata amount of the share capital per share is reduced from EUR 2.56 to one euro. In addition, the current 58,658,700 shares will be amalgamated at a ratio of 150:1. This will ultimately lead to a cut in capital of 384:1.
- The share capital reduced to EUR 391,058 will then be increased against cash contributions by up to EUR 51,608,942 to up to EUR 52,000,000. The capital is increased by means of the issue of 51,608,942 new, registered no-par-value shares representing a pro rata amount of the share capital of one euro ("New Shares"). The New Shares will be issued at a price of EUR 1.37 per share, accordingly amounting to a total issue volume of up to EUR 70,704,251. The New Shares will qualify for dividends from the fiscal year beginning on January 1, 2012. The number of New Shares to be issued must amount to at least 43,787,782.
- Statutory shareholders' subscription rights are excluded. As part of the Company's restructuring concept and for the purpose of technical settlement, a bank will be approved to subscribe the New Shares. It is planned to offer shareholders the opportunity to buy a total of 7,821,160 New Shares at a price of EUR 5.11 per New Share. New Shares that are not acquired by shareholders may be offered at the same price to third parties.

Certain lenders (also defined as *Alternative Investors* in the Restructuring Agreement) that have declared their willingness to acquire New Shares in the Restructuring Agreement will be offered the opportunity to acquire at least 41,708,782 New Shares for a total pur-

chase price of around EUR 60,000,000. Based on of the level of acceptance of the offer to acquire New Shares that is made to the shareholders and, insofar as the latter do not take up the offer, to third parties, the number of New Shares allocated to these lenders may rise to up to 42,022,282 without any change to the total purchase price. The obligation of the Alternative Investors to acquire New Shares depends on the following conditions first being met:

- the Restructuring Loan Agreement (see 3 below) has become effective upon the conditions agreed there having been met or their fulfillment has been effectively waived;
- the loan agreements underlying the remaining Senior Debt have been amended as agreed (see 4 below);
- the cash capital increase pursuant to Item 3 of the Agenda and the authorization to issue bonds with warrants pursuant to Item 4 of the Agenda have been approved by resolution and the related resolutions have not been disputed or such disputes have been settled by arrangement, withdrawal of the dispute or a release ruling by the courts under release proceedings pursuant to Section 246a AktG;
- the capital reduction pursuant to Item 2 of the Agenda and the cash capital increase pursuant to Item 3 of the Agenda have been entered in PAG's commercial register;
- PAG confirms that an application has been made for admission of the new shares for trading on the Frankfurt Stock Exchange and there are no indications that such admission will not be granted;
- the creditors of the Hybrid Bond issued by Pfeleiderer Finance B.V. have resolved in a creditors' meeting to exchange the Hybrid Bond for unsecuritized rights to acquire shares that give holders the right either to acquire some of the New Shares totaling up to 4% of the share capital after the cash capital increase pursuant to Item 3 of the Agenda has been carried out or to demand cash compensation;
- the responsible cartel authorities have given their approval if necessary;

- the Alternative Investors have been released, if necessary, either by means of a notification from BaFin pursuant to Section 37 of the German Securities Acquisition and Takeover Act (WpÜG) from the requirement to submit a takeover offer or have decided to dispense with such an application for release;
- PAG's Executive Board has declared to the Alternative Investors that, according to the best of its knowledge, no application has been made to instigate insolvency proceedings over PAG's assets; that, following careful investigation, PAG is not insolvent; and that, after checking with the Municipal Courts responsible for the German companies in the Pfeleiderer Group, no application has been made to instigate insolvency proceedings over any of these companies' assets; and
- PAG is not issuing any more share options under the Stock Option Plan approved in 2006.

2. Issue of bonds with warrants

The Executive and Supervisory Boards are also proposing to the shareholders that they approve a resolution at the Extraordinary Shareholders' Meeting to be held on July 21, 2011, for an authorization to issue bonds with warrants under the following terms and conditions:

- By June 30, 2012, bonds with warrants with a total nominal value of up to EUR 1,108,990, to which detachable warrants will be attached vesting the right to acquire up to 11,089,900 registered, no-par-value PAG shares with a pro rata amount of the share capital totaling EUR 11,089,900, but no more than 17.6% of the actual share capital after the proposed capital increase pursuant to Item 1 of the Agenda has been carried out, in accordance with more closely defined terms and conditions pertaining to the warrants. The bonds with warrants are split into individual bonds with a nominal amount of EUR 10. Each of these bonds has 100 warrants attached.
- Those entitled to subscribe the bonds with warrants and accordingly to acquire the warrants are those lenders that have not agreed to acquire New Shares in the Restructuring Agree-

ment (so-called “Par Lenders” or Original Lenders) and that have waived 40% of their receivables arising from Senior Debt as well as certain interest receivables and ancillary claims. That is why the shareholders’ subscription rights have to be excluded.

3. Exchange of the Hybrid Bond for shares

Pfleiderer Finance B.V., as issuer of the Hybrid Bond, has invited holders to a creditors’ meeting on June 20, 2011, at which the creditors of the bond will be asked to approve a resolution approving exchange of the individual Hybrid Bond bonds for the right (“Acquisition Right”) to obtain a total of around 4% of the Company’s shares in the newly stipulated share capital following implementation of the cash capital increase pursuant to Item 3 of the Agenda without any further consideration. The precise number of the shares which the Hybrid Bond creditors will receive upon exercising the Acquisition Right can only be determined after implementation of the capital measures that the Extraordinary Shareholders’ Meeting are expected to approve by resolution under Items 2 and 3 of the Agenda.

The Acquisition Right will consist of an unsecuritized claim on the Settlement Agent for transfer of an appropriate number of shares. It is intended that the Settlement Agent will use those shares to settle the Acquisition Rights that it receives when the cash capital increase is carried out, and offer these for acquisition to the Hybrid Bond creditors. This will not be more than 2,080,000 shares. Hybrid Bond creditors who do not exercise their Acquisition Right will receive cash compensation, the amount of which will be determined pro rata to the proceeds of the sale achieved upon the sale of the shares over which the Acquisition Right has not been exercised. It is not possible to guarantee a disposal that does not impact the market, especially in the case of a lack of liquidity in the Company’s shares.

The Settlement Agent will pass on the Hybrid Bond to the Company. Although the Hybrid Bond will still formally exist, it will no longer have any value. The company has a claim against a 100% subsidiary, the amount of which is based on its own profit and which is financed by the Company itself.

4. Restructuring loan

To safeguard the financing of the Pfeiderer Group during the restructuring phase, PAG has been granted an additional loan of up to approx. EUR 140 million (“Restructuring Loan”). The loan has been given by certain creditors belonging to the group of current lenders, whereby one tranche of EUR 50 million is being granted by the Alternative Investors and an additional tranche of more than EUR 50 million by certain Original Lenders.

The tranche granted by the Original Lenders is intended to be repaid from the proceeds of the cash capital increase.

The Alternative Investors have in addition agreed to grant a further tranche of up to around EUR 40 million (“Tranche C”) if and to the extent that the current shareholders of Pfeiderer AG (hereinafter “Old Shareholders”) have not made use of their right to acquire New Shares or third parties have not acquired the New Shares (at the same price).

To the extent that no early repayment of the amounts drawn down is made, the funds paid out under the Restructuring Loan will be due for repayment five years after the earlier of the following two dates: the Restructuring Effective Date (as defined under 5) becoming effective or June 30, 2012. The Restructuring Loan Agreement furthermore contains a large number of conditions and prohibitions relating to the Pfeiderer Group’s business, such as restrictions on disposals or raising more loan capital. The Pfeiderer Group has agreed to grant additional collateral for the claims arising from the Restructuring Loan, which will also secure the Senior Debt.

The lenders of the Restructuring Loan and the Senior Debt creditors have moreover signed an Intercreditor Agreement, according to which claims arising from the restructuring loan in the event of a disposal of the collateral or of obligatory special repayments of principal will rank higher than the Senior Debt (so-called *Super-Senior Status*).

5. Restructuring of the Senior Debt (including promissory notes)

The loan agreements underlying the Senior Debt have to be aligned with each other and with the conditions of the Restructuring Loan Agreement. To this end, PAG and the Senior Debt creditors have agreed on a Term Sheet in the Restructuring Agreement, which lays down the key points of the restructuring of the Senior Debt. This is aimed at reducing the cost of administration and granting uniform rights to the Senior Debt creditors and the lenders of the Restructuring Loan (e.g. termination rights).

It is also intended to extend the term of the Senior Debt to a period of five years from the Restructuring Effective Date (as defined under 5).

6. Waiver of 40 % of the Senior Debt ("*Haircut*")

The Senior Debt creditors have agreed to exempt PAG and, if applicable, foreign indebted companies in the Pfleiderer Group 40% from the amounts due for repayment under the Senior Debt loan agreements (plus interest receivables between March 1, 2011, and the Restructuring Effective Date (as defined below) and certain claims to charges). The amount canceled is determined by the amounts drawn down under the Senior Debt loan agreements as of May 5, 2011. On this date the loan receivables amounted to EUR 763,186,997 (see also in this connection Item 3 of the Agenda in the invitation under d) (ii) = EUR 371,621,922.80 and Item 4 of the Agenda under a) bb) = EUR 391,565,073.75.

The waiver by the Senior Debt creditors will be declared subject to the Restructuring Effective Date becoming effective. This presupposes the following events have occurred:

- An expert opinion on the restructuring will have been prepared by Roland Berger Strategy Consultants GmbH;
- the capital reduction pursuant to Item 2 of the Agenda and the cash capital increase pursuant to Item 3 of the Agenda will have become effective as a result of entry of their implementation in the commercial register and the measures underlying these resolutions have not been disputed or such disputes have been settled by arrangement, withdrawal of the dispute or a release ruling by the courts under release proceedings pursuant to Section 246a AktG;

- the bonds with warrants will have been issued by PAG under the authorization pursuant to Item 4 of the Agenda;
- the New Shares will have been admitted for trading on the regulated market and the warrants issued with the bonds with warrants have been included in the Frankfurt Stock Exchange's OTC market;
- the proceeds of the cash capital increase are freely available to PAG and PAG can, if relevant, draw down Tranche C of the Restructuring Loan under the terms and conditions of the Restructuring Loan Agreement;
- the resolutions of the meeting of creditors of the Hybrid Bond have been approved in accordance with Section 21 of the German Bond Act;
- there have not been any specific insolvency-related occurrences at PAG or any substantial Group companies.

7. Extension of the standstill period

Under the terms of a separate Standstill Agreement, the standstill period has been extended until the Restructuring Effective Date but no later than June 30, 2012. Throughout this period, the Senior Debt creditors will refrain from exercising their termination rights under the existing Senior Debt financing agreements. This agreement may be terminated by Senior Debt creditors in the event of the occurrence of grounds for termination. Grounds for termination include, in particular, any of the following:

- any specific insolvency-related occurrences at PAG or any substantial Group companies;
- the occurrence of disadvantageous events relating to the loans to Financing Group East;
- the forecast of PAG or substantial Group companies surviving as going concerns ceasing to apply or the occurrence of disadvantageous events within the Pfeleiderer Group, in particular disadvantageous divergences from forecast figures in the wake of the restructuring;

- the non-fulfillment of terms in the Standstill Agreement or other loan or restructuring documentation or their termination; or
- the meeting of creditors of the Hybrid Bond have rejected the exchange of the Hybrid Bond for unsecuritized Acquisition Rights, as defined in 3 above.

Grounds for termination also includes the rejection by the Shareholders' Meeting of Items 2 to 4 of the Agenda listed in this invitation.

F. Necessity for the capital measures

1. All of the above shows that the restructuring and accordingly the prevention of insolvency requires contributions from all groups of creditors and the Old Shareholders. The contributions are interdependent. Without the capital reduction, the capital increase and the waiver of claims (haircut) there will be no new loan, which in turn is essential for implementation of the restructuring plan. The Alternative Investors are only willing to inject the fresh equity essential for the restructuring if the other creditors and the Old Shareholders each make a contribution towards the financial restructuring. The Original Lenders will only waive claims if they can subscribe the bonds with warrants and obtain options to acquire shares. The agreement on these amounts in the Restructuring Agreement and accordingly the effectiveness of the Restructuring Loan were the essential prerequisite for the Executive Board not to apply for the instigation of insolvency proceedings after the previous Standstill Agreement had expired on May 9, 2012.

The restructuring concept was worked out and intensively negotiated between the Alternative Investors, representatives of the other creditors and the Company. Without the resolutions being approved by the Shareholders' Meeting there will be no measures taken by the Hybrid Bond creditors nor any waiver of claims by the Senior Debt creditors. Nor will the other measures provided for in the Restructuring Agreement be implemented under such circumstances. If the Restructuring Agreement is not implemented, the current Standstill Agreements will terminate, the existing loans become due for repayment and the Company will be insolvent.

2. From a business perspective, the thinking behind the Restructuring Agreement is that the Alternative Investors are not prepared to waive claims, which rank senior to the Hybrid Bond and the current equity, and to invest new equity in the Company if this results in both the Hybrid Bond and outstanding shares again having any value when they currently have none (apart from a glimmer of hope) in view of the threatened insolvency. The Alternative Investors are waiving claims and taking a share in the Company's equity. The Hybrid Bond, if it were to continue to exist, would rank senior to the claims for dividends by the Alternative Investors after the restructuring. The shareholders, too, would profit without the cut in capital and approval of the exclusion of subscription rights from the contributions made by the Senior Debt creditors, the Alternative Investors and the Hybrid Bond creditors, without having made any contribution themselves.

In the event of the Company becoming insolvent, the shareholders would face the threat of a total loss of their investment.

The Alternative Investors are accordingly only prepared to waive claims and inject new equity if the shareholders approve resolutions on the proposed measures.

This means that the exclusion of subscription rights for the cash capital increase as well as for the issue of the bonds with warrants is essential to be able to implement the restructuring concept. If the Old Shareholders had subscription rights under the same conditions for the cash capital increase, it would not be possible to guarantee the Alternative Investors any fixed level of participation. This, however, was a condition for their participation in the capital increase and in the Restructuring Loan, which was essential for preventing insolvency. Obtaining bridging loans from lenders other than the existing creditors was not possible in view of the situation of the Company, which was also reflected in the downgrading of its credit rating. Nor would it have been possible to carry out other measures, such as the disposal of interests in companies or other assets, quickly enough to raise the required liquidity. Without the possibility and guarantee of a fixed level of participation in the Com-

pany, the Alternative Investors would have had no certainty that they were going to receive an appropriate consideration for the waiver of their claims. Moreover, the Old Shareholders would have received better treatment than the Alternative Investors. The waiver of claims by the Alternative Investors is a condition for letting them acquire the New Shares allocated to them, as may be seen under Item 3 d) (ii) of the Agenda. The Old Shareholders did not have to make this additional contribution.

For the same reasons, the subscription rights of the Old Shareholders must also be excluded for the issue of the bonds with warrants. The lenders entitled to subscribe the bonds with warrants have also agreed to waive 40% of their claims against the Company arising from Senior Debt. If Old Shareholders were also entitled to subscribe bonds with warrants, they would receive the options without having made this additional sacrifice. Moreover, the claims of the Alternative Investors could have been diluted. This would have disturbed the financial balance between contribution (waiver of claims and cash payment) and consideration (shares or bonds with warrants).

3. Pursuant to Section 255 (2) AktG, subscription rights may only be excluded provided that the subscription price is not inappropriately low. In assessing the appropriateness, the Executive and Supervisory Boards have some leeway, which in view of the Company's existential crisis is very wide. There is only a breach of Section 255 (2) AktG if the shareholders can no longer objectively accept the valuation. A comparison is required between the intrinsic value of the share being issued and the consideration paid. In assessing the appropriateness, other contributions which are of benefit to the Company and the shareholders whose subscription rights have been excluded, and are made by a subscriber in connection with the capital increase in addition to the contribution fixed in the resolution on the capital increase, may be taken into account. The subscription price of EUR 1.37 is the result of negotiations between the affected groups of creditors who participated in the restructuring. The parties involved took into account the waiver of claims. It is reasonable to assume that a price negotiated by unrelated third parties is ap-

appropriate and fair. In assessing whether this price is fair pursuant to Section 255 (2) AktG, the Executive Board proceeded as follows: the Executive Board determined the value of the Company on the basis of the business plan developed by it together with Roland Berger Strategy Consultants GmbH following a successful financial restructuring, i.e. after implementation of the capital measures proposed and the waiver of claims. The intrinsic value per share was extrapolated from this value assigned to the Company. This intrinsic value per share was compared with the consideration to be paid by the Alternative Investors. This includes the cash payment of EUR 1.37 per share, the waiver of claims by the Alternative Investors and the contribution of the Hybrid Bond to the Company. The latter contribution must also be credited to the Alternative Investors. Technically the Hybrid Bond is exchanged via the Settlement Agent, who transfers the shares to the Hybrid Bond creditors and the Hybrid Bond to the Company. The Settlement Agent receives the funds for paying the subscription price for the shares to be transferred to the Hybrid Bond creditors from the sale of shares under the cash capital increase to the Alternative Investors (see Item 3 d) (iii) of the Agenda). To compare the intrinsic value of the shares being issued with the consideration paid by the Alternative Investors, both the value of the waiver of claims as well as the value of the Hybrid Bond were accordingly determined. The subscription price fixed in the resolution on the capital increase of EUR 1.37 plus the value of the waiver of claims by the Alternative Investors plus the value of the Hybrid Bonds gives a consideration that lies in excess of the intrinsic value per share. The Executive Board has had this valuation and the appropriateness of the subscription price confirmed in a Fairness Opinion by Duff & Phelps.

This valuation shows that the price of EUR 5.11 at which 7,821,160 new shares are being offered for purchase to the Old Shareholders is still below the intrinsic value of the new shares. This means that the Old Shareholders also have an opportunity, by acquiring the new shares at a price of EUR 5.11, to benefit from the value added to the Company by the restructuring.

The Executive Board carried out a similar valuation for the bonds with warrants. If the bonds with warrants were to be issued in accordance with the authorization resolution on the day of the Shareholders' Meeting, the contribution by the Original Lenders (i. e. the sum made up of the payment of the nominal value of the bonds with warrants and the waiver of claims to be declared by the Original Lenders), would lie above the intrinsic value of the options that are related to the bonds with warrants. The Executive Board has had the value of the options determined under recognized scientific financial methods and compared with the subscription price and the value of the waiver of claims by the Original Lenders who are intended to subscribe to the bonds with warrants. The consideration paid lies above the value of the options. Duff & Phelps has also confirmed this in its Fairness Opinion.

G. Timetable

It is intended that the above restructuring steps be taken as soon as possible. Completion of the restructuring measures is currently planned on the Restructuring Effective Date in the course of the fourth quarter of 2011. If, however, the Restructuring Effective Date has not occurred by no later than June 30, 2012, the Restructuring Agreement lapses and the participants are absolved from their obligations under this Agreement.

Signed by	Hans H. Overdiek	Heiko Graeve	Hans-Joachim Ziems	Pawel Wyrzykowski
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Attendance at the Shareholders' Meeting and the exercise of voting rights

Registration

Pursuant to Article 18 of the Articles of Incorporation, shareholders listed in the Company's share register who give notice at the address stated below of their intention to attend the Shareholders' Meeting by no later than Thursday, July 14, 2011, are entitled to attend the Meeting and to exercise their voting rights.

Pursuant to Article 18 of the Articles of Incorporation, no entries are made in the share register during the period commencing on Monday, July 18, 2011, and ending at the close of the Shareholders' Meeting. Accordingly, only shareholdings entered in the share register by the end of Sunday, July 17, 2011 entitle holders to attend and exercise their voting rights. Disposals and acquisitions of shares not entered in the share register by that time do not affect entitlements to attend the Shareholders' Meeting and exercise voting rights.

Shareholders entered in the share register may register in writing in German or English with Pfeleiderer Aktiengesellschaft

by letter addressed to

Pfeleiderer Aktiengesellschaft
"Extraordinary Shareholders' Meeting"
c/o Haubrok Corporate Events GmbH
Landshuter Allee 10
80637 Munich
Germany

or by fax to +49 (0)89 210 27 288

or by e-mail to meldedaten@haubrok-ce.de

or electronically, by entering their details on the Company's website www.pfeleiderer.com under "Investor Relations" > "Annual Shareholders' Meeting".

Shareholders obtain online access by entering their full names, shareholder numbers and individual internet codes, which may be found in the documentation accompanying invitations to the Shareholders' Meeting.

Shareholders entered in the share register by no later than the end of July 7, 2011 will be sent invitations to the Shareholders' Meeting, accompanied by the Agenda and the documentation required for registration and the appointment of proxies.

Further information on the registration process may be found in the registration and proxy-appointment forms sent to shareholders with their invitations to the Shareholders' Meeting. Further information on registering for the Shareholders' Meeting may also be downloaded from the Company's website at www.pfleiderer.com, under "Investor Relations" > "Annual Shareholders' Meeting".

Following registration, shareholders or their proxies are sent admission tickets to the Shareholders' Meeting.

Procedure for attendance at the Shareholders' Meeting and the exercise of voting rights by proxies

Shareholders entered in the share register may exercise their voting rights at the Annual Shareholders' Meeting through a properly appointed proxy such as a bank or a shareholders' association. Proxies must be registered in good time, either by themselves or by the shareholder.

The proxy appointment must take the written form (Section 126b of the German Civil Code (BGB) unless the proxy is a bank, a shareholders' association, other equivalent person pursuant to Section 135 (8) AktG, a financial services institution or a company operating pursuant to Section 53 (1) clause 1, or Section 53b (1) clause 1 or (7) of the German Banking Act (KWG). The same applies to the evidence of proxy to be supplied to the Company and to any revocation of the proxy appointment.

The appointment of a proxy may be declared to the proxy or to the Company. The proxy may provide the Company with evidence of its appointment by producing it at admission control on the day of the Shareholders' Meeting. Evidence of a proxy appointment may also be sent to Pfleiderer Aktiengesellschaft in writing by post to the address given

above, by fax to the fax number, or by e-mail to the e-mail address. The same communication channels may also be utilized to declare a proxy appointment to the Company or to revoke it.

The registration and proxy-appointment forms sent to the shareholders along with the invitation may be used for proxy appointments and for providing evidence of a proxy appointment. A proxy-appointment form can also be downloaded from the Company's website at www.pfleiderer.com under the section "Investor Relations" > "Annual Shareholders' Meeting", or requested free of charge from the postal address, fax number or e-mail address given above.

Banks, shareholders' associations and other equivalent persons pursuant to Section 135 (8) AktG that offer shareholders the commercial service of exercising their voting rights at the Shareholders' Meeting, or financial services institutions or companies operating pursuant to Section 53 (1) clause 1, Section 53b (1) clause 1 or (7) KWG, must produce verifiable evidence of their proxy appointments, which are otherwise subject to the statutory provisions of Section 135 AktG. These institutions and persons may make their appointments as proxies subject to additional requirements.

Banks and equivalent institutions and persons pursuant to Section 135 (8), Section 135 (10) and Section 125 (5) AktG may only exercise voting rights for shares that do not belong to them, but as the owners of which they are entered in the share register, if they possess the shareholder's authorization to do so.

If a shareholder authorizes more than one proxy, the Company may reject one or more of these.

We are offering shareholders the option of authorizing the Company's appointed proxies in advance of the Shareholders' Meeting to exercise their voting rights. Please note that the Company's appointed proxies may only exercise voting rights on the agenda items in relation to which shareholders have instructed them to do so, and that they cannot accept instructions on procedural motions either during the Shareholders' Meeting or in advance of it. Proxy appointments and instructions may be communicated to the Shareholders' Meeting until midnight (time of receipt), on Wednesday, July 20, 2011, in writing by post to the address

given above, by fax to the fax number, by e-mail to the e-mail address, or electronically by means of the website. Invitations to the Shareholders' Meeting are accompanied by a form that can be used for this purpose.

Further information on proxy appointments may be found in the registration and proxy-appointment forms sent to shareholders with their invitations to the Shareholders' Meeting. Further information on the appointment of proxies can also be downloaded from the Company's website at www.pfleiderer.com, under "Investor Relations" > "Annual Shareholders' Meeting".

Total numbers of shares and voting rights

At the time when this Shareholders' Meeting was convened there was a total of 58,658,700 no-par-value shares in the Company carrying 58,658,700 voting rights.

Rights of shareholders

Calls for additional agenda items pursuant to Section 122 (2) AktG

Shareholders in the Company whose holdings jointly total one-twentieth of its share capital (equivalent to 2,932,935 shares) or the proportionate amount of EUR 500,000.00 (equivalent to 195,313 shares) may in accordance with Section 122 (2) AktG call for items to be placed on the Agenda of the Annual Shareholders' Meeting and circulated. Each new item must be accompanied by the reasons for its inclusion or a draft resolution. Calls for items to be added to the Agenda must be submitted to the Executive Board of Pfeleiderer Aktiengesellschaft no later than the end of June 20, 2011.

They should be sent to the following address:

Executive Board of Pfeleiderer Aktiengesellschaft
"Extraordinary Shareholders' Meeting"
Ingolstädter Strasse 51
92318 Neumarkt
Germany

The applicants must demonstrate that they were shareholders in the Company at least three months before the day on which their submission was received by the Company.

Additions to the agenda that are to be announced, and which are not already on the Agenda sent out with invitations to the Meeting, are announced without delay in the electronic *Federal Gazette (Bundesanzeiger)* on receipt of the submission and passed on for publication to such media as can be assumed will disseminate the information throughout the European Union. Once received, they are also made accessible without delay on the Company's website at www.pfleiderer.com under "Investor Relations" > "Annual Shareholders' Meeting". They are also sent to shareholders who ask for the Notice convening the Shareholders' Meeting or who are entered in the Company's share register no later than the end of July 6, 2011.

Counter-proposals and nominations pursuant to Sections 126 (1) and 127 AktG

Section 126 (1) AktG stipulates that shareholders in the Company may send the Company counter-proposals in opposition to the proposals put by the Executive and/or Supervisory Boards under certain agenda items, while Section 127 AktG stipulates that they may nominate candidates for the Supervisory Board or for election as annual auditors.

Counter-proposals pursuant to Section 126 (1) AktG must be accompanied by supporting arguments. Nominations pursuant to Section 127 AktG need not be so accompanied. The Executive Board need not publicize nominations of candidates for the Supervisory Board or for election as annual auditors unless these contain their names, professions and places of residence. The Executive Board also does not need to publicize nominations of candidates for the Supervisory Board unless these are accompanied by information on the candidates' membership of other statutory supervisory boards.

Counter-proposals and nominations should be sent to the following address:

Pfleiderer Aktiengesellschaft
 "Extraordinary Shareholders' Meeting"
 Ingolstädter Strasse 51
 92318 Neumarkt
 Germany

Fax: +49 (0) 9181 28 606

E-mail: Hauptversammlung@pfleiderer.com

Counter-proposals and nominations from shareholders in the Company, including the shareholder's name, supporting arguments and any opinion expressed by the Executive Board, are only made available on the Company's website at www.pfleiderer.com under the section "Investor Relations" > "Annual Shareholders' Meeting" if they are received by the Company no later than the end of Wednesday, July 6, 2011.

Right to information pursuant to Section 131 (1) AktG

Section 131 (1) AktG stipulates that shareholders in the Company may, at the Shareholders' Meeting, call for information from the Executive Board about the Company's affairs, its legal and commercial links with affiliated companies, the situation of the Group and of companies included in the consolidated financial statements, together with information necessary for the proper assessment of items on the Agenda.

The Executive Board may decline to answer individual questions on the grounds specified in Section 131 (3) AktG, for example because to provide the information would be likely, on a reasonable commercial judgment, to put the Company or an affiliated company at a not inconsiderable disadvantage.

If a shareholder has been provided with information other than at the Shareholders' Meeting by virtue of his being a shareholder, such information must also be supplied to any other shareholder on request at the Shareholders' Meeting even if it is not necessary for the proper assessment of items on the Agenda.

Shareholders may exercise their right to information at the Shareholders' Meeting. The Chairman of the Shareholders' Meeting may make shareholders' rights to speak, and put questions, subject to reasonable time limits. He may, in particular, fix the overall duration of the Meeting, of the time allocated to individual topics, and of individual shareholders' rights to speak and put questions.

Further information

Further information on the aforementioned shareholders' rights pursuant to Sections 122 (2), 126 (1), 127 and 131 (1) AktG may be downloaded from the Company's website at www.pfleiderer.com under the section "Investor Relations" > "Annual Shareholders' Meeting".

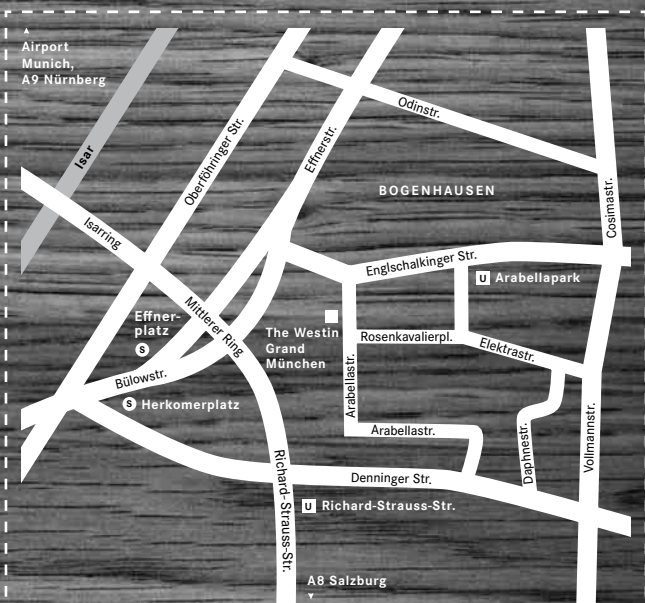
Information on the Company's website

Information on the Shareholders' Meeting pursuant to Section 124a AktG, particularly on the documentation that must be made available to it, may be downloaded from the Company's website at www.pfleiderer.com under the section "Investor Relations" > "Annual Shareholders' Meeting".

Neumarkt, June 2011

Pfleiderer Aktiengesellschaft

The Executive Board



ARRIVING BY CAR

Coming from the Nuremberg A9 motorway, leave the motorway at the Föhrringer Ring/Frankfurter Ring exit and continue on the Föhrringer Ring road until you reach the district of Bogenhausen. At the Effnerplatz crossroads, turn left twice and then turn right from Effnerstraße onto Englischalkinger Straße. The first street on the right is Arabellastraße.

ARRIVING BY TRAIN

No need to change trains! From the main train station, take the U4 metro line towards Arabellapark and get off at the terminus station, Arabellapark. Leave the station opposite to the direction of travel and follow the signs for „The Westin Grand München“.

ARRIVING BY PLANE

Take the city train lines S1 or S8 in the direction of the city centre. Alight at the station Hauptbahnhof (main train station) and take the metro line U4 in the direction of Arabellapark. Get off at the Arabellapark station. Follow the signs for „The Westin Grand München“.

PARKING

Underground garage available, cost per day: EUR 20.00
- Parking costs will not be reimbursed by Pfeleiderer -



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