

**Pfleiderer Aktiengesellschaft  
Neumarkt**

**Declaration of Compliance, June 2009**

**Declaration by the Supervisory Board and the Executive Board of  
Pfleiderer Aktiengesellschaft on the recommendations of the  
“Government Commission German Corporate Governance Code”  
pursuant to Section 161 of the German Stock Corporation Act**

The Executive Board and the Supervisory Board of Pfleiderer Aktiengesellschaft declare pursuant to Section 161 of the German Stock Corporation Act that since issuing its last declaration of compliance on December 11, 2008, Pfleiderer Aktiengesellschaft has complied with the recommendations of the “Government Commission German Corporate Governance Code” as issued by the Federal Ministry of Justice and as amended on June 6, 2008 with the following exceptions, and that Pfleiderer Aktiengesellschaft will continue to follow the recommendations of the Code as amended on June 6, 2008 also with the following exceptions:

**Code Clause 4.2.2**

The compensation system for the Executive Board, including its key contractual elements, is decided upon and regularly reviewed by the Working Committee of the Supervisory Board. The entire Supervisory Board is informed in a timely manner about the results of those consultations and decisions. The company has therefore not complied with the recommendation of Clause 4.2.2, Paragraph 1 of the Code, according to which the full Supervisory Board, upon receiving suggestions from the Committee that deals with the contracts of service of the members of the Executive Board, should discuss and regularly review the compensation system for the Executive Board including its key contractual elements. Pfleiderer Aktiengesellschaft does not follow this recommendation because dealing with those issues in the Working Committee has proven to be efficient.

**Code Clause 4.2.3, Paragraph 3**

The stock option plan of Pfleiderer Aktiengesellschaft was decided upon at the Annual Shareholders’ Meeting in 2006 and does not include the possibility of a limitation (cap) for extraordinary, unforeseen developments. The company has therefore not complied with the recommendation of Clause 4.2.3, Paragraph 3, Sentence 4 of the Code, according to which in connection with stock options and comparable instruments, the Supervisory Board should agree on the possibility of a limitation (cap) for extraordinary, unforeseen developments. Pfleiderer Aktiengesellschaft did not follow this recommendation in the relevant resolution in 2006 because the Supervisory Board was of the opinion that there was no need for a cap in

view of the lack of high share-price volatility and because the criteria for the existence of extraordinary, unforeseen developments were difficult to assess. Pfleiderer Aktiengesellschaft will not follow this recommendation also in the future because no subsequent adjustment of the existing stock option plan from the year 2006 is envisaged.

#### **Code Clause 4.2.3, Paragraph 4**

The contracts of service of the members of the Executive Board do not include any provisions concerning a severance payment cap. The company has therefore not complied with previous suggestions and the current recommendation in Clause 4.2.3, Paragraph 4, Sentence 1 of the Code, according to which in connection with the conclusion of Executive Board contracts, care should be taken to ensure that payments made to an Executive Board member upon premature termination of his contract without serious cause do not exceed the value of two years' compensation including fringe benefits (severance payment cap) and compensate no more than the remaining term of the contract. The previous suggestion of the Code was replaced by a recommendation in the version of the Code as amended on June 6, 2008, which took effect upon being published in the official part of the Electronic Federal Gazette on August 8, 2008. The contracts of service of the members of the Executive Board were concluded before this amendment to the Code took effect. Pfleiderer Aktiengesellschaft did not follow the suggestion at that time because the agreement of such compensation caps and the subsequent amendment of contracts of service of the members of the Executive Board are legally difficult. In addition, the Supervisory Board was of the opinion that the limitation of compensation with a severance payment that does not cover the agreed contractual period would not be effective for the purpose of binding the members of the Executive Board for the full contractual period.

#### **Code Clause 3.10**

The deviations from the recommendations of the Code are not explained In Annual Report 2008. The company has therefore not complied with the recommendation in Clause 3.10, Sentence 2 of the Code, according to which the Corporate Governance Report included in the Annual Report is to include an explanation of any deviations from the recommendations of the Code. Pfleiderer Aktiengesellschaft omitted the explanation for editorial reasons. The Executive Board and the Supervisory Board declare, however, that the company will comply with this recommendation of the Code in the future.

#### **Code Clause 6.6**

According to Clause 6.6 of the Code, ownership of shares in the company or related financial instruments by members of the Executive Board and the Supervisory Board shall be reported in the Corporate Governance Report if those shares directly or indirectly exceed 1% of the

shares issued by the company. If the entire shareholdings of all the members of the Executive Board and the Supervisory Board exceed 1% of the shares issued by the company, those shares are to be reported separately for the Executive Board and the Supervisory Board. The company has not complied with this recommendation because for legal reasons there were doubts about exceeding the 1% limit as specified in Clause 6.6 of the Code. The Executive Board and the Supervisory Board declare, however, that the company will comply with this recommendation of the Code in the future.

Neumarkt, June 23, 2009

For the Supervisory Board  
Ernst-Herbert Pfeleiderer

For the Executive Board  
Hans H. Overdiek