

ERNST-HERBERT PFLEIDERER

Chairman of the Supervisory Board
of Pfeiderer AG



*Dear Shareholders,
Friends and Partners of Pfeiderer AG,*

The Supervisory Board of Pfeiderer AG diligently performed its duties and responsibilities in accordance with the law and the Company's Articles of Association and bylaws in fiscal year 2008. The Supervisory Board dealt with the Company's situation in detail in the year under review. It advised and supervised the Executive Board. The Supervisory Board was involved in good time in all decisions of fundamental importance to the Company and was continuously and comprehensively informed of the Company's business and strategic development. The Executive Board provided the Supervisory Board with detailed information on all relevant aspects of strategy and management, the financial situation as well as on business development. The information was provided in a timely manner, both verbally and in writing. Deviations in business development from plans were explained to the Supervisory Board in detail, especially given the impact of the financial crisis on various markets. In addition to the meetings of the Supervisory Board and its committees, the members of the Supervisory Board were in regular contact with the Executive Board and received information about the development of business. The Chairman of the Supervisory Board was in close contact with the Chairman of the Executive Board and the entire Executive Board.

In the past fiscal year, there were four regular meetings of the Supervisory Board and one extraordinary meeting. The regular meetings were held in March, June, September and December 2008, while the extraordinary meeting was convened in February 2008. All members attended at least four of the five meetings. The Executive Board prepared the Supervisory Board meetings in separate meetings of the employee and shareholder representatives.

The extraordinary meeting dealt with changes in the composition of the Executive Board and in the shareholder structure.

In the meeting on March 19, 2008, the 2007 financial statements of Pfeiderer AG were approved after extensive deliberations and on the recommendation of the Audit Committee, as were the consolidated financial statements and the combined management report. In addition, the future Executive Board

structure and expansion were discussed and Dr. Robert Hopperdietzel's appointment to the Executive Board was extended by five years. Further issues included the dividend proposal to be made to the Annual General Meeting, the agenda of the Annual General Meeting and the new composition of the Supervisory Board effective from the day of the Annual General Meeting. A revised version of the rules of procedure for the Supervisory Board was also approved.

The meeting on June 12, 2008, dealt with appointing members from the Supervisory Board to the Working Committee, the Audit Committee, the Nomination Committee and the Mediation Committee. In addition, new rules of procedure were approved for the Audit Committee.

The Supervisory Board meeting on September 30, 2008, dealt with the current business situation.

In the meeting on December 11, 2008, the budget for 2009 was discussed in detail and approved. The declaration of compliance by the Supervisory Board and the Executive Board of Pfeleiderer AG with the recommendations and suggestions of the "Government Commission German Corporate Governance Code" was approved in accordance with Section 161 of the German Stock Corporation Act (AktG). A decision was also taken on adjusting the corporate governance policies of Pfeleiderer AG to comply with the amendments to the German Corporate Governance Code which took effect in 2008.

In 2008, the Supervisory Board also passed a resolution in a written procedure to dismiss Mr. Derrick G. Noe from the Executive Board and from his post as the CFO and to appoint Mr. Heiko Graeve to the post of CFO and Mr. Pawel Wyrzykowski to the Executive Board with responsibility for Sales, Marketing and Product Strategy.

For the full performance of its duties, four committees are available to the Supervisory Board: the Working Committee – which also acts as the Human Resources Committee – the Audit Committee, the Nomination Committee and the Mediation Committee.

COMMITTEE MEMBERS

	Working & HR Committee	Audit Committee	Nomination Committee	Mediation Committee
E.-H. Pfeleiderer	C	M	M	M
Dr. H. Burmester ²⁾		M		
H. Fiedler	M		M	M
W. Haupt		C	M	
Ch. von Hugo ²⁾	M		M	
F. Bergmann ^{1,2)}		M		
A. Dennenmoser ¹⁾	M			M ³⁾
W. Rhode ¹⁾	DC	M		M
M. Schmidt ^{1,3)}				M

¹⁾ Employee representative, ²⁾ new member since June 12, 2008, ³⁾ until June 12, 2008

C = Chairman, DC = Deputy Chairman, M = Member

In the year under review, the Working Committee convened seven times, on three occasions by telephone (in February, twice in March, in April, twice in June and in December 2008). The focus of the meetings of the Working Committee included the issue of a promissory note ("Schuldschein") in an amount of 165 million euros, the stock option plan for 2008, the investment decision to move the La Baie, Canada site and acquisition of the Moncure, USA site. In addition, contractual and remuneration issues for the Executive Board were discussed and approved.

The Audit Committee convened four times, on one occasion by telephone. The meetings were held in March, August, September, and November 2008. The Audit Committee dealt with the 2007 annual financial statements, the audit focus for the 2008 annual financial statements, the financial statements for the first three, six and nine months of 2008, internal auditing and compliance. In 2008, there was no reason to convene the Conciliation Committee, which has been formed in accordance with Section 27, Subsection 3 of the German Co-Determination Act (MitbestG).

The annual financial statements of Pfeiderer Aktiengesellschaft and of the Pfeiderer Group as of December 31, 2008, and the combined management report of the single entity and of the Group were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin/Frankfurt, formerly KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, and issued with an unqualified auditors' opinion in each case. The Audit Committee met on March 17, 2009, in the presence of the auditors and the Executive Board. The auditors reported to the Committee on the key findings of their audit.

In its meeting on March 18, 2009, the Supervisory Board also reviewed the 2008 annual financial statements of Pfeiderer AG and the consolidated financial statements, as well as the combined company management report and Group management report, as submitted by the Executive Board. The auditors' report was made available to the Supervisory Board in good time. The detailed audit did not result in any objections and the Supervisory Board concurs with the results of the audit. The Supervisory Board approves the consolidated financial statements and the company financial statements for fiscal year 2008. The annual financial statements of Pfeiderer AG are thereby adopted in accordance with Section 172 of the German Stock Corporation Act (AktG). The Supervisory Board concurs with the Executive Board's proposal for the appropriation of the net retained profit and concurs with the Executive Board's proposal that the net retained profit be carried forward.

The Executive Board and the Supervisory Board report separately on the standards of good corporate management in the Corporate Governance section of this Annual Report.

The composition of the Supervisory Board changed in the course of 2008 after One Equity Partners Europe GmbH acquired a stake in Pfeiderer AG of just over 20% before the Annual General Meeting 2008 (by year-end 2008: 26.9%). On June 12, 2008, Mr. Klaus M. Bubenberger and Mr. Robert J. Koehler retired from their positions as members of the Supervisory Board of Pfeiderer AG representing the shareholders. Mr. Christopher von Hugo, Managing Director and Partner of One Equity Partners Europe GmbH, and Dr. Helmut Burmester, Partner of One Equity Partners Europe GmbH, were elected as their successors. The Annual General Meeting confirmed Mr. Hans Theodor Pfeiderer and Mr. Michael L. Martell as deputy members.

AS OF FEBRUARY 1, 2009, THE FOLLOWING NEW RESPONSIBILITIES APPLY IN THE EXECUTIVE BOARD.

Name	Regional responsibility	Functional responsibility
Hans H. Overdiek Chairman of the Executive Board	North America	<ul style="list-style-type: none"> ■ Strategy and Development ■ Communications, Investor Relations ■ Internal Auditing, Human Resources ■ Risk Management, Compliance
Dr. Robert Hopperdietzel Deputy Chairman of the Executive Board	Western Europe	<ul style="list-style-type: none"> ■ Technology, Benchmarking ■ Investment Management ■ Research and Development ■ Information Technology ■ Strategic Central Purchasing ■ Environmental Protection, Occupational Safety
Heiko Graeve	-	<ul style="list-style-type: none"> ■ Finance, Controlling, Accounting ■ Legal and Insurance ■ Intellectual Property
Pawel Wyrzykowski	Eastern Europe	<ul style="list-style-type: none"> ■ Sales, Marketing, Product Strategy

Mr. Derrick G. Noe departed from the Company's Executive Board as of January 14, 2008. The Supervisory Board appointed Mr. Heiko Graeve as the new CFO effective June 1, 2008. Mr. Graeve has long-standing experience in the position of CFO at a number of companies. As announced in March 2008, Mr. Michael Ernst retired from the Executive Board effective January 31, 2009, upon reaching retirement age. The Supervisory Board thanks Mr. Ernst for his nearly nine years of committed and successful work as a member of the Executive Board. Mr. Pawel Wyrzykowski was appointed to the Executive Board of Pfeleiderer AG effective January 1, 2009. He has been working for Pfeleiderer Group in Eastern Europe since 1998. Since 2003, he has been Chairman of the Executive Board of Pfeleiderer Grajewo S.A., Poland.

On behalf of the entire Supervisory Board, I would like to thank the members who have stepped down from the Supervisory Board, the Executive Board, the employee representatives and all the employees of the Pfeleiderer Group for their commitment and successful work in the past fiscal year. They have made a significant contribution to the Group's continuing development.

Neumarkt, March 2009



Ernst-Herbert Pfeleiderer
Chairman of the Supervisory Board