



Securities ID Number: 676 474

We hereby invite shareholders of the Company to its
Annual General Meeting
on
Tuesday, June 17, at 10.30 am,
at the Große JURA-Halle, Am Festplatz, 92318 Neumarkt.

Agenda

- 1. Presentation of the adopted Annual Financial Statements and the approved Consolidated Financial Statements of PFLIEDERER Aktiengesellschaft and Group, the combined Management Report for Fiscal 2002 and the Report of the Supervisory Board.**

The above documents are included in the Annual Report 2002. These documents can be inspected at the registered offices of the Company at Ingolstädter Straße 51, 92318 Neumarkt, as well as on our Internet homepage at www.pfleiderer.com. Every shareholder receives on demand a copy of the Annual Report.

- 2. Approval of the Board of Management for fiscal 2002**

The Board of Management and the Supervisory Board propose that the Meeting approve the Board of Management.

- 3. Approval of the Supervisory Board for fiscal 2002**

The Board of Management and the Supervisory Board propose that the Meeting approve the Supervisory Board.

- 4. Authorization to buyback own shares (treasury stock)**

Following the resolution of the Annual General Meeting on July 10, 2001, the Company is authorized until December 31, 2002 to buyback own shares (treasury stock) up to 10% of the Company's capital stock. This authorization is now to be extended until December 16, 2004.

The Board of Management and the Supervisory Board propose that the Meeting resolve as follows:

- a) In accordance with Sec. 71 (1) 1 No. 8 AktG ("Aktengesetz", German Stock Corporation Act) the Company is authorized until December 16, 2004 to purchase own shares (treasury stock) up to 10% of its present capital stock, i.e. a total of 4,268,500 shares. These shares may be purchased through the stock exchange, or by means of a public purchase offer directed at all shareholders. The equivalent amount paid for the purchase of the shares through the stock exchange for each share shall exceed by no more than 25% and fall no more than 5% below the average closing price of the share in the XETRA trading system (or in a comparable tracking system) on the last three days of trading before purchase is made. In the case of a public offer, the equivalent amount (excluding incidental charges) shall not exceed more than 25% and fall by no more than 5% below the average closing price of the share in the XETRA-Handel (or in a comparable tracking system) in the last ten days of trading before the day the offer is made public.
- b) Subject to approval by the Supervisory Board, the Board of Management is authorized to dispose of treasury stock other than through the stock exchange or by offer to all shareholders, thereby precluding the shareholders' subscription rights, provided that at the time of disposal the treasury stock is sold at a price which does not fall significantly below the price of Company shares issued under the same terms. The standard share price within the meaning of these regulations is the average closing price of the share in the XETRA trading system (or a comparable tracking system) in the three days of trading preceding the sale. This authorization is restricted to a total of 10% of the present capital stock of the Company, this including shares issued under authorized capital in accordance with Secs. 203 (1) and 186 (3) sentence 4 AktG under exclusion of subscription rights, and shares issued up to this date in accordance with Secs. 221 (4) and 186 (3) sentence 4 AktG under exclusion of subscription rights, issued to satisfy rights exercised on options, warrants or to fulfill conversion rights arising from convertible bonds.
- c) Furthermore, and subject to approval by the Supervisory Board, the Board of Management is authorized to offer treasury stock to third parties as a consideration when acquiring other companies or participating interests in other companies, thereby precluding the subscription right of shareholders.
- d) Furthermore, the Board of Management is authorized to use treasury stock acquired on the basis of the above authorization to service option rights issued, or to be issued at a future date, which are part of the PFLEIDERER

Stock Option Scheme as resolved under Item 5 of the Agenda at the Annual General Meeting on July 10, 2001.

- e) Furthermore, the Board of Management is authorized to sell treasury stock it has acquired, thereby excluding subscription rights, to participants in the PFLEIDERER Stock Option Scheme, as resolved under Item 5 of the Agenda at the Annual General Meeting on July 10, 2001, to the same volume as participants are obliged to acquire Company stock under the conditions of the Scheme in order to be eligible for stock option rights.

The price at which treasury stock is sold may not be significantly below the price quoted on the stock exchange. Authorizations d) and e) above shall be exercised by the Supervisory Board where treasury stock is to be sold to members of the Board of Management.

- f) Furthermore, the Board of Management is authorized to use treasury stock, thereby excluding subscription rights, to fulfill option rights arising from the exercise of option or warrants or to fulfill warrants granted or committed as authorized by the Annual General Meeting of July 10, 2001 under Item 9 of the Agenda governing the issue of options and/or convertible bonds.
- g) Furthermore, and subject to approval by the Supervisory Board, the Board of Management is authorized without further resolution by the Annual General Meeting to withdraw treasury stock within the framework of this authorization.
- h) The above authorizations to acquire treasury stock, withdraw it, re-sell or re-use it in another manner can also be exercised in partial amounts.
- i) In accordance with Secs. 71 (1) 1 No. 8 and 186 (3, 4) AktG, legal subscription rights to treasury stock are excluded to the extent that such shares are used in accordance with the authorizations given under b) to f) above.

5. Amendments to Company Statutes

Further reform of German legislation affecting shareholding, accounting and corporate transparency and notifications - in particular the new TransPuG, ("Transparenz- und Publizitätsgesetz", German Law on Corporate Transparency and Notification) promulgated by the German Government on July 19, 2002 - obliges us to make several amendments to the Company statutes. Furthermore, the recommendations of the German Corporate Governance Code relating to compensation of members of the Supervisory Board also constrain an amendment to

Company statutes. These amendments to be resolved by the Meeting are as follows:

a) **Amendment to Article 3 of the Statutes**

Article 3 of the Statutes is to be amended to comply with Sec. 25 AktG, itself amended by TransPuG.

The Board of Management and the Supervisory Board propose that the Meeting resolve that:

Article 3 of the Statutes be amended to read as follows:

"Company notifications shall be made in the electronic Federal Gazette."

b) **Amendment to Article 11 (1) sentence 2 of the Statutes**

The Supervisory Board shall be authorized to vote on its resolutions using modern means of communication.

The Board of Management and the Supervisory Board propose that the Meeting resolve that:

Article 11 (1) sentence 2 of the Statutes be amended to read as follows:

"At the instruction of the Chairman of the Supervisory Board, resolutions can be made outside meetings by entering votes in writing or by telecommunication (fax or e-mail) or orally (telephone or by video conference)."

c) **Addition to Article 11 (2) of the Statutes**

The Supervisory Board shall be enabled to hold meetings using modern means of communication.

The Board of Management and the Supervisory Board propose that the Meeting resolve that:

Article 11 (2) of the Statutes shall be amended by the addition of the following new sentence 1:

"As a rule, the meetings of the Supervisory Board shall take place with the requirement of the personal presence of its members, but meetings may also be held, including voting on resolutions, by telephone or video conferences."

d) **Amendment to Article 14 sentence 1 of the Statutes**

Article 14 sentence 1 of the Statutes must be amended to comply with the new requirements of Sec. 116 sentence 2 AktG ("Aktiengesetz", German Stock Corporation Act) as amended by TransPuG ("Transparenz- und Publizitätsgesetz", German Law on Corporate Transparency and Notification)

The Board of Management and the Supervisory Board propose that the Meeting resolve that:

Article 14 sentence 1 of the Statutes be amended to read as follows:

"The members of the Supervisory Board - including when they have left office - shall maintain secrecy with regard to confidential reports and meetings as well as any commercial secrets they have become privy to as a result of their work on the Supervisory Board."

e) **Addition to Article 18 of the Statutes**

As a result of the amendment to Sec. 118 (3) AktG ("Aktiengesetz", German Stock Corporation Act) arising through TransPuG ("Transparenz- und Publizitätsgesetz", German Law on Corporate Transparency and Notification), an amendment shall be made to Article 18 of the Statutes.

The Board of Management and the Supervisory Board propose that the Meeting resolve that:

Article 18 of the Statutes shall be amended through the additional of the following new paragraph 5 as follows:

"(5) The Annual General Meeting can be broadcast in part or completely in sound and image. The broadcast can take such form that the general public have full access to the Meeting. The type of broadcast will be made known at the time when the Meeting is convened."

f) **Deletion of Article 22 sentence 2 of the Statutes**

The rule which applies under Article 22 sentence 2 was added in connection with the changeover of the Company's fiscal year and can now be deleted.

The Board of Management and the Supervisory Board propose that the Meeting resolve that:

Article 22 sentence 2 shall be deleted.

g) **Amendment to Article 23 sentence 1 of the Statutes**

Article 23 sentence 1 of the Statutes shall be amended to include the statutory obligation to draw up and present corporate financial statements and a corporate management report.

The Board of Management and the Supervisory Board propose that the Meeting resolve that:

Article 23 sentence 1 of the Statutes shall be amended to read as follows:

"The Board of Management shall draw up the Annual Financial Statements and Annual Management Report within the first three months of the fiscal year and the Consolidated Financial Statements and the Consolidated Management Report within the first five months of the fiscal year and present them to the Supervisory Board and the public auditor."

6. Appointment of public auditor for the fiscal year 2003

The Supervisory Board proposes that the Meeting appoint Ernst & Young Deutsche Allgemeine Treuhand AG Wirtschaftsprüfungsgesellschaft, Stuttgart as public auditor for the fiscal year 2003.

Notes on Item 4 of the Agenda (authorization to acquire treasury stock) in accordance with Sec. 71 (1) no. 8 in conjunction with Sec. 186 (4) sentence 2 AktG ("Aktiengesetz", German Stock Corporation Act)

Under Item 4 of the Agenda of the Annual General Meeting of July 17, 2003, in accordance with Sec. 71 (1) no. 8 AktG it is proposed that PFLEIDERER Aktiengesellschaft be authorized until December 16 2004 to acquire treasury stock up to 10% its present capital stock, i.e., 4,268,500 ordinary shares. The previous authorization adopted by the Annual General Meeting In accordance with Sec. 71 (1) no. 8 AktG on July 10, 2001 was limited to a period lasting at most 18 months which expired on December 31, 2002. The authorization is therefore to be renewed for the period up to December 16, 2004.

The new authorization continues to enable PFLEIDERER Aktiengesellschaft to use treasury stock and its associated advantages as an instrument for the benefit of PFLEIDERER Aktiengesellschaft and its shareholders, in particular as a means of servicing the Stock Option Scheme operated by PFLEIDERER Aktiengesellschaft.

Acquisition of the stock will take place principally via the stock exchange or by way of a public purchase offer directed at all shareholders. Acquiring PFLEIDERER treasury stock in this manner will ensure that the principle of equal treatment is applied to shareholders in accordance with Sec. 53 a AktG.

The proposed authorization means that treasury stock acquired by the Company in this way can be withdrawn - thereby reducing the capital stock of PFLEIDERER Aktiengesellschaft or increasing the proportionate value of remaining shares in ratio to equity by way of a public offer to all shareholders or by re-sale via the stock exchange. This method of sale ensures shareholders' rights to equal treatment when PFLEIDERER shares are re-issued.

In accordance with Sec. 71 (1) no. 8 AktG, the proposed authorization authorizes the Board of Management, subject to approval by the Supervisory Board, to sell treasury stock in another manner than via the stock exchange or by way of an offer to all shareholders. Pursuant to Sec. 186 (3) sentence 4 AktG, this option is conditional on PFLEIDERER treasury stock being sold at a price which is not significantly lower than the share price quoted at the stock exchange on the date of sale. For this purpose, the proposed resolution lays down as a standard the closing price based on the day's average price of Company shares traded in the XETRA trading system during the last three stock exchange days prior to sale of the PFLEIDERER treasury stock in question. This ensures that the interests of the shareholders of PFLEIDERER Aktiengesellschaft are not negatively affected by random price fixing.

Being able to sell treasury stock in a manner other than via the stock exchange or by way of an offer to all shareholders is in the interests of the Company and the shareholders. The authorization to sell treasury stock, thereby excluding shareholder subscription rights pursuant to Sec. 186 (3) sentence 4 AktG, is in the interest of PFLEIDERER Aktiengesellschaft, as it enables the Company in suitable or necessary cases to sell PFLEIDERER Aktiengesellschaft stock to institutional investors or to introduce PFLEIDERER Aktiengesellschaft shares onto foreign stock exchanges. The right to exclude subscription rights gives PFLEIDERER Aktiengesellschaft the means to act quickly, flexibly and economically when stock exchange conditions are favourable, thereby circumventing the time-consuming and expense path of a subscription rights issue.

Furthermore, the Board of Management, and in the case where shares are issued to members of the Board of Management, the Supervisory Board, are to be authorized to use PFLEIDERER Aktiengesellschaft treasury stock to service subscription rights which have been, or will be, issued to senior management within the framework of the PFLEIDERER Stock Option Scheme as resolved at the general meeting of July 10, 2001, and furthermore to sell PFLEIDERER Aktiengesellschaft treasury stock to participants of the Stock Option Scheme where participants are obliged to acquire PFLEIDERER shares as an own investment in order to be eligible for stock options. In

this case, the price at which treasury stock is sold must not be significantly lower than the price quoted at the stock exchange. This authorization to re-issue such treasury stock is binding in terms of which particular group of people the PFLEIDERER shares may be sold to. This subsequently excludes statutory subscription rights, whereby this exclusion, just as is the case with similar authorizations arising from other actions, e.g., in connection with issuing authorized capital, is limited to 10% of the capital stock.

During the Annual General Meeting of 2001 the PFLEIDERER Stock Option Scheme for senior management was proposed and adopted. Being able to grant PFLEIDERER Aktiengesellschaft treasury stock in order to fulfil subscription rights within the process of issuing stock options to eligible persons is a suitable way to counteract the dilution of shareholder capital and the voting rights of shares that otherwise arises from newly created shares issued under authorized capital in order to fulfil the exercise rights of owners of stock options. The decision whether, and to what extent, the authorization to issue treasury stock to fulfil option rights is used, or alternatively, new shares are issued from conditional capital, lies with the Board of Management, or the Supervisory Board where a subscription right is exercised by a member of the Board of Management, both bodies thereby upholding the interests of the shareholders of PFLEIDERER Aktiengesellschaft.

Apart from that, the Board of Management is to be authorized to use treasury stock on the basis of the authorization to service subscription and conversion rights of holders of warrants and/or convertible bonds issued by PFLEIDERER Aktiengesellschaft in accordance with the authorization adopted by the Annual General Meeting on July 10, 2001 under Item 9 of the Agenda to issue warrants and/or convertible bonds. Should the Company decide to exercise this right, this is now possible without recourse to conditional capital as defined under Article 4(3) of the Statutes. This additional avenue means that the interests of the shareholders are upheld.

As a result of the proposed authorization, PFLEIDERER treasury stock can also be used as a consideration when acquiring companies or participating interests in companies. This enables PFLEIDERER Aktiengesellschaft, where suitable cases arise, to acquire companies or participating interests in companies by exchanging Company treasury stock rather than by payment in cash. This preserves the liquid assets of PFLEIDERER Aktiengesellschaft and reduces the extent to which the purchase price must be financed through outside sources. International competition and the globalisation of the economy increasingly make this type of transaction necessary. No specific plans currently exist to exercise this authorization. The Board of Management will report to the General Meeting in each instance where this authorization is used.

The PFLEIDERER Aktiengesellschaft is able to withdraw treasury stock without recourse to a further resolution by the Annual General Meeting.

Shareholders listed in the Company's register of shareholders who have registered their intention to take part by Monday, June 16, 2003 at the latest are entitled to participate in the Annual General Meeting and to exercise voting rights.

Shareholders listed in the Company's register of shareholders can register with PFLEIDERER Aktiengesellschaft at the following address

PFLEIDERER Aktiengesellschaft
Hauptversammlung 2003
Ingolstädter Straße 51
92318 Neumarkt

or by fax at the fax number 09181/28-8046

or by e-mail to
Hauptversammlung2003@pfleiderer.com

Shareholders listed in the Company's register of shareholders can cast their votes by proxy by issuing power of attorney to a person, bank or shareholder's association. In this case, the proxy must register or be registered by the shareholder in good time.

Where a bank is listed in the register of shareholders it may only vote on behalf of those shares it does not own where it has obtained power of attorney from the relevant shareholder.

As a special service, we offer shareholders the right to be represented at the Annual General Meeting through employees of the Company. Power of attorney and any relevant instructions can be transmitted in writing, telegraphically or electronically to the above address, fax number or Internet address. Further details are enclosed with the documents sent to shareholders.

The Company will send the Agenda of the Annual General Meeting on June 17, 2003 as well as the documents for registration and power of attorney to shareholders listed in its register of shareholders.

Neumarkt, May 2003

Board of Management

(This invitation is published in German and English. In case of discrepancies, the German version shall prevail.)