

Annual Shareholders' Meeting 2007 of Pfleiderer AG
Tuesday, June 19, 2007

Statement / Report by the Executive Board

Check against delivery

Good afternoon Ladies and Gentlemen,
shareholders, business associates,
friends and guests of Pfleiderer AG

I am very pleased to welcome you all to this year's Annual Shareholders' Meeting 2007, also on behalf of my colleagues on the Executive Board of Pfleiderer AG.

Today I am pleased to report to you

- * on business developments affecting the Pfleiderer AG during 2006 and 2007 to date, and
- * on our strategic and operating roadmap for the continuation of our earnings-led growth.

As Mr Pfleiderer mentioned earlier, I am standing in for the Speaker of the Executive Board, Mr. Hans H. Overdiek, following his serious traffic accident in February this year. I am pleased to report that Mr Overdiek has made a good recovery and expects to resume his duties again in July.

I am also reporting to you on behalf of my two other colleagues on the Executive Board, Mr Derrick Noe and Dr. Robert Hopperdietzel. Over the past months, we have divided Mr Overdiek's duties among us, and have been covering for him in his absence. During this time, I was charged with coordinating the Executive Board's work, which is why I am delivering this Report today.

We all very much look forward to Mr Overdiek's return to his duties as Speaker of the Executive Board in just a few weeks time. However, I would still like to extend our best wishes to him and all his family. I would also like to express our heartfelt condolences to the family of Mr Overdiek's brother, who lost his life in that terrible accident. I am sure that I echo the sentiments of all the employees, customers and business associates of Pfleiderer AG.

Ladies and Gentlemen,

When we reported to you at the Annual Shareholders' Meeting this time last year, we were in the middle of integrating the Kunz Group.

Today, we can say that we have successfully completed the integration process of the engineered wood activities of the Kunz Group and Pfleiderer AG in Germany and North America.

Our operational success and progress - reflected by the Pfleiderer Group's revenues and earnings - show that this acquisition was right, and a major step forward.

Since our acquisition of the Swedish laminate flooring group Pergo, we have made some giant strides on the way to more earnings-led growth. But more about that later.

First, let me turn to the **key performance figures and development of the Pfleiderer Group** in the year 2006.

During the 2006 reporting period, your company achieved the best results in its history:

- * Compared to the previous year, revenues for the Pfleiderer Group in 2006 jumped by 71 percent to 1 billion 415 million euros.
- * Earnings before interest, taxes, depreciation and amortization (EBITDA) increased at an even higher rate, nearly doubling to 208.1 million euros.
- * The EBITDA margin increased continuously during the twelve months of 2006.
- * This figure reached 14.7 percent for the full year - compared to 12.6 percent in 2005.
- * Earnings before interest and taxes (EBT) improved by a good 140 percent to 133 million euros.
- * Our operating result - EBT for continuing operations - grew by more than 160 percent to 92.4 million euros.

- * Net profit after taxes and minority interests increased by 191 percent to 83.9 million euros.
- * Basic earnings per share rose from 0.68 euros in 2005 to 1.67 euros in fiscal 2006.

So you can see that by extending our international market presence we have not just got bigger. We have also significantly increased our profitability - and we have achieved this in all of the regions in which we are active.

A significant part of these increases in revenues and profits in 2006 is due to the consolidation of the former Kunz activities for a full fiscal year for the first time. In the prior year, these newly acquired activities were only consolidated in the Group financial statements for the month of December.

But the improvements to our key performance figures are also due to organic growth and improved profitability in all segments:

- * For example, in Western Europe we profited from widespread positive developments throughout the economy and individual sectors. We were able to increase our sales in terms of both volumes and prices.
- * But our results also improved significantly due to optimized cost structures and major improvements in process efficiency.

Just how sustainable the Pfleiderer Group's profitability has increased is illustrated by our medium-term revenues and results for the period 2004 through 2006:

- * During these three years, average revenue growth amounted to 35 percent each year.
- * While EBITDA actually increased by more than 64 percent per year.

Looking back over the last three years, we can say with pride that our recipes for success proved to be right:

- * We concentrated our efforts entirely and rigorously on our core business of engineered wood.
- * We implemented an effective cost management system, and
- * This was the key to our further growth.

The year 2006 marks the successful conclusion of Pfleiderer AG's strategic realignment, which started in 2002 when we began to gradually focus on our engineered wood operations:

- * The sale of Pfleiderer track systems in April 2006 marked the disposal of the last part of those operations which did not belong to our core business. The sale to AXA Private Equity resulted in a capital gain after taxes of around 45 million euros.

- * Another important milestone in the Company's development was the successful capital increase we carried out in the spring of 2006. Some 10.6 million new Pfleiderer shares were issued, increasing our capital stock by around one quarter to its present 136.5 million euros. With an issue price of 19.30 euros per share, gross cash inflow from the capital increase amounted to around 205 million euros.

These two moves - the disposal of Pfleiderer track systems and the capital increase - noticeably improved the financial structure of the Pfleiderer Group and greatly strengthened our equity base:

- * Income from the disposal and the cash inflow from the capital increase were used to reduce the Group's net debt. That fell from 627.5 million euros at the end of 2005 to 414.6 million euros as of December 31, 2006.
- * As a result, our equity ratio improved from 19.1 percent in the prior year to nearly 40 percent by the end of 2006.
- * Leverage, i.e., the ratio of net debt to EBITDA, decreased from 6.2 to a factor of 2.0.
- * Return on capital employed also greatly improved during the reporting period. ROCE increased from 6.0 percent in the prior year to 13.2 percent in 2006.

Please refer to our Annual Report for a detailed breakdown and analysis of these figures. The full Consolidated

Financial Statements for the Pfleiderer Group and the Financial Statements for Pfleiderer AG are also available here.

The current Annual Report 2006 includes all the information required under Sections 289 and 315 of the German Commercial Code and Section 71 of the German Stock Corporation Act. In the front part of the document you will find our extensive Corporate Governance Report, including details on compensation received by the Executive Board and an explanation of our stock option plan.

Ladies and Gentlemen,

In advance of the capital increase, we promised our shareholders that any dilution resulting from the increase would be more than compensated for by the increased profitability of our business activities. And that is exactly what has happened:

- * I have already pointed out the significant improvement in earnings per share.
- * The price of Pfleiderer's shares on the stock exchange rose from 16.18 euros at the start of 2006 to 20.49 euros at the end of the year. And it continued to develop positively in the first half of 2007. As of May 31, 2007, Pfleiderer's shares ranked 36th by market capitalization in the selective M-DAX index, and ranked

29th in terms of trading volume. And the share price has risen over the last few weeks to around 24 euros.

- * This positive development of the share price and the increase in our capital stock by around a quarter also had an effect on the Pfleiderer AG's market capitalization. That improved in fiscal 2006 by 58 percent, exceeding the one billion mark for the first time.

Ladies and Gentlemen, as our shareholders you are not only profiting from the considerable increase in value of the Pfleiderer share, you are also gaining from the positive way business has developed overall. In view of the Company's high level of profitability, the Executive and Supervisory Boards propose to today's Annual Shareholders' Meeting that a dividend of 25 euro cents per share be paid out for the year 2006. That is 10 euro cents, or around 66 percent, more than in the prior year.

In the future too, our dividend policy will be to apply profits in a targeted manner, investing to expand the business. We see this as offering greater potential to increase the Company's value, to the benefit of our shareholders.

We are also involving employees who make a major contribution towards developing our business, allowing them to participate directly in the Company's success and the increase in the share price. In the years 2001 to 2004, we set up a share-based compensation model enabling senior managers to acquire stock options annually at a

fixed base rate and to convert these options into shares after a 3 to 6 year vesting period. Widespread use was made of this opportunity. Last year, the Shareholders' Meeting approved a new Stock Option Plan 2006, which has since been implemented. Please refer to the Notes in our current Annual Report for more details on the stock option plans and programs.

In order to fulfill the options rights arising from the stock option programs, the Company was authorized by the Shareholders' Meeting to buy back its own shares. This spring, the Pfleiderer Executive Board decided to buy back 460,000 own shares to service stock options. The shares were repurchased between March 1 and 9, 2007 at an average price of 21.65 euros and in accordance with the safe harbor rules regulated under the German Securities Trading Act. The procedure is documented in detail on our Internet site.

The lively demand for share options is clear evidence that our employees believe in "their" Pfleiderer AG, and it demonstrates their confidence that the Company will continue to develop successfully.

And there can be no doubt about it: The Pfleiderer Group is positioned better than ever in terms of strategy, operations, organization and finances. We are excellently prepared for further earnings-led growth.

While integrating the Kunz Group, the Pfleiderer Group was given a new **organizational structure** at the start of 2006, with its international engineered wood activities now divided into three regional Business Centers: Western Europe, Eastern Europe and North America.

Each Business Center is operated by an essentially independent management team, and is subdivided into Business Units. The Business Units have their own profiles and product portfolios tailored to their own specific target groups and are directed towards their own markets and customer requirements. This combines the economies of scale of an internationally active company with the efficiency and flexibility of decentralized leadership responsibility.

The **Business Center Western Europe**, for example – which with revenues of 781.5 million euros in 2006 is still the biggest entity within the Pfleiderer Group - now comprises five business units with greater responsibility for their own brands.

Just a few weeks ago at the beginning of May, the five business units wodego, Thermopal, duropal, Kunz and Pfleiderer Industrie presented themselves to their customers with great success in Cologne at the International Furniture Supplies Fair "interzum". This comes across clearly in our "interzum" report, which you can see in the foyer.

All our brands are profiting from strong demand for engineered wood in the furniture, flooring and pre-fabricated housing industries. Our plants and production facilities are running at full capacity.

On the other hand, we are concerned about rising costs for wood, raw materials and energy, especially in Germany. Up till now, we have largely managed to pass on these cost hikes to our customers by adjusting the prices of our products.

But we have also greatly improved our operating efficiency in procurement, production, logistics and distribution through economies of scale arising from our new size. The significant improvement in profitability is especially pleasing in the Business Center Western Europe. We have succeeded in increasing EBITDA by nearly two thirds to 103.6 million euros. The EBITDA margin improved correspondingly from 11.2 percent in the prior year to 13.3 percent in fiscal 2006.

Our German plants are on the right track to achieve their targets. This year we are aiming for an EBITDA margin of at least 15 percent, and we are confident we can reach a margin of 16 percent in the next two years. This will depend on us keeping our overheads and especially our personnel costs under control.

On the one hand, the greater profitability of our German operations is due to the successful integration of the three

Kunz plants in Gschwend, Ebersdorf and Baruth. Our MDF production in Baruth makes us a major supplier in this high-margin product segment. But our state-of-the-art plant in Ebersdorf is also making a disproportionately high contribution to earnings.

In addition, our "BC West Plus" project has led to the implementation of numerous measures which will bring about a sustained improvement in the efficiency of our processes and structures. The synergies and economies of scale in the area of procurement are particularly important. Some examples of this are the common purchasing of décor paper or the optimization of wood supply contracts.

So our compliments and congratulations go to the BC Western Europe Team for this performance, and also our thanks to the employee representatives for the constructive part they played in this success.

In the **Business Center Eastern Europe**, business developments focused on the roll-out of production at our new engineered wood plant in Novgorod, Russia. Following some delay in construction at the beginning of 2006, production at Novgorod is now running according to plan. In the 1st quarter of 2007 alone, the Russian plant achieved an EBITDA margin of 26 percent.

But our existing two plants at Grajewo and Wieruszów in Poland are also reporting full order books and high

capacity uptake. And the new construction of an MDF/HDF production plant at Grajewo will enable us to participate in market growth in this attractive segment in Eastern Europe. Full shift production is due to start in July 2007.

Continuing dynamic demand in the Polish furniture industry enabled the Business Center Eastern Europe to achieve impressive results in 2006:

- * with a marked increase in revenues, up by 21 percent to 300.3 million euros
- * and an increase in EBITDA of around 17 percent to 56.5 million euros.

The acquisition of the Polish glue manufacturer Silekol at the start of 2006 had a positive effect on material costs in the Business Center Eastern Europe. It also gives us the potential to supply and reduce costs in Western Europe, too. For that reason, we are expanding and nearly doubling capacity there this year.

We are very pleased to report that an agreement was reached with the Polish Government just a few weeks ago to purchase the state-held share of 43.15 percent in our Polish subsidiary Pfleiderer Prospan S.A.. This deal was carried out via Pfleiderer Grajewo, in which we are the majority shareholder. So after many years of waiting and intensive negotiations, we have now increased our holding in Pfleiderer Prospan S.A. to nearly 100 percent. Via our

subsidiary Pfleiderer Grajewo S.A., we can now participate fully in profits from those business activities in the future.

In the **Business Center North America**, revenues during the reporting period reached 349.6 million euros, with EBITDA at 52.5 million euros. That corresponds to an EBITDA margin of 15 percent. This means that our North American business is developing much better than that of our competitors.

Market conditions for the Panel business unit developed particularly well - our raw particleboard business in Canada and the USA. Apart from generally strong demand from customers in the furniture industry, we also gained from a competitor's extended production stoppage. For that reason, during 2006 we re-activated a milling line that had been temporarily shut down at the Sayabec site in Canada.

During the first half of 2006, we also considerably extended production capacity in our Flooring business unit - our laminate flooring business. This resulted in some temporary investment-related production stoppages and some loss of sales. But this additional capacity now gives us the means to react flexibly to market demand in North America, even if the current general weakness in consumption in the USA gives cause for concern.

In the first quarter of 2006, we also acquired the remaining minority interests in our MDF plant at La Baie, Canada, so that it now belongs 100 percent to the Group.

Ladies and Gentlemen,

We are pleased that the positive business developments reported in 2006 are continuing this fiscal year. As we stated when reporting our Q1 2007 figures at the beginning of May, Pfleiderer AG has made an excellent start to 2007:

- * Revenues for the Pfleiderer Group for the period January 1 through March 31, 2007 reached 427.6 million euros. That is an increase of around 28 percent over the prior year. All three Business Centers contributed to this success.
- * Group earnings before interest, taxes, depreciation and amortization (Group EBITDA) grew at an even higher rate than revenues, increasing by around 35 percent to 56.4 million euros. The Group EBITDA margin improved from 12.5 percent in the prior year to 13.2 percent. That shows that the measures we have taken to boost operating efficiency and improve cost structures are having a sustained effect.
- * Earnings before interest and taxes - EBIT - improved by as much as 50 percent, from 22.7 million euros to 34.1 million euros. Accordingly, our EBIT margin rose to 8.0 percent.

- * The Pfleiderer Group's improved financial structure is also reflected in its much better financial results. Pre-tax profits (EBT) came to 24.9 million euros. That is nearly three times as high as last year's figure of 8.7 million euros.
- * After deducting taxes and minority interests, consolidated net profit came to 12.4 million euros in the first three months of 2007, compared to 3.5 million euros for the first quarter of 2006.
- * Earnings per share increased in the first quarter of 2007 to 24 euro cents, trebling the prior year's figure of 8 euro cents.

The good business development continued in the first five months. On the basis of preliminary figures, the Group's sales revenues in the period of January through May 2007 increased by 32 percent compared with the same period of last year and reached €734.5 million. Earnings grew again stronger than revenues. EBITDA rose by 40 percent to €99.0 million. Earnings before interest and taxes (EBIT) also developed very positively, increasing by around 45 percent faster than revenues, amounting €58.1 million. In the first five months of 2007 earnings before taxes (EBT) nearly trebled to €42.2 million.

So the Group is well on the way to achieving its targeted revenue and earnings goals for full-year 2007. This development is the result of the collective efforts of management and employees at all levels and in all units

throughout the Pfleiderer Group. So many thanks to all our employees for their dedication and hard work.

By being prepared to work more hours per week, employees at Pfleiderer's sites in Germany made a major contribution to improving our competitiveness in Germany

My special **thanks** go to the employee representatives on the Labor Council, in the Group's Economics Committee and on the Supervisory Board of Pfleiderer AG. While we have had to adopt some tough stances, we have always found a fair and trusting way to move forward. And we have always managed to convert our diverging interests into workable compromises to the benefit of the employees. I am confident that we will succeed again during the current round of wage negotiations.

I would like to thank Mr Kratzsch, Mr Rugge-Fechtelpeter and Mr Stracke, who will no longer be members of the Supervisory Board in its new period of office.

Regarding members of the Supervisory Board representing the shareholders, I would particularly like to thank Dr. Scholz for his many years of support. Unfortunately, he cannot be with us today due to sickness. Dr. Scholz first provided his advice and skills to the forerunner company of Pfleiderer AG. He has sat on the Supervisory Board since the Company went public, contributing his extensive knowledge and his vision. In good and in sometimes critical times, he has proved a wise

and responsible advisor. I am sure that I speak for us all when I and the Executive Board wish Dr. Scholz all the best and a hopefully fast recovery.

My greetings also go to candidates of the Pfleiderer's Supervisory Board standing for re-election or election for the first time. I am confident we will work together in the same constructive and trusting spirit when managing the Pfleiderer Group.

After all, we have a lot to do over the coming years. Today, Pfleiderer is already one of the world's leading manufacturers of engineered wood for the furniture industry and for the flooring and pre-fabricated housing industries. Now we intend to further strengthen this position,

- * by further improving efficiency and performance,
- * by growing organically through innovation and investment,
- * through targeted acquisitions providing access to new regional markets and new product segments.

We want to

- * grow dynamically,
- * expand profitably, and
- * sustainably increase the Company's value.

These are the three elements which define how we think and act, as we move forward to become a global

corporation. By integrating Kunz, we have proved we can deal successfully with major leaps in growth. This experience gives us the courage, confidence and strength to master the challenges ahead.

During the first few months of the current fiscal year we concentrated the Group's development strategy on the **acquisition of the Swedish laminate flooring manufacturer, Pergo**. This acquisition decisively improves our competitive position in the American laminate flooring market. At the same time, it opens up exciting new perspectives for growth and profits in Western and Eastern Europe.

As you will have seen from our many announcements and press releases over the last few months, on January 15, 2007 we made a public offer through our wholly-owned subsidiary Pfleiderer Sweden AB to acquire all the shares of the Pergo Group. Our cash offer came to 51 Swedish krona per share. In total, this offer was worth around 2.73 billion Swedish krona, or some 300 million euros.

The main Pergo shareholders - representing a total of 41.9 percent of the share capital and voting rights - had already made a binding commitment to accept the takeover offer at the time of its publication. Pergo's Board of Directors unanimously recommended that the shareholders accept the offer.

By the end of the acceptance period for our cash offer, which expired on March 9, 2007, Pfleiderer held 98.9 percent of Pergo's shares and voting rights. By May 9, 2007, the end of the extended acceptance period, our holding had risen to 99.5 percent.

On March 6, 2007, we started squeeze-out proceedings for Pergo's remaining minority shareholders, as previously announced. Pergo shares were de-listed from the Stockholm Stock Exchange with effect from March 30, 2007.

That means we have more or less completed the deal. Now we can give priority to successfully integrating Pergo's activities into the Pfleiderer Group. Over 30 integration projects have been identified and are being processed one by one under the supervision of my colleague Mr Noe. We expect to have largely completed this process by the end of 2007.

Quickly merging Pergo into the Pfleiderer Group will ensure the rapid utilization of synergy potential in the areas of organization, procurement, production and distribution. Seen over the full year, we expect synergies to amount a low eight digit figure. By directly supplying Pergo with HDF boards from our own production, we can see major cost advantages already this year.

Pergo produces and distributes high-quality laminate flooring in the upper price segment, an almost ideal extension to Pfleiderer's product and brand positioning:

- * The company is regarded as the "inventor" of laminate flooring.
- * Within the industry, it holds a leading position with its technology, backed by a large number of patents.
- * The Pergo brand has an excellent reputation in the market - not just due to its many innovative products and solutions.

Pergo produces at three sites:

- * in Garner, the US State of North Carolina, where it operates a state-of-the-art laminate flooring plant.
- * and in Sweden, where Pergo produces at Trelleborg and Perstorp.

Pergo expects to post revenues of around 300 million euros for the period of March through December 2007, of which a good 60 percent will come from North America, around 36 percent from Europe and some 4 percent from Asia.

Pfleiderer and Pergo complement each other in terms of the regional distribution of their plants.

- * With our nine sites, we are in an optimal position to serve the relevant key markets in Canada and the East of the United States.
- * In Europe, we are expanding our market presence through two sites in Sweden, and are now represented in strategic markets in Central, Eastern and Northern Europe with a total of 14 production sites.
- * Acquiring Pergo has made us an active supplier in the European laminate flooring market. This is a starting point for expanding this high-margin business into Eastern Europe.

We see our first priority in exploiting the strategic potential offered by the North American market. By combining Uniboard and Pergo, we have created a company with a 15 percent share of the North American laminate flooring market. This combination is an important step towards the required further consolidation of this industry. At the same time, it offers us significant market and production advantages as a leading integrated manufacturer of laminate flooring.

We will continue to run Pergo and Uniboard as two separate brands, positioning them in the market through complementary distribution channels. We offer a complete product range and will now increase our market penetration in North America. None of our competitors can

offer such a comprehensive and complete spectrum of brands and products.

Even if consumption in North America and the engineered wood industry were to cool off towards the end of 2006 and developed weaker in 2007, the long-term forecast for the next few years indicates that demand for laminate flooring will continue to develop positively. Even cautious assessments expect annual consumption to grow in both Canada and the United States by 7 and 10 percent respectively until 2010. In Eastern Europe, this development is just starting, with growth rates above 20 percent each year.

The Pfleiderer Group now has 23 production sites which we are linking together into a global production network. In particular, we are combining capacities for the production of HDF, glue, impregnation and laminate flooring into integrated manufacturing processes.

Pergo was consolidated into the Group in March 2007. Looking at fiscal 2008, the Pfleiderer Group will set up a new organizational structure for its laminate flooring activities. In future, the flooring business in North America and Europe will each be run through dedicated business entities - alongside the three existing Business Centers.

The objective is to use this organization

- * to increase the transparency of our engineered wood and flooring operations and

- * to better utilize market opportunities in North America and Europe.

The necessary administrative restructuring has already been carried out.

Alongside the integration of Pergo into the Pfleiderer Group, we are focusing on the Business Center Western Europe through our **"Future BC West"** project. The objective is to sustainably safeguard and increase the productivity and competitiveness of our German sites.

The financial statements for 2006 and current key performance indicators impressively show that the Business Center Western Europe has noticeably increased its profitability over recent years. However, not all sites in Germany are achieving the targets and figures set. This applies especially to Arnsberg and the Duropal brand, Leutkirch and the Thermopal brand, as well as to Nidda and the former Kunz site in Gschwend.

We are currently profiting from a generally favorable market and growth in demand for engineered wood in Germany and the European market. But if a critical scenario were to occur in the market, the sites I have just mentioned would be the first at risk when looking at their long-term competitiveness.

Pfleiderer AG's Executive Board has therefore decided to set up the "Future BC West" project, a package comprising

- * capital expenditure and
- * cost-cutting measures,

which will safeguard the profitability and existence of all our German production sites over the medium term.

Once implemented, this package of measures to be taken will lead to an EBITDA margin of at least 16 percent and a return on capital employed of at least 20 percent in the medium term.

The "Future BC West" project, which is being supervised on the Executive Board by my colleague Dr. Hopperdietzel, is designed to safeguard the future of our German production plants. The project has two main elements:

1. capital expenditure totaling a good 31 million euros over the coming three years, and
2. a sustained contribution by employees to secure this location as a site for production.

Both components are inter-related, and can only achieve their full effect when implemented as a single package solution.

The investments planned - for example a new CPL mill in Arnsberg - are linked to automation and rationalization effects which necessitate headcount reductions, mainly in the area of production. Negotiations with the Labor Council

are already at an advanced stage, and are expected to be concluded shortly.

But even more important overall for us in this project is

- * the planned replacement of the existing rigid bonus-based wage system with a performance-related system of payment,
- * and greater flexibility in working hours in our plants.

Using these two approaches, we want to

- * involve our employees directly in the Company's success, motivating them to deliver stronger individual performance, and
- * be in a position to react more flexibly to short-term fluctuations in capacity or long-term changes in the business cycle.

In principle, we want to draw up a package of holistic and individual measures tailored to each plant, taking into account any special conditions and requirements. We are currently involved in intensive negotiations with the representatives of the labor councils and the IG Metall trade union, and we hope to reach a successful conclusion soon.

Ladies and Gentlemen,

Partly in order to finance the Pergo takeover, but also to safeguard our commercial flexibility, in April this year we

issued a subordinated **hybrid bond** with a volume of 275 million euros on the Luxembourg Stock Exchange. The launch was hugely successful.

Following a four-day roadshow, initiated and run by my colleague Mr Noe, CFO, our order-book closed ten-times oversubscribed. The lively interest shown by investors is an unmistakable sign that the capital market believes in and supports Pfleiderer's strategy of earnings-led growth.

The subordinated hybrid bond was issued on the Luxembourg exchange via our financing company Pfleiderer Finance B.V. on April 27, 2007. The hybrid bond has been rated by Moody's as B1 and by Fitch as BB, and as 50 percent and 75 percent equity respectively.

Pfleiderer's very good economic performance in fiscal 2006, together with its positive outlook for the coming year, are reflected in the higher ratings given us by both agencies. On April 30, 2007, Fitch Rating upgraded Pfleiderer AG's senior rating by one notch to BB+ ("stable").

The reason why we are seeking authorization from today's Shareholders' Meeting to issue new options and/or convertible bonds is

- * to strength the Pfleiderer Group's balance sheet,
- * to give us even more financial flexibility and scope to act,

* and thus to sustainably improve the overall commercial conditions for our long-term growth and development targets.

After all, the outlook for successfully and profitably continuing our course of growth is very good. And growth is good for our shareholders and for safeguarding our jobs.

Based on the current good operating conditions and stable demand in our markets, the Executive Board confirms its guidance for the year 2007. We expect the Pfleiderer Group to achieve total revenues of over 1.6 billion euros and an EBITDA of at least 235 million euros this year. That corresponds to an EBITDA margin of around 15 percent.

The acquisition of Pergo AB will provide additional revenues and earnings as early as 2007. We expect the Pergo Group - which will be consolidated for 10 months this year - to post revenues of around 300 million euros and an EBITDA of some 35 million euros for the period of March through December 2007.

Bearing this in mind, we expect Group revenues for fiscal 2007, including Pergo's contribution, to reach at least 1.9 billion euros, with an EBITDA of at least 270 million euros.

Ladies and Gentlemen,

We are well aware that the current dynamic growth the Pfleiderer Group is experiencing is a tremendous

challenge for the Company, its management and employees. Running the Company in its new size, and now with a very international composition, is a task of hitherto unknown dimensions.

In my function as the Executive Board member for human resources, I am keeping a sharp eye on ensuring

- * that our structures and processes keep pace with corporate growth while remaining efficient,
- * that our senior managers and employees grow - in the full sense of the word - as they take on their new and bigger tasks,
- * and that while each of us remains focused on his or her personal and commercial goals, we give priority to the Company's overall interests.

The Pfleiderer Group has become a global player. The Business Center Western Europe is, and remains, the largest single unit of the Company. But if we are to safeguard our newly gained strength and exploit further commercial opportunities, we want to, and must, continue to grow, above all internationally.

The most important asset we have here is our employees, their dedication, inventiveness and hard work. After the difficult years of rebuilding and restructuring the Group, we now have every reason to look to the future with pride and confidence.

You, our shareholders, have faithfully accompanied us all this time, giving us your full trust. For that, I would like to express my sincere thanks. Now we warmly invite you all to stay on board, as Pfleiderer AG continues to make progress along that road.

"The Fascination of Wood" - wood is a material we come into contact with daily almost everywhere, and which gives Pfleiderer its fascinating growth. The mission statement in our Annual Report describes our strategic direction and the path of further earnings-led growth we are vigorously pursuing. In the future, too, we will seize commercial opportunities as they arise to sustainably increase the value of your Company.

Thank you for your attention. I would now like to hand you over to the Chairman of today's Meeting.