

INVITATION

TO THE ANNUAL SHAREHOLDERS'
MEETING 2007

We hereby invite the Shareholders
of the Company to the
2007 Annual Shareholders' Meeting,
to be held on Tuesday, June 19, 2007,
starting at 10:30 a.m.,
at the Hotel Hilton München Park,
Am Tucherpark 7, 80538 Munich,
Germany.



Convenience Translation - the German version is the only legally binding version

Security Code Number 676 474

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Agenda

- 1. Presentation of the adopted annual financial statements, the approved consolidated financial statements, the combined Management Report for Pfeiderer Aktiengesellschaft and the Pfeiderer Group with the Report of the Supervisory Board for the fiscal year 2006 and the Report of the Executive Board related to Section 289, Subsection 4 and Section 315, Subsection 4 German Commercial Code (HGB)**

The aforementioned documents are available for inspection at the headquarters of Pfeiderer Aktiengesellschaft, Ingolstädter Strasse 51, 92318 Neumarkt, Germany, as well as on the Internet at www.pfeiderer.com at "Investor Relations/Reports". They will also be sent to the shareholders upon request.

- 2. Resolution on the distribution of unappropriated profit**

The Executive Board and the Supervisory Board propose the following resolution:

Of the unappropriated profit of Pfeiderer for the fiscal year 2006 in an amount of 15,012,410.99 euros, an amount of 13,216,525 euros is to be distributed to the shareholders as a dividend of 25 euro cents per non par value share entitled to dividends. The remaining amount of 1,795,885.99 euros is to be carried forward. The dividend is to be paid out as of June 20, 2007.

The dividend proposal takes into account the number of 460,000 own shares not entitled to dividends which are expected to be held by the Company on the date of the Annual Shareholders' Meeting. The number of shares entitled to dividends may change by the date of the Annual Shareholders' Meeting. In that case, while maintaining a dividend distribution of 25 euro cents per non par value share entitled to dividends, a correspondingly adjusted proposal on the total amount of profits to be distributed will be made to the Annual Shareholders' Meeting.

- 3. Ratification of the actions of the Executive Board in fiscal year 2006**

The Executive Board and the Supervisory Board propose to ratify the actions of the Executive Board.

4. Ratification of the actions of the Supervisory Board in fiscal year 2006

The Executive Board and the Supervisory Board propose to ratify the actions of the Supervisory Board.

5. Election of new members to the Supervisory Board

The period of office of all of the members of the Supervisory Board expires at the end of the Annual Shareholders' Meeting on June 19, 2007. Pursuant to Section 96, Subsection 1 and Section 101 Subsection 1 of the German Stock Corporation Act (AktG) in connection with Section 1, Subsection 1, Section 5, Subsection 1 and Section 7, Subsection 1, Sentence 1, No. 1 and Subsection 2, No. 1 of the German Codetermination Act and Article 8, Paragraph 1 of the Company's Articles of Incorporation, the Supervisory Board comprises six members elected by the Annual Shareholders' Meeting and six members elected by the employees in accordance with the relevant provisions of the German Codetermination Act. Pursuant to Article 8, Paragraph 2 of the Company's Articles of Incorporation, the periods of office of the members of the Supervisory Board to be elected by this year's Annual Shareholders' Meeting expires at the end of the Annual Shareholders' Meeting which passes a resolution on the ratification of their actions in the fiscal year 2011. The Annual Shareholders' Meeting is not bound by any election proposals.

The Supervisory Board proposes that the following persons be elected as members of the Supervisory Board representing the shareholders for a full period of office; memberships of the persons proposed of any other statutory supervisory boards of German companies or comparable monitoring boards of German or foreign companies are stated:

- a) Mr. **Ernst-Herbert Pfeiderer**, Entrepreneur, Neumarkt i.d.OPf.

Mr. Ernst-Herbert Pfeiderer is not a member of any other statutory supervisory boards of German companies or similar monitoring boards of German or foreign companies.

- b) Mr. **Hanno C. Fiedler**, Businessman, Ratingen

Mr. Hanno C. Fiedler's memberships of statutory supervisory boards of other German companies:

- Member of the Supervisory Board (Chairman) of Ball Packaging Europe GmbH, Ratingen

- Member of the Supervisory Board of ThyssenKrupp Steel AG, Duisburg
- Member of the Supervisory Board (Chairman) of MAN Roland AG, Offenbach

Memberships of comparable monitoring boards of German and foreign companies:

- Member of the Board of Directors of Ball Corporation, Broomfield, CO, USA
- Member of the Advisory Board of Dresdner Bank AG, Düsseldorf
- Member of the Advisory Board of DPG Deutsche Pfandsystem GmbH, Berlin
- Member of the Advisory Board of LIC Langmatz GmbH, Garmisch-Partenkirchen

c) Mr. **Wolfgang Haupt**, Businessman, Düsseldorf

Mr. Wolfgang Haupt's memberships of statutory supervisory boards of other German companies:

- Member of the Supervisory Board of HSBC Trinkaus & Burkhardt AG, Düsseldorf
- Member of the Supervisory Board (Chairman) of Trinkaus & Burkhardt Immobilien GmbH, Düsseldorf
- Member of the Supervisory Board (Chairman) of Trinkaus Private Equity Pool 1 GmbH & Co. KGaA, Düsseldorf
- Member of the Supervisory Board (Chairman) of Trinkaus Secondary GmbH & Co. KGaA, Düsseldorf
- Member of the Supervisory Board (Chairman) of Trinkaus Private Equity M 3 GmbH & Co. KGaA, Düsseldorf

Memberships of comparable monitoring boards of German and foreign companies:

- Member of the Shareholders' Committee (Deputy Chairman) of Karl Otto Braun GmbH & Co. KG, Wolfstein

d) Mr. **Robert J. Koehler**, Chairman of the Executive Board of SGL Carbon AG, Wiesbaden

Mr. Robert J. Koehler's memberships of statutory supervisory boards of other German companies:

- Member of the Supervisory Board (Chairman) of Benteler AG, Paderborn

- Member of the Supervisory Board of DEMAG Cranes AG, Düsseldorf
- Member of the Supervisory Board of AXA Lebensversicherung AG, Cologne
- Member of the Supervisory Board of Heidelberger Druck AG, Heidelberg
- Member of the Supervisory Board of Lanxess AG, Leverkusen

Mr. Robert J. Koehler is not a member of any comparable monitoring boards of German or foreign companies.

- e) Mr. **Friedhelm Päfgen**, Chairman of the Executive Board of Surteco AG, Buttenwiesen-Pfaffenhofen

Mr. Friedhelm Päfgen's memberships of statutory supervisory boards of other German companies:

- Member of the Supervisory Board of Schleipen & Erkens AG, Jülich
- Member of the Supervisory Board of Döllken-Kunststoffverarbeitung GmbH, Gladbeck

Mr. Friedhelm Päfgen is not a member of any comparable monitoring boards of German or foreign companies.

- f) Mr. **Klaus M. Bukenberger**, Management Consultant, Stuttgart

Mr. Klaus Bukenberger's memberships of statutory supervisory boards of other German companies:

- Member of the Supervisory Board (Chairman) of Sick AG, Waldkirch
- Member of the Supervisory Board of Homag Group AG, Schopfloch

Memberships of comparable monitoring boards of German and foreign companies:

- Member of the Advisory Board of Rutronik GmbH, Ispringen
- Member of the Advisory Board of Carl Mahr Holding GmbH, Göttingen
- Member of the Advisory Board of Deutsche Bank AG, Stuttgart

The Supervisory Board also proposes that the following persons be elected as deputy members for the members of the Supervisory Board representing the shareholders elected by this year's Annual Shareholders' Meeting, who deputize in the following sequence

for any members representing the shareholders departing from the Supervisory Board before the intended expiry of their period of office, and who return to being deputy members when the Annual Shareholders' Meeting elects a new member to replace such departing member:

g) Mr. **Hans Theodor Pfleiderer**, Businessman, Vienna

Mr. Hans Theodor Pfleiderer is not a member of any other statutory supervisory boards of German companies or similar monitoring boards of German or foreign companies.

h) Mr. **Michael L. Martell**, Lawyer, New York

Mr. Michael L. Martell is not a member of any other statutory supervisory board of other German companies.

Mr. Michael L. Martell's memberships of comparable monitoring boards of German and foreign companies:

- Member of the Board of Directors of Q-Med Scandinavia Inc., Princeton, NJ/USA
- Member of the Board of Directors of Imtech USA Inc., New York, NY/USA
- Member of the Board of Directors of Uniboard Canada Inc., Laval, QC/Canada
- Member of the Board of Directors of Hasselblad USA Inc., Redmond, WA/USA
- Member of the Board of Directors of Vitec Group US Holdings Inc., New York, NY/USA
- Member of the Board of Directors of Zapp Precision Steel Inc., Dartmouth, MA/USA
- Member of the Board of Directors of Erasteel Inc., Boonton, NJ/USA
- Member of the Board of Directors of Gant USA Corporation, New York, NY/USA
- Member of the Board of Directors of Taco Inc., Cranston, RI/USA
- Member of the Board of Directors of Alu Inc., New York, NY/USA
- Member of the Board of Directors of Anton/Bauer, Inc., Shelton, CT/USA
- Member of the Board of Directors of Bogen Imaging Inc, Ramsey, NJ/USA
- Member of the Board of Directors of Vitec Broadcast Services Inc., Burbank, CA/USA

Disclosure pursuant to Clause 5.4.3 of the German Corporate Governance Code: It is intended, of the members of the Supervisory Board, to elect Mr. Ernst-Herbert Pfeleiderer as Chairman of the Supervisory Board in the constitutive meeting of the new Supervisory Board, which will be held following the Annual Shareholders' Meeting.

6. Resolution on the amendment of compensation for the members of the Supervisory Board and the amendment to the Articles of Incorporation

The compensation of the members of the Supervisory Board is to be increased appropriately and commensurately with the level of Supervisory Board compensation at comparable listed stock corporations.

The Executive Board and the Supervisory Board propose the following resolution:

- a) Article 15, Paragraph 1 of the Articles of Incorporation is to be amended as follows:

“(1) Each member of the Supervisory Board receives

 - a) an annual fixed compensation of 33,600 euros, to be paid after the end of the respective financial year;
 - b) a meeting fee of 1,500 euros for each meeting of the Supervisory Board or of a Supervisory Board committee attended, excluding attendance at meetings of the Mediation Committee formed pursuant to Section 27, Subsection 3 of the German Codetermination Act;
 - c) an annual performance-related compensation of 150 euros for every cent that the dividend specified in the resolution on the appropriation of profits and approved by the Annual Shareholders' Meeting exceeds the amount of 11 euro cents per share, but in a maximum amount equal to the fixed compensation to be paid after the resolution on the appropriation of profits by the Annual Shareholders' Meeting.”
- b) The fixed compensation pursuant to Article 15, Paragraph 1, Letter a) and the meeting fee pursuant to Article 15, Paragraph 1, Letter b) of the Articles of Incorporation as hereby amended will be paid as of January 1, 2007.

7. Resolution on the creation of a new authorized capital and the amendment of the Articles of Incorporation

The previous authorized capital of 51,200,000 euros pursuant to Article 4, Paragraph 2 of the Articles of Incorporation has been utilized due to the implementation of the increase in capital stock of 27,241,216 euros as decided upon by the Executive Board with the approval of the Supervisory Board on March 27, 2006. In any case, the authorization was limited in time until June 30, 2006, so at present there is no more authorized capital that could be utilized.

The Executive Board and the Supervisory Board propose the following resolution:

a) Creation of a new authorized capital

Subject to receiving the approval of the Supervisory Board, the Executive Board is to be authorized to increase the Company's capital stock by up to 68,257,408 euros in the period until June 18, 2012, through the single or repeated issue of up to 26,663,050 non par value registered shares with a proportionate share of the capital stock of 2 euros and 56 cents against contribution in cash and/or in kind (Authorized Capital). The new non par value shares are generally to be offered for subscription by the shareholders.

However, subject to receiving the approval of the Supervisory Board, the Executive Board is to be authorized to exclude fractions of shares from shareholders' subscription rights and to exclude shareholders' subscription rights

- in the case of a capital increases against cash contributions, if the issue price of the new shares is not materially lower in terms of Section 203, Subsection 1 and 2 and Section 186, Subsection 3, Sentence 4 of the German Stock Corporation Act (AktG) than the stock market price of the Company's shares of the same type at the time when the issue price is set, which should be as close as possible to the time when the new shares are issued. This exclusion of subscription rights is limited to 10% of the Company's capital stock both at the time when this authorization takes effect and at the time when this authorization is exercised. Included in this limitation is the part of the capital stock accounted for by those shares that are to be issued to serve option bonds (share-purchase warrants) and/or convertible bonds, which

are issued during the period of this authorization in accordance with Section 186, Subsection 3, Sentence 4 of the German Stock Corporation Act with the exclusion of shareholders' subscription rights or which are sold during the period of this authorization in accordance with Section 71, Subsection 1, No. 8 and Section 186, Subsection 3, Sentence 4 of the German Stock Corporation Act;

- in the case of a capital increase against contribution in kind in order to acquire enterprises or parts thereof, or participations in enterprises, whereby this exclusion of shareholders' subscription rights is limited to a maximum of 20% of the Company's capital stock both at the time when this authorization takes effect and at the time when this authorization is exercised;
- to the extent that is necessary in order to grant subscription rights to new shares to holders of option bonds or convertible bonds issued by the Company or by direct or indirect subsidiaries of the Company to the same extent that they would be entitled after the exercise of their warrant or conversion rights and the fulfillment of their conversion obligations.

Subject to receiving the approval of the Supervisory Board, the Executive Board is to be authorized to decide on the other details relating to the implementation of the capital increase out of the authorized capital. The new shares can also be acquired by banks specified by the Executive Board with the obligation to offer them to the shareholders (indirect subscription right).

b) Amendment to the Articles of Incorporation

Article 4, Paragraph 2 of the Articles of Incorporation is amended as follows:

“(2) Subject to receiving the approval of the Supervisory Board, the Executive Board is authorized to increase the Company's capital stock by up to 68,257,408 euros in the period until June 18, 2012, through the single or repeated issue of up to 26,663,050 non par value registered shares with a proportionate share of the capital stock of 2 euros and 56 cents against contribution in cash and/or in kind (Authorized Capital). The new non par value shares are generally to be offered for subscription by the shareholders.

However, subject to receiving the approval of the Supervisory Board, the Executive Board is authorized to exclude fractions of shares from the shareholders' subscription right and to exclude shareholders' subscription rights

- in the case of a capital increase against cash contributions, if the issue price of the new shares is not materially lower in terms of Section 203, Subsection 1 and 2 and Section 186, Subsection 3, Sentence 4 of the German Stock Corporation Act (AktG) than the stock market price of the Company's shares of the same type at the time when the issue price is set, which should be as close as possible to the time when the new shares are issued. This exclusion of subscription rights is limited to 10% of the Company's capital stock both at the time when this authorization takes effect and at the time when this authorization is exercised. Included in this limitation is the part of the capital stock accounted for by those shares that are to be issued to serve option bonds and/or convertible bonds, which are issued during the period of this authorization in accordance with Section 186, Subsection 3, Sentence 4 of the German Stock Corporation Act with the exclusion of shareholders' subscription rights or which are sold during the period of this authorization in accordance with Section 71, Subsection 1, No. 8 and Section 186, Subsection 3, Sentence 4 of the German Stock Corporation Act;
- in the case of a capital increase against contribution in kind in order to acquire enterprises or parts thereof, or participations in enterprises, whereby this exclusion of shareholders' subscription rights is limited to a maximum of 20% of the Company's capital stock both at the time when this authorization takes effect and at the time when this authorization is exercised;
- to the extent that is necessary in order to grant subscription rights to new shares to holders of option bonds or convertible bonds issued by the Company or by direct or indirect subsidiaries of the Company to the same extent that they would be entitled after the exercise of their warrant or conversion rights and the fulfillment of their conversion obligations.

Subject to receiving the approval of the Supervisory Board, the Executive Board is authorized to decide on the other details relating to the implementation of the capital increase out of the authorized capital. The new shares can also be acquired by banks specified by the Executive Board with the obligation to offer them to the shareholders (indirect subscription right).”

- c) Authorization to amend the wording of the Articles of Incorporation

The Supervisory Board is to be authorized to amend the wording of the Articles of Incorporation to reflect the implementation of capital increases by utilizing the authorized capital, also after the expiry of the period of authorization.

8. Resolution on authorization to issue option bonds (share-purchase warrants) and/or convertible bonds, the creation of new conditional capital and an amendment to the Articles of Incorporation

The Annual Shareholders’ Meeting of June 13, 2006, gave the Company the financing possibility by means of option bonds and/or convertible bonds by authorizing the Executive Board, subject to receiving the approval of the Supervisory Board, to issue option bonds and/or convertible bonds until June 12, 2011. No use has been made of this authorization to date.

The authorization granted to the Executive Board by the Annual Shareholders’ Meeting of June 13, 2006, is to be replaced with a new authorization to issue option bonds and/or convertible bonds. The maximum total nominal amount of the option bonds and/or convertible bonds is to be increased from 125,000,000 euros to 200,000,000 euros, and the maximum number of new shares to be granted as a result of the share purchase and/or conversion rights is to be increased from 8,000,000 new non par value shares to 10,000,000 new non par value shares. The conditional capital to serve the share purchase and/or conversion rights issued based on the authorization is to be adjusted accordingly.

The Executive Board and the Supervisory Board propose the following resolution:

- a) Revocation of the existing authorization to issue option bonds and/or convertible bonds

The authorization lasting until June 12, 2011, and granted by the Annual Shareholders' Meeting on June 13, 2006, to the Executive Board, subject to receiving the approval of the Supervisory Board, to issue option bonds and/or convertible bonds up to a total nominal amount of 125,000,000 euros and to grant option bonds to holders or creditors of option rights and/or convertible bonds to holders or creditors of conversion rights for up to 8,000,000 new non par value shares in the Company in accordance with the terms applicable to the option bonds or convertible bonds, is revoked when the authorization pursuant to the following Letter b) takes effect.

- b) Creation of a new authorization to issue option bonds and/or convertible bonds

Subject to receiving the approval of the Supervisory Board and until June 18, 2012, the Executive Board is authorized to issue on one or more occasions bearer or registered option bonds and/or convertible bonds (hereinafter together termed "bonds") in a total nominal amount of up to 200,000,000 euros and to grant holders or creditors of bonds option rights or conversion rights for new shares in Pfeleiderer Aktiengesellschaft up to a maximum proportion of capital stock of 25,600,000 euros in accordance with the terms applicable to the option bonds or convertible bonds.

Other than in euros, the bonds may also be issued in a legal currency of a member state of the OECD – such issue to be limited to the corresponding euro value. Such bonds may also be issued by direct or indirect subsidiaries of Pfeleiderer Aktiengesellschaft; in this case the Executive Board is authorized, subject to receiving the approval of the Supervisory Board, to guarantee the repayment of the bond for the issuing company and to grant the holders of such bonds new shares in Pfeleiderer Aktiengesellschaft in order to fulfil such option rights or conversion rights as the holders of these bonds may have.

The bond issues will be divided into several equally entitled individual bonds.

When option bonds are issued, each bond will carry one or more warrants entitling the holder to subscribe to new shares in Pfeleiderer Aktiengesellschaft in accordance with such terms as the Executive Board may lay down in respect of the options. The proportionate amount of the capital stock accounted for by the shares to be subscribed to for each individual bond may not exceed the nominal amount of each individual bond.

When convertible bonds are issued, the holders or creditors of the individual bonds are entitled to convert their bonds into new shares in Pfeleiderer Aktiengesellschaft in accordance with such terms as the Executive Board may lay down in respect of the convertible bonds. The conversion ratio is calculated by dividing the nominal amount of an individual bond by the fixed conversion price for one new share in the Company. The conversion ratio may also be arrived at by dividing the issue price of an individual bond, which is lower than the bond's nominal amount, by the fixed conversion price for one new share in the Company. The conversion ratio can be rounded up or down to the next full figure; furthermore, an additional payment to be made in cash can be determined. Apart from that, fractional amounts can be consolidated and/or compensated by cash payment. The terms relating to the convertible bonds can stipulate the obligation to convert at the bond's maturity or at another point in time. The proportionate amount of the capital stock accounted for by the shares to be issued upon conversion may not exceed the nominal amount of the bonds.

The terms and conditions of the option bonds and/or the convertible bonds may stipulate that the number of shares to be subscribed to or the exchange ratio is variable when the option rights or conversion rights are exercised or when fulfilling obligatory conversion rights, and/or that the option or conversion price be variable within a price range fixed depending on the development of the share price during the term of the option rights or conversion rights.

The option or conversion price for a share – this also applies when a variable exchange rate or variable option or conversion price applies – must amount to at least 100% of the weighted

average daily closing price of shares in Pfeiderer Aktiengesellschaft in Xetra trading (or a functionally comparable successor system to Xetra) over the ten stock exchange trading days before the day of the resolution by the Executive Board on the issue of the option bonds or convertible bonds or at least 100% of the weighted average daily closing price of shares in Pfeiderer Aktiengesellschaft in Xetra trading (or a functionally comparable successor system to Xetra) on the days when the subscription rights are traded at the Frankfurt stock exchange, with the exception of the last two days of trading in the subscription rights.

The terms and conditions of the option bonds and/or convertible bonds may stipulate that treasury stock of Pfeiderer Aktiengesellschaft be granted when option rights or conversion rights are exercised. Furthermore, it may be stipulated that the Company will not grant shares in Pfeiderer Aktiengesellschaft to the holders of option rights and/or conversion rights but instead pay the equivalent value in cash.

Irrespective of Section 9, Subsection 1 of the German Stock Corporation Act (AktG), due to a dilution protection clause the exercise or conversion price will be reduced in accordance with the terms that apply to the option bonds or convertible bonds by payment of a corresponding amount in cash when bonds are converted or when a conversion obligation is fulfilled, or by reduction of the additional payment. Such a reduction will occur when during the exercise or conversion period Pfeiderer Aktiengesellschaft increases its capital stock while granting shareholders subscription rights or when Pfeiderer Aktiengesellschaft or its direct or indirect subsidiaries issue additional option bonds or convertible bonds or other option rights and the holders of option rights or conversion rights are not granted subscription rights to the extent that they would be entitled to after the exercise of the option right or conversion right. Instead of payment in cash or the reduction of an additional payment – if possible – the exchange ratio may be adjusted by dividing by the reduced conversion price. Apart from that, the applicable terms can stipulate an adjustment of the option or conversion rights in case that capital stock is reduced or in the case of measures being taken which could lead to a dilution of the value of the option rights or convertible rights.

If bonds are issued, shareholders have a statutory subscription right. Bonds may be subscribed to by one or more banks, provided that these banks then offer the bonds for subscription to shareholders. However, subject to receiving the approval of the Supervisory Board, the Executive Board is entitled to exclude shareholders' right to subscribe

- if the issue price is not significantly lower than the bond's theoretical market value when calculated using recognized financial mathematical methods. Market value shall be determined through an expertise obtained from an experienced investment bank or accounting firm not involved in the issue of the bond in question. The authorization to exclude subscription rights applies only to bonds with attached warrants or conversion rights relating to a proportional amount of capital stock in total not exceeding 10% of the Company's capital stock, neither at time when this authorization takes effect nor at the time when this authorization is exercised. Shares which are sold or issued during the term of this authorization by excluding subscription rights in the exercise of other authorizations under direct or analogous application of Section 186, Subsection 3, Sentence 4 of the German Stock Corporation Act (AktG) are included in this limit of 10% of capital stock;
- to exclude fractional amounts occurring as a result of the subscription ratio from shareholders' subscription rights;
- as far as necessary in order to grant subscription rights to holders or creditors of option rights or conversion rights or holders/creditors of bonds which are subject to mandatory conversion, to the extent that such holders or creditors would be entitled to after the exercise of the option rights or conversion rights, or after the fulfillment of the conversion obligations.

Subject to receiving the approval of the Supervisory Board, the Executive Board is authorized to determine itself or in agreement with the organs of those subsidiaries of the Company which issue such options and/or convertible bonds the other conditions relating to the issue and terms of the option bonds and/or convertible bonds, in particular their rate of interest, issue price, maturity period and denomination, the option or conversion price and the option or conversion periods.

c) Creation of new conditional capital

The existing conditional capital pursuant to Article 4, Paragraph 3 of the Articles of Incorporation is to be adjusted in accordance with the authorization stated above under letter b).

The capital stock will be conditionally increased by up to 25,600,000 euros by the issue of up to 10,000,000 new shares. The conditional capital increase will serve to provide shares to holders or creditors of option bonds or convertible bonds issued by Pfleiderer Aktiengesellschaft or one of its direct or indirect subsidiaries in accordance with the authorization stated above under Letter b) until June 18, 2012. New shares shall be issued in accordance with the option price or conversion price to be fixed as described above under Letter b). The conditional increase in capital will only be carried out to the extent that option rights or conversion rights are exercised or to the extent that the holders or creditors of compulsory convertible bonds fulfil their obligation to convert. The new shares will participate in profits from the start of the financial year in which they are created as a result of the exercise of warrants or conversion rights or as a result of the fulfillment of the conversion obligation of compulsory convertible bonds. The Executive Board is authorized to set out the further details of the implementation of the conditional capital increase.

d) Amendment to the Articles of Incorporation

Article 4, Paragraph 3 of the Articles of Incorporation is to be amended as follows:

„(3) The capital stock is conditionally increased by up to 25,600,000 euros by the issue of up to 10,000,000 new shares (conditional capital). The conditional capital increase will only be performed to the extent that

- a) holders or creditors of warrants or conversion rights connected with option bonds or convertible bonds to be issued in accordance with the authorization decided upon by the Annual Shareholders' Meeting on June 19, 2007, by Pfleiderer Aktiengesellschaft or one of its direct or indirect subsidiaries until June 18, 2012, use of their option rights or conversion rights or

- b) the holders or creditors of convertible bonds subject to obligatory conversion to be issued in accordance with the authorization decided upon by the Annual Shareholders' Meeting on June 19, 2007, by Pfeleiderer Aktiengesellschaft or one of its direct or indirect subsidiaries until June 18, 2012, fulfil their obligation to convert such bonds.

The new shares will participate in profits from the start of the financial year in which they are issued as a result of the exercise of warrant rights or the fulfillment of conversion obligations.”

- e) Authorization to amend the wording of the Articles of Incorporation

The Supervisory Board is authorized to amend the wording of the Articles of Incorporation corresponding to the extent of the issue of subscription shares under the terms of this authorization and after expiration of the authorization term.

9. Resolution on authorization to repurchase own shares (treasury stock)

In a resolution adopted by the Annual Shareholders' Meeting on June 13, 2006, the Company was authorized until December 12, 2007, to repurchase own shares (treasury stock) in a volume up to 10% of its capital stock. This authorization is to be renewed for a further period of 18 months until December 18, 2008.

The Executive Board and the Supervisory Board propose the following resolution:

- a) In accordance with Section 71, Subsection 1, No. 8 of the German Stock Corporation Act (AktG), the Company is authorized until December 18, 2008, to repurchase own shares (treasury stock) up to an arithmetical 10% of the present capital stock.

The shares may be purchased through the stock exchange, or by means of a public purchase offer addressed to all shareholders. If acquired through the stock exchange, the amount paid by the Company per share may not exceed by more than 10% the weighted average of the closing prices of the shares in the Xetra trading system (or a functionally comparable successor system to Xetra) on the last three days of trading before the

purchase is made and may not be more than 10% lower than that price. In the case of a public offering, the offered purchase price (excluding incidental charges) may not exceed by more than 25% the weighted average of the closing prices of the shares in the Xetra trading system (or a functionally comparable successor system to Xetra) on the last ten days of trading prior to the day of publication of the offering and may not be more than 5% lower than that price. The volume of the offering can be limited. If the total subscription for the offering exceeds the volume offered, shares must be accepted in ratio to the total number of shares offered. Preferential purchases of small numbers of up to 50 shares offered for purchase to the Company per shareholder can be provided for.

The authorization to repurchase own shares granted by the Annual Shareholders' Meeting on June 13, 2006, ends when this new authorization comes into effect.

- b) Subject to receiving the approval of the Supervisory Board, the Executive Board is authorized to sell treasury stocks other than through the stock exchange or by offer to all shareholders, thereby excluding shareholders' subscription rights, provided that the treasury stock is sold at a price not significantly below the price quoted on the stock exchange for Company shares issued under the same terms at the time of disposal. The applicable share price is the weighted average of the closing prices of the shares in the Xetra trading system (or a functionally comparable successor system to Xetra) on the last three days of trading prior to the sale of the shares. This authorization to exclude subscription rights is restricted to a maximum of 10% of the Company's capital stock both on the date when this authorization comes into force and on the date on which it is exercised. Shares issued during the term of this authorization with the exclusion of subscription rights in the exercise of other authorizations under direct or analogous application of Section 186, Subsection 3, Sentence 4 of the German Stock Corporation Act (AktG) are included in this limit of 10% of the capital stock.
- c) Furthermore, the Executive Board is authorized to sell treasury stock to third parties other than through the stock exchange or by offer to all shareholders, thereby excluding shareholders' subscription rights, in the context of acquisitions of enterprises or parts thereof, or participations in enterprises.

- d) Furthermore, the Executive Board is authorized to use treasury stock acquired under this authorization to fulfil option rights arising from the exercise of option rights as issued or to be issued in accordance with the Pfeleiderer Stock Option Plan as resolved by the Annual Shareholders' Meeting of July 10, 2001, under Item 5 of the Agenda or in accordance with the Pfeleiderer Stock Option Plan as resolved by the Annual Shareholders' Meeting of June 13, 2006, under Item 8 of the Agenda.
- e) Furthermore, the Executive Board is authorized to sell treasury stock purchased, thereby excluding subscription rights, to participants in Pfeleiderer stock option programs based on the Pfeleiderer Stock Option Plan as resolved by the Annual Shareholders' Meeting of June 13, 2006, under Item 8 of the Agenda to the extent that participants are obliged under the conditions of the scheme to make a personal investment in Company shares as a pre-condition for the granting of option rights. The sales price may not be significantly lower than the quoted stock exchange price. Insofar as company shares are sold to members of the Executive Board, the above stated authorizations under Letters d) and e) shall apply to the Supervisory Board.
- f) Furthermore, the Executive Board is authorized to use treasury stock purchased, thereby excluding subscription rights, to fulfil option rights or conversion rights arising from the exercise of option rights or conversion rights or from the performance of conversion obligations which were granted or imposed in the context of the authorization to issue option bonds and/or convertible bonds resolved by the Annual Shareholders' Meeting of June 19, 2007, under Item 8 of the Agenda.
- g) Furthermore, subject to receiving the approval of the Supervisory Board, the Executive Board is authorized without any further resolution of the Annual Shareholders' Meeting to retire and cancel company shares purchased as a result of the aforementioned authorization. The cancellation results in a reduction of the capital stock. The Supervisory Board is authorized to amend the wording of the Articles of Incorporation to the extent to which shares are retired and cancelled. Alternatively, the Executive Board is entitled to determine that the capital stock remains unchanged on the cancellation of treasury shares and that the proportionate share of capital stock of the remaining shares is increased pursuant to Section 8, Subsection 3 of

the German Stock Corporation Act (AktG). In this case, the Executive Board is authorized to alter the number of shares stated in the Articles of Incorporation.

- h) The above stated authorizations to acquire treasury stock, retire and cancel treasury stock, resell or reuse it in another manner can also be exercised in partial amounts, either singly or severally, individually or jointly.
- i) Pursuant to Section 71, Subsection 1, No. 8 and Section 186, Subsections 3 and 4, statutory subscription rights of shareholders to the Company's own shares are excluded to the extent that such shares are used in accordance with the authorizations given under Letter b) to f) above.
- j) The shares acquired as a result of this authorization together with other shares in the Company, that the Company has previously acquired and still owns or which are assigned to the Company pursuant to Sections 71d and 71e of the German Stock Corporation Act may at no time account for more than 10% of the Company's capital stock.

10. Resolution on an amendment of the Articles of Incorporation to reflect the Transparency Guideline Implementation Act (TUG)

On January 20, 2007, the German Transparency Guideline Implementation Act (TUG) came into force. Section 30b, Subsection 3, No. 1 as newly inserted into the German Securities Trading Act (WpHG) due to the TUG requires, as a precondition for communicating information to the holders of registered securities in the Company (that is, in particular to shareholders) in the way of remote data transfer, not only the individual approval of the holders of securities who are affected but also the approval of the Annual Shareholders' Meeting concerning this way of communicating information. Therefore, the possibility of communicating information in the way of remote data transfer is to be anchored in the Articles of Incorporation.

The Executive Board and the Supervisory Board propose the following resolution:

Article 3 of the Articles of Incorporation is reworded as follows:

"Article 3

- (1) Announcements by the Company are made in the electronic Bundesanzeiger (Federal Gazette).

- (2) Information for the holders of registered securities in the Company can be communicated also in the way of remote data transfer.”

11. Appointment of the auditors for the company financial statements and the consolidated financial statements and for the auditors’ review of the half-year report for the fiscal year 2007

The Supervisory Board proposes to appoint KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt am Main as auditors for the company’s financial statements and consolidated financial statements and for the auditors’ review of the abbreviated consolidated financial statements and interim management report included in the interim report (Section 37 y No. 2 of the German Securities Trading Act (WpHG)) on the first half of the fiscal year 2007.

Reports to the Annual Shareholders’ Meeting

Report of the Executive Board to the Annual Shareholders’ Meeting regarding Item 7 of the Agenda pursuant to Section 203, Subsection 2 and Section 186, Subsection 4, Sentence 2 German Stock Corporation Act (AktG)

Item 7 of the Annual Shareholders’ Meeting of June 19, 2007, proposes that the Annual Shareholders’ Meeting resolve to revoke its previous authorized capital, as decided upon on July 10, 2001, and lasting until June 30, 2006, and to replace that authorized capital with a new authorization to increase capital against contribution in cash and/or in kind.

The resolution to create new authorized capital authorizes the Executive Board, subject to approval of the Supervisory Board, to exclude shareholders’ subscription rights.

- a) The Executive Board shall be authorized, subject to receiving the approval of the Supervisory Board, to exclude shareholders’ statutory subscription rights pursuant to Section 186, Subsection 3, Sentence 4 German Stock Corporation Act in the case of capital increases against cash contributions. This right to exclude subscription rights enables the targeted placement of new shares on capital markets in Germany and abroad in the interest of the Com-

pany, thereby utilizing favorable stock market situations at short notice in order to obtain the highest possible prices close to market activity. When approved capital is used, the discount on the stock market price shall be less than 3% where possible, and in any case less than 5% of the current price quoted on the stock exchange. The income achievable when carrying out a placement with exclusion of subscription rights generally results in a far greater inflow of funds than when shares are issued through subscription rights. One major reason for this is that a placement free of a subscription period can be completed immediately after the issue price has been determined; thus, the issue price does not have to take into account the risk of a change in the share price which may occur during the subscription period.

Neither at the time when the authorization comes into effect, nor at the time when exercising the authorization, may the exclusion of subscription rights exceed 10% of the capital stock. Thus, statutory requirements are complied with and the need of shareholders for protection against the dilution of their holdings is accounted for. This aspect is strengthened by a further restriction which states that even when several capital increases occur within the authorization period, subscription rights cannot be excluded for more than an aggregate total of 10% of the capital stock. The consideration of shares issued with exclusion of subscription rights under other authorizations to issue new shares pursuant to Section 186, Subsection 3, Sentence 4 German Stock Corporation Act (AktG) prior to the issue of new shares in the context of approved capital, also ensures that no shares can be issued under approved capital excluding subscription rights pursuant to Section 203, Subsections 1 and 2 and Section 186, Subsection 3, Sentence 4 German Stock Corporation Act (AktG) if this resulted in shareholders' subscription rights being excluded for more than a total of 10% of the capital stock without a particular reason applying. This extended restriction is in the interest of shareholders who wish to maintain the level of their holdings. Furthermore, due to the price of new shares being issued close to the price quoted on the exchange, every shareholder can maintain the proportion of his or her holding at nearly identical conditions.

- b) The authorization, subject to receiving the approval of the Supervisory Board, to increase the capital stock by up to 20% of the capital stock against contributions in kind with exclusion of subscription rights in order to acquire enterprises or parts thereof, or participa-

tions in enterprises, shall put the Executive Board in a position, given a suitable opportunity, to acquire an enterprise or parts thereof, or a participations in an enterprise in exchange for shares. Depending on the size of such an acquisition and the expectations of the vendor, it may be appropriate or necessary to make payment by way of transferring Company shares. This inevitably requires the exclusion of shareholders' subscription rights.

The intended authorization to exclude subscription rights gives the Executive Board, subject to approval of the Supervisory Board, the means to react quickly and flexibly when an opportunity arises and to use Company shares issued by utilizing the approved capital in exchange for the acquisition of enterprises or parts thereof, or participations in enterprises.

As the value of enterprises, parts thereof, or participations in enterprises to be acquired, and thus the acquisition price, are unknown at present, no fixed issue price can be stated. The valuation of the Company shares shall be oriented towards the applicable price on the stock exchange. The value of the enterprise to be acquired, parts thereof or the participation in the enterprise will be calculated using recognized valuation methods.

The exclusion of subscription rights up to a maximum of 20% of the capital stock is necessary so that also in the case of a larger acquisition the consideration can be paid in whole or at least in a substantial part in the form of shares in the Company.

- c) The exclusion of subscription rights in favor of holders of option rights and convertible bonds has the advantage that if such authorization is used, the option or conversion price applicable to the holder of existing option rights or convertible bonds does not have to be reduced in accordance with the dilution protection clauses that relate to the option rights or convertible bonds.
- d) The authorization of the Executive Board, subject to receiving the approval of the Supervisory Board, to exclude fractional amounts from shareholders' subscription rights ensures that a practical subscription ratio is maintained and facilitates the technical execution of capital increases with subscription rights.

Overall, the authorization to exclude subscription rights does not have an unreasonably negative effect on the shareholders' interests.

Report of the Executive Board to the Annual Shareholders' Meeting regarding Item 8 of the Agenda pursuant to Section 221, Subsection 4 and Section 186, Subsection 4, Sentence 2 German Stock Corporation Act (AktG)

In the Annual Shareholders' Meeting on July 13, 2006, a resolution was adopted authorizing the Executive Board, subject to receiving the approval of the Supervisory Board and lasting until June 12, 2011, to issue on one or more occasions bearer and/or registered option bonds and/or convertible bonds to a total nominal amount of 125,000,000 euros and to grant the holders or creditors of option bonds option rights and the holders or creditors of convertible bonds conversion rights for up to 8,000,000 new non par value shares of Pfeleiderer Aktiengesellschaft in accordance with such terms as apply to the option bonds or convertible bonds. In order to satisfy the rights of holders or creditors of option bonds and convertible bonds pursuant to this authorization, the capital stock of Pfeleiderer Aktiengesellschaft was conditionally increased by up to 20,480,000 euros by the issue of up to 8,000,000 new non par value shares.

To date, the Executive Board has not made use of the authorization of June 13, 2006, to issue option bonds and convertible bonds. This authorization is to be replaced with a new authorization to issue option bonds and/or convertible bonds. Pursuant to the new authorization, the Executive Board is to be authorized, subject to receiving the approval of the Supervisory Board, to issue until June 18, 2012, on one or more occasions, bearer or registered option bonds and/or convertible bonds (hereinafter referred to jointly as "bonds") in a total nominal amount of up to 200,000,000 euros and to grant the holders or creditors of such bonds option or conversion rights to up to 10,000,000 new non par value shares with an proportionate amount of the capital stock of up to 25,600,000 euros, in accordance with the details of the bond conditions.

According to the proposed authorization, Pfeleiderer Aktiengesellschaft wishes to be able to issue option bonds and convertible bonds with warrants, conversion rights and/or mandatory conversion rights. The ability to issue bonds enables the Company, depending on the current situation on the financial markets, to make use of attractive means and conditions to obtain financing and thereby supply the Company with capital at low interest rates. The possibility envisaged to issue convertible bonds with conversion obligation extends the scope of this financial instrument. Depending on the state of the capital markets, apart from in euros, the bonds may be issued in a legal currency of a member state of the OECD. Such bonds may also be issued by majority owned direct

or indirect subsidiaries of Pfeleiderer Aktiengesellschaft on the German or international capital markets, depending on the situation on the capital markets.

The option or conversion price for a share must amount to at least 100% of the weighted average daily closing price of the share in Pfeleiderer Aktiengesellschaft in Xetra trading over the ten stock exchange trading days prior to the day on which the Executive Board resolves to issue the bonds. Alternatively, the Company can set the option or conversion price for a Pfeleiderer share by calculating the weighted average daily closing price of the share in Pfeleiderer Aktiengesellschaft in Xetra trading on the stock exchange trading days of the subscription rights at the Frankfurt stock exchange, with the exception of the last two stock exchange trading days in the subscription rights; in doing so the option or conversion price must equal at least 100% of the price as calculated.

The terms and conditions that apply to the option bonds or convertible bonds can stipulate that the Company has the right not to grant shares from conditional capital, but may grant either treasury stock or the equivalent value in cash to creditors of option rights or conversion rights in case of the exercise of the option rights or conversion rights. This enables the Company to finance itself at financial market terms without having to increase its capital. In case of cash payments, shareholders have the benefit of being protected from a dilution in the value of their shares, as no new shares are issued.

In case of bond issues, shareholders generally are to be granted subscription rights. The bonds may also be offered to shareholders by way of an indirect subscription right. This is the case when a bank or bank consortium takes up the issue with a commitment to offer the bonds for subscription to shareholders.

However, pursuant to Section 221, Subsection 4, Sentence 2 in connection with Section 186, Subsection 3, Sentence 4 German Stock Corporation Act (AktG), the Executive Board is entitled, subject to receiving the approval of the Supervisory Board, to exclude subscription rights if the issue price is not significantly lower than the bonds' theoretical market value. By excluding subscription rights, the Company can exploit favorable market conditions at short notice, enabling it to place bonds on the market quickly and flexibly at attractive conditions. Issuing bonds while granting subscription rights is frequently less attractive, as the issue price at which subscription rights are granted must be fixed at a very early stage. This in itself prevents optimum exploitation of the market situation and the bond's value. Due to the statutory periods of notice that apply to subscription rights issues, it is generally necessary to grant a not in-

considerable markdown on the issue price for safety's sake. Due to the subscription period that applies, the Company is also unable to react quickly to any changes in the market. Additionally, uncertainty as to how much of the issue will be taken up makes it difficult to prepare an alternative placement to a third party.

The authorization to exclude subscription rights pursuant to Section 221, Subsection 4, Sentence 2 and Section 186, Subsection 3, Sentence 4 German Stock Corporation Act (AktG) only applies to bonds with attached rights to new shares relating to a proportional amount of the capital stock in total not exceeding 10% of the capital stock both on the date on which this authorization takes effect and on the date on which the authorization is exercised. Shares which are sold or issued during the term of this authorization by excluding subscription rights in the exercise of other authorizations under direct or analogous application of Section 186, Subsection 3, Sentence 4 German Stock Corporation Act (AktG) are included in this limit of 10% of the capital stock. By taking account of these shares, dilution of shareholders' shareholdings shall be kept to a minimum.

Pursuant to Section 186, Subsection 3, Sentence 4 German Stock Corporation Act (AktG), the issue price must not be significantly lower than the stock exchange price. In order to comply with this statutory requirement when issuing bonds, before each issue the Executive Board must obtain an expertise from an investment bank or accounting firm not involved in the issue of the bonds, either of which must be experienced in bond issues. The expertise must provide evidence that the issue price is not significantly lower than the bond's market value. Thus, the shareholders shall be protected from a dilution of their shareholding. Shareholders are not economically disadvantaged when their right of subscription is excluded, as the value of the subscription right tends to be close to zero if the issue price is not significantly lower than market value.

The exclusion of fractional amounts from shareholders' subscription rights enables round figures to be achieved when exercising the authorization. This makes it easier to process shareholders' subscription rights. The right to exclude subscription rights in favor of holders of bonds has the advantage that in case of several issues based on the authorization the option or conversion price does not have to be marked down for bonds already issued.

The conditional capital is required in order to serve bonds with attached warrants, conversion rights or mandatory conversion rights with Company shares. In this case, the issue price corresponds to the option price respectively conversion price.

Report of the Executive Board to the Annual Shareholders' Meeting regarding Item 9 of the Agenda pursuant to Section 71, Subsection 1 No 8 and Section 186, Subsection 4, Sentence 2 German Stock Corporation Act (AktG)

According to the resolution proposed under Item 9 of the Agenda of the Annual Shareholders' Meeting on June 19, 2007, Pfeiderer Aktiengesellschaft is to be reauthorized pursuant to Section 71, Subsection 1, No. 8 German Stock Corporation Act (AktG) to purchase its own shares (treasury stock) of up to 10% of the capital stock. In accordance with Section 71, Subsection 1, No. 8 German Stock Corporation Act (AktG), the previous authorization granted by the Annual Shareholders' Meeting on June 13, 2006, was limited to no more than 18 months and expires on December 12, 2007. Therefore, the authorization shall now be renewed until December 18, 2008.

The renewed authorization will enable Pfeiderer Aktiengesellschaft to acquire treasury stock by purchasing its own shares and so to realize associated advantages in the interests of Pfeiderer Aktiengesellschaft and its shareholders, in particular with regard to serving its Stock Option Plan. The legal framework prescribed by Section 71, Subsection 2, Section 71d and Section 71e German Stock Corporation Act (AktG) sets limits on this authorization. In particular, it means that the new authorization does not apply if and to the extent to which existing or earlier authorizations to acquire own shares have been executed to acquire treasury stock up to the permissible limit and shares acquired in this manner have neither been sold nor retired and cancelled.

When acquiring treasury stock, the Company is obliged to comply with the doctrine of equal treatment as laid down by the German Stock Corporation Act. Acquisition of treasury stock can only be made via the stock exchange or via a public offer to buy such stock addressed to all shareholders. This means that all shareholders have an equal opportunity to sell shares to the Company, should it decide to make use of its authorization to purchase own shares.

According to the proposed authorization, shares purchased in this manner by the Company can be retired and cancelled without any further resolution by the Annual Shareholders' Meeting. As a result, the capital stock of Pfeiderer Aktiengesellschaft will be reduced or the other shares' proportion of the capital stock will be increased accordingly. Furthermore, treasury stock can be sold by a public offering to all shareholders or via the stock exchange. The methods of selling treasury stock permitted ensure that shareholders are treated equally when treasury stock is reissued.

The proposed resolution authorizes the Executive Board to use treasury stock, thereby excluding shareholders' subscription rights.

- a) Pursuant to Section 71, Subsection 1 No. 8, Sentence 5 German Stock Corporation Act (AktG), the proposed authorization under Letter b) enables the Executive Board, subject to approval of the Supervisory Board, to sell treasury stock other than via the stock exchange or through an offer to all shareholders. This is conditional on the Pfleiderer shares being sold at a price that conforms to Section 186, Subsection 3, Sentence 4 German Stock Corporation Act (AktG), whereby the selling price must not be significantly lower than the price quoted on the stock exchange at the time of sale. The proposed resolution defines the relevant stock exchange price in question to be the weighted average closing price in Xetra trading of the Company's share over the last three days of trading prior to sale of the Pfleiderer shares. This ensures that the interests of the shareholders of Pfleiderer Aktiengesellschaft are not negatively affected by random prices.

Authorization to sell treasury stock other than via the stock exchange or by offer to all shareholders is in the best interests of the Company and the shareholders. Enabling treasury stock to be sold while excluding shareholders' subscription rights pursuant to Section 186, Subsection 3, Sentence 4 German Stock Corporation Act (AktG) is to the advantage of Pfleiderer Aktiengesellschaft, for example if Pfleiderer shares can be sold to institutional investors in suitable cases, or in order to list Pfleiderer shares on foreign stock exchanges. Such a share listing on foreign stock exchanges where they were not previously traded can serve to broaden the shareholder base outside Germany. Excluding shareholders' subscription rights provides Pfleiderer Aktiengesellschaft with the necessary means to react both quickly and flexibly, as well as economically, to favorable stock exchange scenarios without having to pursue the expensive and time-consuming process of introducing a rights issue.

Authorization is limited to a maximum of 10% of the Company's capital stock. This restriction complies with legal requirements to protect shareholders from a dilution of their investment. By taking into account shares already issued under Section 186, Subsection 3, Sentence 4 German Stock Corporation Act (AktG) under other authorizations excluding shareholders' subscription rights when treasury stock is sold, no treasury stock can be sold under exclusion of shareholders' subscription rights pursuant to Section 71, Subsection 1, No. 8 and Section 186, Subsection 3, Sentence 4 German Stock

Corporation Act (AktG) if this resulted in shareholders' subscription rights being excluded in respect of more than 10% of the capital stock without adequate reason.

- b) On account of the authorization proposed under Letter c), Pfeleiderer treasury stock can also be used as payment when acquiring enterprises or parts thereof, or participations in enterprises. This enables Pfeleiderer Aktiengesellschaft in suitable cases to acquire enterprises or parts thereof, or participations in enterprises not by paying cash, but by assigning treasury stock. Thus, the Company's cash liquidity remains unaffected, at the same time reducing the extent of financing needed to cover the purchase price. International competition and globalization of the economy make this form of payment increasingly relevant. No specific plans exist to use the authorization. The Executive Board will report to the Annual Shareholders' Meeting in each case if the authorization has been used.
- c) Furthermore, under Letters d) and e) of the proposed resolution, the Executive Board, and in the case of shares being issued to members of the Executive Board, the Supervisory Board, shall be authorized to use Pfeleiderer Aktiengesellschaft treasury stock to serve option rights under the Pfeleiderer Stock Option Plan 2001 as approved by the Annual Shareholders' Meeting on July 10, 2001, or under the Pfeleiderer Stock Option Plan 2006 for senior management as approved by the Annual Shareholders' Meeting on June 13, 2006, under Item 8 of the Agenda, to the extent that such options have been or are to be issued; in addition, the Executive Board respectively the Supervisory Board shall be authorized to sell Pfeleiderer Aktiengesellschaft treasury stock to participants in Stock Option Plans insofar as participants are obliged to acquire Pfeleiderer shares in order to be eligible for the granting of stock options. In this case, the issue price may not be significantly lower than the quoted stock exchange price. This authorization to reissue treasury stock exclusively sets out to whom Pfeleiderer shares can be sold. Shareholders' statutory subscription rights are excluded on account of this regulation.

In the Annual Shareholders' Meeting of 2001, the Pfeleiderer Stock Option Plan 2001 for senior management was explained and subsequently adopted by the Meeting. The Pfeleiderer Stock Option Plan 2006 for resolution under Item 8 of the Agenda of the Annual Shareholders' Meeting on June 13, 2006, has been explained in a report prepared by the Executive Board. The possibility of granting

Pfleiderer Aktiengesellschaft treasury stock in order to fulfil subscription rights of those entitled arising from the issue of stock options is a suitable mechanism by which to counteract dilution of the capital assets and voting rights which would occur when covering subscription rights by creating new shares issued under conditional capital. Whether, and to what extent, the authorization to issue treasury stock to cover subscription rights is used, or whether and to what extent they are rather covered by issuing new shares from conditional capital, is decided by the Executive Board or, in the case of subscription rights pertaining to a member of the Executive Board, by the Supervisory Board, whereby both Boards must primarily bear in mind the best interests of shareholders and Pfleiderer Aktiengesellschaft alike.

- d) Furthermore, under Letter f), the Executive Board shall be authorized to use treasury stock acquired on the basis of the authorization in order to serve subscription rights and conversion rights arising from the exercise of option rights or conversion rights or the fulfillment of conversion obligations by holders of option bonds and/or convertible bonds issued by Pfleiderer Aktiengesellschaft as authorized by the Annual Shareholders' Meeting of June 19, 2007, under Item 8 of the Agenda. If the Company chooses to make use of this possibility it is not necessary to call up conditional capital under Article 4, Paragraph 3 of the Articles of Incorporation. Accordingly, this additional possibility does not impinge on shareholders' interests.

Overall, the interests of the shareholders are not unreasonably affected by the authorization to preclude subscription rights.

Announcements and Other Information for the Shareholders

Announcements pursuant to Section 128, Subsection 2, Sentences 6 to 8 German Stock Corporation Act (AktG)

There are no memberships of the Company's Supervisory Board or of supervisory boards of banking institutions as defined by Section 128, Subsection 2, Sentence 6 German Stock Corporation Act (AktG).

The Company has not been notified of any banking institution's ownership interest in the Company that would require statutory notification pursuant to Section 21 of the German Securities Trading Act (WpHG).

The following banking institutions belonged to the consortium that underwrote the most recent issue of securities by Pfeleiderer Aktiengesellschaft within the last five years:

ABN AMRO Bank N. V.

Barclays Bank PLC

Attendance at the Annual Shareholders' Meeting

Registration

Pursuant to Article 18 of the Articles of Incorporation, shareholders listed in the Company's register of shareholders who give notice of their intention to attend the Annual Shareholders' Meeting by no later than Tuesday, June 12, 2007, are entitled to attend and to exercise their voting rights. At the time of the convening of this Annual Shareholders' Meeting, the Company's stock consists of 53,326,100 non par value shares, each of which has one vote. The number of 460,000 own shares (treasury stock) held by the Company do not have any voting rights.

Shares are not blocked as a result of registering to attend the Annual Shareholders' Meeting; shareholders can therefore continue to dispose of their shares also after registration.

Shareholders who are listed in the Company's register of shareholders may notify Pfeleiderer Aktiengesellschaft of their intention to attend in writing at the following address:

Pfeleiderer Aktiengesellschaft
„Hauptversammlung 2007“
c/o Haubrok Corporate Events GmbH
Widenmayerstraße 32
80538 München
Germany

or by fax at the following number:

+49 (0)89 / 2102 7288

or on the Websites of the company www.pfeleiderer.com in the Investor Relations Area.

Please refer to the registration form for further details concerning registration.

If a banking institution is entered in the register of shareholders, it may only exercise the voting rights of shares it does not own, if it has been authorized to do so by the relevant shareholders.

Proxy voting

Shareholders entered in the Company's register of shareholders can also exercise their voting rights by proxy by issuing a power of attorney, for example to a banking institution or shareholders' association. In such cases the proxies must register, or be registered by the shareholder, in good time. If neither a banking institution nor a shareholders' association or similar entity pursuant to Section 135, Subsection 8 German Stock Corporation Act (AktG) has been given right of representation, power of attorney must be given in writing.

As a special service, the Company offers once again this year to its shareholders the possibility to grant power of attorney in advance of the Annual Shareholders' Meeting to a proxy nominated by the Company bound by your instructions. Power of attorney and voting instructions can be communicated in writing, by fax or electronically to the above address, fax number or in the Internet.

Further details on proxy voting are included in the documents sent to shareholders and are shown on the Internet at www.pfleiderer.com under "Investor Relations/Annual Shareholders' Meeting".

The Company will send the Invitation and Agenda to the Annual Shareholders' Meeting to be held on June 19, 2007, as well as the documents for registration and granting proxy voting rights to the shareholders who are listed in its register of shareholders.

Motions and inquiries

Shareholders may address any inquiries and motions regarding the Annual Shareholders' Meeting exclusively to:

Pfleiderer Aktiengesellschaft
„Hauptversammlung 2007“
Ingolstädter Straße 51
92318 Neumarkt
Germany
Fax No. +49 (0)9181 / 28 606

or by e-mail to
Hauptversammlung2007@pfleiderer.com

Motions submitted by shareholders which have to be made public will be published without delay after receipt on the Company's website at: www.pfleiderer.com under "Investor Relations/Annual Shareholders' Meeting".

All motions relating to items on the Agenda that have been received at the above stated addresses by 24:00 CET on June 4, 2007, will be taken into account. Any statements by the Company's management will also be posted at the aforementioned website.

Transmission of the Speech of the Speaker of the Executive Board

The speech of the Speaker of the Executive Board can be followed live on the Internet under www.pfleiderer.com "Investor Relations/Annual Shareholders' Meeting", and will be available there afterwards as a replay.

Neumarkt, May 2007

Pfleiderer Aktiengesellschaft
The Executive Board

Financial Calendar 2007

August 2, 2007

Publication of
Six-Month Report 2007

November 8, 2007

Publication of
Nine-Month Report 2007



ANNUAL SHAREHOLDERS' MEETING 2007:

Hilton München Park, Am Tucherpark 7, 80538 Munich, Germany
Phone 089/3845-0, www.hilton.com

Due to limited parking space at the hotel, we recommend you come to the Shareholders' Meeting by public transport using the park & ride system. Your ticket for the Meeting includes a free travel ticket for the inner circle of the Munich Transport System (MVV) valid for June 19, 2007.

ARRIVAL BY PUBLIC TRANSPORT:

Take the "U-Bahn" (underground) or "S-Bahn" (suburban line) to "Münchener Freiheit" or "Ostbahnhof". Then change to bus number 54 and get off at "Am Tucherpark" (in front of the Hilton München Park).

ARRIVAL BY CAR:

After leaving the autobahn, take the "Mittlerer Ring" in the north-east of Munich until the exit marked "Am Tucherpark". After the exit turn right at the first set of traffic lights.

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