Explanation regarding Agenda Item 1 pursuant to § 124a Sentence 1 No. 2 Stock Corporation Act

Dear Shareholders,

The 2013 fiscal year in the European and American region was marked by a renewed emergence of confidence after the financial crisis gradually subsided, in contrast to the uncertainties prevailing in the Asian region concerning prospects for growth. The focus for Pfeiffer Vacuum was again on integrating the adixen business unit and improving its profitability. The semiconductor-dominated bias of this business unit – particularly in Asia – and the cyclic nature of its business negatively impacted on the 2013 fiscal year. Underutilizations of capacity, however, were exploited to implement efficiency-boosting and cost-saving measures. The basic tenet of Pfeiffer Vacuum of selling first-class high-tech products at a reasonable price was also embraced as far as possible by the adixen business unit – even if this meant knowingly running the risk of forgoing low-margin business.

The Supervisory Board – as well as the Management Board – is not satisfied with the results achieved in fiscal 2013, but is convinced that the course already embarked on of a pricing policy, efficiency-boosting measures, and continuing to supply to the semiconductor industry, is the right one and promises success in view of the expected recovery.

During the 2013 fiscal year, the Supervisory Board was informed about the current position of the Company and the Corporate Group in five meetings and discussed this in detail with the Management Board. The Supervisory Board meetings took place in Asslar on February 18, March 11, May 28, August 5 and November 4. In addition to the information provided at its meetings, all members of the Supervisory Board received detailed monthly and quarterly reports on the Company's position, with the Chairman of the Supervisory Board additionally being provided with the minutes of all Management Board meetings. Aside from the meetings of the Supervisory Board, its Chairman was constantly kept abreast of all major business matters through discussions with the Management Board. No member of the Supervisory Board attended less than half of the meetings of the Supervisory Board in the 2013 fiscal year.

The Supervisory Board has a Management Board Committee, an Administration Committee, a Nomination Committee, and an Audit Committee. The Management Board Committee met on November 4. Meetings of the Audit Committee took place on March 11 and November 4. Moreover, the Audit Committee maintained regular contact with the independent auditor, discussing and deciding the course of the audit with him, the main focuses of the audit, and particular questions relating to the audit.

In addition to the general development of business and the Company's strategic alignment, the Supervisory Board meetings focused on the continued integration of adixen. This covered increasing the profitability of the adixen business unit, the integration and support of the foreign subsidiaries, the optimization of the working capital, the standardization of the reporting system, and further strengthening and integrating regional management into the Pfeiffer Vacuum culture. Further key areas were the founding of a service company in Xi'an (China) as well as the "Lean Production" project at the Annecy site (France).

The Supervisory Board fulfilled all the duties vested in it by law, the Articles of Association and the German Corporate Governance Code (“DCGK”) and diligently and fully supervised the management of the Company.

The requirements with respect to risk management mandated under the German Control and Transparency in Business Act (“KonTraG”) of1998 were discussed extensively together with the Management Board. The Supervisory Board repeatedly satisfied itself that sufficient insurance coverage is in force for insurable risks and that operating, financial and contractual risks are monitored through organizational processes and approval procedures. A detailed reporting system exists for the Company and the Corporate Group and is subject to ongoing review, update and development. All employees in the operating units are sensitized to potential risks and are instructed to conduct appropriate reporting. Current issues in connection with risk management were explained to the Audit Committee as well as the full Supervisory Board.

The Supervisory Board deliberated in detail on the German Corporate Governance Code (“DCGK”). The Management Board and Supervisory Board recognize the German Corporate Governance Code – with one exception – as definitive for the Company and its management. The statement of compliance pursuant to §v 161 of the German Stock Corporation Act (“AktG”) was submitted by the Management and Supervisory Boards sufficiently in advance of the close of the fiscal year. In connection with good corporate governance, the Supervisory Board also dealt in detail with its own efficiency, with the review producing positive overall results.

At the meetings of the Supervisory Board and in individual discussions, the Supervisory and Management Boards deliberated at length regarding the Company’s strategic alignment and planning. The Supervisory Board then discussed the budget for the 2014 fiscal year with the Management Board and adopted it.

In accordance with the resolution adopted by the Annual General Meeting on May 28, 2013, Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, of Eschborn, Germany, was commissioned to audit the Annual Financial Statements of the Company and the Company’s Consolidated Financial Statements, with the latter being prepared in accordance with International Financial Reporting Standards (“IFRS”), as well as the financial statements of the Company’s subsidiaries where prescribed by law. Pursuant to § 315a of the German Commercial Code (“HGB”), consolidated financial statements presented in accordance with the rules of the German Commercial Code were not prepared.

The focuses of the audit defined by the Audit Committee with the independent auditor included:

- Certain items of the Annual Financial Statements, in particular
    - the values of accounts receivable and inventories
    - the completeness and valuation of provisions (in particular warranty provisions and pensions)
    - revenue recognition; periodic accruals for net sales
    - intrinsic value, goodwill
    - capitalization of development costs in accordance with IAS 38
    - deferred taxes
- Consolidation entries
- Reconciliation to IFRS, the Notes to the Financial Statements and the Management’s Discussion & Analysis

The Annual Financial Statements together with the Management's Discussion & Analysis as well as the Consolidated Financial Statements presented in accordance with IFRS together with the Management's Discussion & Analysis, all for the 2013 fiscal year and all of which prepared by the Management Board, were audited by the independent auditor and received his unqualified opinion.

The Annual Financial Statements, Management's Discussion & Analysis for the Company and the Corporate Group, as well as the audit reports from the independent auditor were submitted to all members of the Supervisory Board in a timely fashion. They were discussed in detail at the Audit Committee meeting relating to the financial statements as well as at the Supervisory Board meeting relating to the financial statements on March 17, 2014. The independent auditor attended both meetings, reported on the major findings of his audit, in particular relating to the internal controlling and risk management system, and was available to answer additional questions from the Supervisory Board. On the basis of its own thorough review, the Supervisory Board concurred with the results of the audit conducted by the independent auditor. Given the concluding results of its review, the Supervisory Board raised no objections to the Annual and Consolidated Financial Statements. It has approved the Annual and Consolidated Financial Statements, with the Annual Financial Statements thus being formally adopted. The Supervisory Board discussed in detail with the Management Board its proposal regarding the distribution of a dividend and then concurred with the Management Board's proposal regarding appropriation of the Company's retained earnings.

The Supervisory Board would like to sincerely thank the Management Board, the Employee Council and the entire staff of the Corporate Group for their dedication and commitment in the 2013 fiscal year.

Asslar, March 17, 2014

Dr. Michael Oltmanns
Chairman of the Supervisory Board