

**Report of the Management Board to the Annual General Meeting pursuant to § 203 Sub-Para 2 Sentence 2, § 186 Sub-Para 4 Sentence 2 AktG regarding item 6 on the agenda**

Agenda item 6 of the Annual General Meeting of Pfeiffer Vacuum Technology AG taking place on May 24, 2016 proposes an authorized capital of a total of up to € 12,630,602.24 that is to be available for cash and non-cash capital increases. The new authorized capital is to replace the previous authorization dating back to 2011 which is limited until May 25, 2016.

An authorized capital at an amount of half the stock capital is legally admissible. The Company's stock capital is € 25,261,207.04. In order to maintain the Company's latitude with regard to potential capital increases, new authorized capital of € 12,630,602.24 is to be created – corresponding to approximately 50% of the stock capital at the time of the resolution.

This authorization provides the Company with a more extensive option for procuring equity. This is an important means to adapt the relation between equity and loan capital to the Company growth. It allows the Management Board to react flexibly with the approval of the Supervisory Board to favorable market conditions and make the best use of them. Particularly with regard to the development of options to acquire holdings, an extension of latitude seems appropriate.

It is the declared strategy of Pfeiffer Vacuum Technology AG to strengthen competitiveness by acquiring companies, equity interests, or parts of companies and thus allow for long-term steady earnings growth. This is also intended to increase the value of the Pfeiffer Vacuum share. In order to also have equity capital available for financing larger projects, it is necessary to create an authorization to the extent suggested. The calculated amount of authorized capital is to ensure that larger company acquisitions may also be financed with contributions in cash or kind. Since any increase in capital in case of an acquisition needs to be raised at short notice, it usually cannot be decided directly in a general meeting that usually takes place only once a year. Instead, authorized capital that is readily available to the Management Board must be created for this reason.

Shareholders are always granted subscription rights when the authorized capital is utilized.

The shareholders' subscription rights for fractional amounts that occur due to the subscription ratio and which cannot be equally spread among all shareholders may be excluded to facilitate the settlement with approval from the Supervisory Board.

The authorization also makes it possible for the Company to have company shares available up to a prorated amount of € 500,000.00 to offer them to company employees and employees of affiliated companies as employee shares at preferential staff conditions. Issuing employee shares is in the Company's and the shareholders' interest since this

supports identification of staff members with the company and the assumption of responsibility. In order to be able to offer employees shares from authorized capital, the shareholders' subscription rights must be excluded. At present it is not possible to give an indication of the issuing price of the shares, since the date and extent of the respective utilization of the authorized capital have not yet been decided.

Inasmuch as the stock capital is to be increased by cash contributions, the Management Board is also to be authorized to exclude the shareholders' subscription rights with Supervisory Board approval if the issuing price is not substantially lower than the stock exchange price of Company shares of the same category. This authorization, however, only applies provided that the shares issued without subscription rights pursuant to § 186 Sub-Para 3 Sentence 4 AktG do not exceed a total of 10% of the stock capital, neither at the time this authorization becomes effective nor when it is exercised. This limitation to 10% of the stock capital includes those shares

- that are issued or will be issued to service bonds with conversion or option rights, to the extent that the bonds are issued during the term of this authorization with respective application of § 186 Sub-Para 3 Sentence 4 AktG excluding the subscription right;
- that are disposed of as treasury shares during the term of this authorization pursuant to § 186 Sub-Para 3 Sentence 4 AktG, excluding the shareholders' subscription rights.

The authorization to exclude the subscription right to an extent of up to 10% of the stock capital in order to issue new shares at an issuing price that does not substantially fall below the stock exchange price of Company shares of the same category allows the Management Board to issue shares for the purpose of positioning them at close to market prices. This opens an opportunity to obtain a higher inflow of funds during a capital increase than with a subscriptions rights issue. Investor protection against any dilution of their shareholding is provided by the option of buying more shares on the stock market at the current exchange price.

In case of a capital increase against contributions in kind the Management Board is authorized to exclude the shareholders' subscription rights up to a prorated share of the stock capital of € 2,526,118.40, corresponding to approximately 10% of the stock capital at the time of the resolution with the Supervisory Board's approval. This allows the Management Board to have their own Company shares available without having to take recourse to the stock exchange in order to be able to use those shares in suitable particular cases in the context of company mergers, company acquisition, parts of companies or equity interests. The Company always needs to be in a position to act quickly and flexibly on the changing markets in the interest of their shareholders. This includes acquiring companies, parts of companies or equity interests in order to improve the competitive position. It is becoming apparent that the purchase of companies or parts of companies or equity interests concerns increasingly larger units. In many cases, very high compensation must be paid. Such compensation often cannot or should not be made in the form of money only – especially from the point of view of an optimized financing structure. Sellers may wish to

obtain shares of the acquiring company as compensation. The option of offering one's treasury shares as an acquisition currency therefore creates an advantage in the competition for interesting objects to acquire. The administration in any case only wishes to utilize the option of a capital increase from contributions in kind, excluding the subscription right from authorized capital only if the value of the new shares and the value of the compensation are reasonably balanced. The issuing price of the new shares should always be aligned with the stock exchange price. This avoids any economic disadvantage of the shareholders excluded from the subscription rights. When all these circumstances are weighed up, the authorization to exclude subscription rights to the extent set out above is appropriate and in the interests of the Company.

In addition, limiting the issue of new shares excluding the shareholders' subscription rights to a maximum of 20% of the stock capital to protect shareholders' interests should guarantee that the authorizations to exclude subscription rights are limited to a share volume totaling 20% of the Company's stock capital. This limitation also takes into account any further authorizations to exclude shareholders' subscription rights.

The Management Board is further authorized to determine the additional content of the share rights and the conditions for issuing shares with the approval of the Supervisory Board.

The Management Board shall examine every single case diligently to decide whether they will utilize their authorization for a capital increase while excluding the shareholders' subscription rights. This option shall be adopted if this is in the interests of the Company and thus its shareholders in the estimation of the Management Board and the Supervisory Board.

The Management Board will report any utilization of the authorized capital at the next general meeting that is held. There are currently no specific plans to utilize the authorization framework.

Asslar, Germany, in April 2016



**Pfeiffer Vacuum Technology AG**

The Management Board