A PASSION FOR PERFECTION

PFEIFFER VACUUM

Annual Report 2009

Corporate Profile

PFEIFFER VACUUM – a name that stands for innovative solutions, high technology, dependable products and first-class service. For 120 years, we have been setting standards in vacuum technology with these attributes. One very special milestone was the invention of the turbopump at our Company more than 50 years ago. Thanks to our know-how, we continue to be the technology and world market leader in this field. To no small degree, this also manifests itself in our extremely high profitability.

Our extensive line of solutions, products and services ranges from vacuum pumps, measurement and analysis equipment right through to complex vacuum systems. And quality always plays a key role in this connection: Products from PFEIFFER VACUUM are constantly being optimized through close collaboration with customers from a wide variety of industries, through ongoing development work and through the enormous enthusiasm and commitment of our people. These are virtues that we will continue to embrace!

PFEIFFER VACUUM	
Headquarters	Asslar, Germany
Established	1890
Purpose of the Company	To develop, manufacture and market components and systems for vacuum generation, measurement and analysis
Manufacturing site	Asslar
Workforce	725 people worldwide
Operational floor space	Approximately 85,000 m^2
Sales and service	11 subsidiaries and over 20 agencies worldwide
Export ratio	62 %
Quality management	Certified under ISO 9001:2008
Environmental management	Certified under ISO 14001:2004
Stock exchange listing	Deutsche Börse, Prime Standard/TecDAX
Accounting	IFRS
Capital stock	€ 22,965 thousand
Number of shares	8,970,600 shares
Free-float	95 %
Cash and cash equivalents	€ 62.0 million
Equity ratio	87.0 %

Dec. 31, 2009

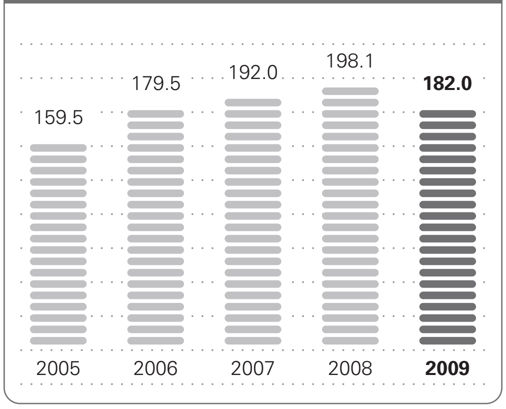
Key figures (please unfold)

Key Figures

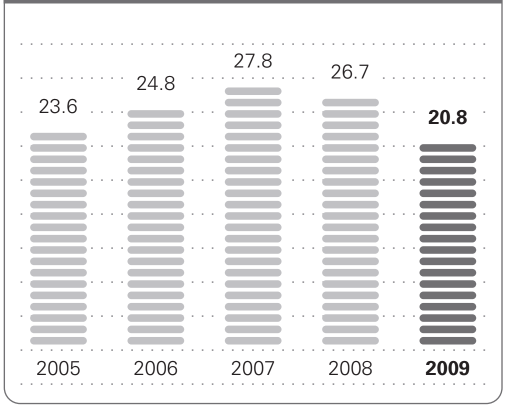
Multiple-Year Overview		2009	2008	change	2007	2006	2005
Sales and profit							
Total sales	K €	**182,001**	198,060	–8.1 %	192,042	179,484	159,517
Germany	K €	**69,059**	69,328	–0.4 %	59,621	50,882	44,939
Other countries	K €	**112,942**	128,732	–12.3 %	132,421	128,602	114,578
Operating profit	K €	**37,774**	52,895	–28.6 %	53,432	44,494	37,650
Net income	K €	**27,693**	38,048	–27.2 %	37,285	29,786	23,015
Return on sales	%	**15.2**	19.2	–4.0 pp	19.4	16.6	14.4
Operating cash flow	K €	**23,428**	43,093	–45.6 %	28,227	31,795	24,501
Balance sheet							
Total shareholders' equity and liabilities	K €	**159,054**	170,136	–6.5 %	177,430	168,670	139,406
Cash and cash equivalents	K €	**61,983**	68,317	–9.3 %	83,383	75,354	61,651
Shareholders' equity	K €	**138,337**	137,812	0.4 %	149,367	138,972	111,998
Equity ratio	%	**87.0**	81.0	6.0 pp	84.2	82.4	80.3
Return on equity	%	**20.0**	27.6	–7.6 pp	25.0	21.4	20.5
Capital expenditures	K €	**6,006**	10,702	–43.9 %	6,707	5,610	2,470
Workforce							
Workforce (average)		**729**	713	2.2 %	679	685	691
Germany		**555**	539	3.0 %	513	505	509
Other countries		**174**	174	0.0 %	166	180	182
Personnel cost	K €	**46,239**	43,309	6.8 %	44,694	47,245	43,954
Per employee	K €	**63**	61	3.3 %	66	69	64
Sales per employee	K €	**250**	278	–10.1 %	283	262	231
Per share							
Earnings	€	**3.24**	4.36	–25.7 %	4.19	3.39	2.64
Dividend	€	**2.45***	3.35	–26.9 %	3.15	2.50	1.35

* Subject to the consent of the Annual Shareholders Meeting.

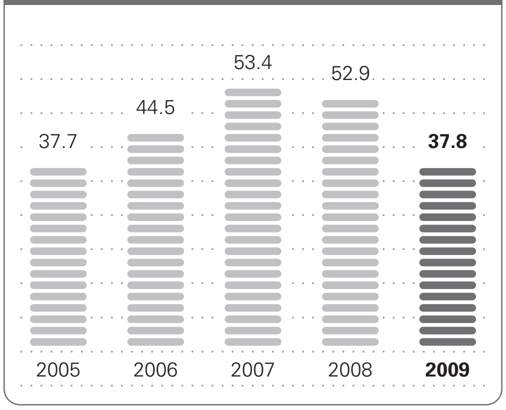
Net sales (in € millions)



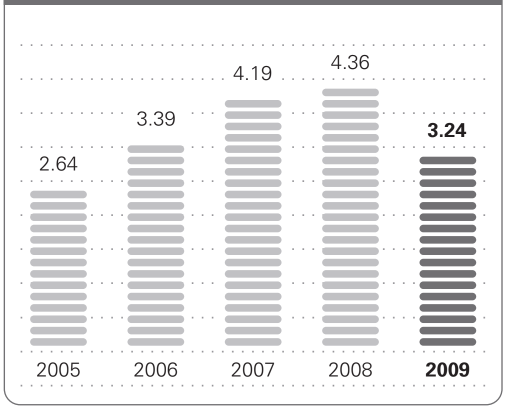
EBIT margin (in %)



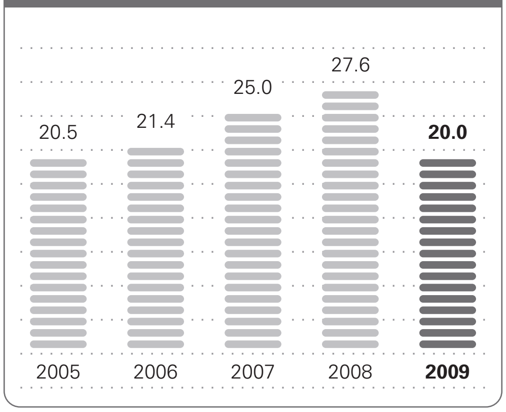
Operating profit (in € millions)



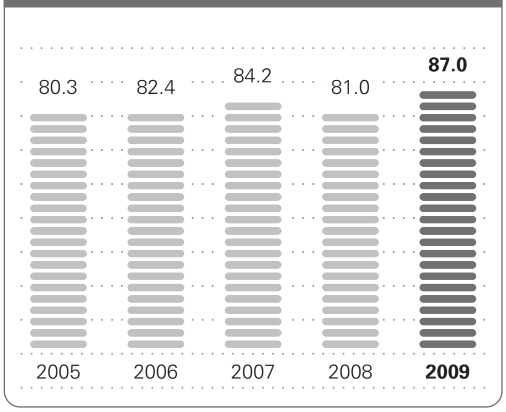
Earnings per share (in €)



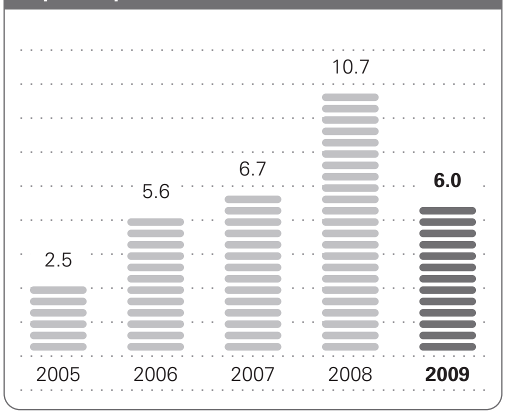
Return on shareholders' equity (in %)



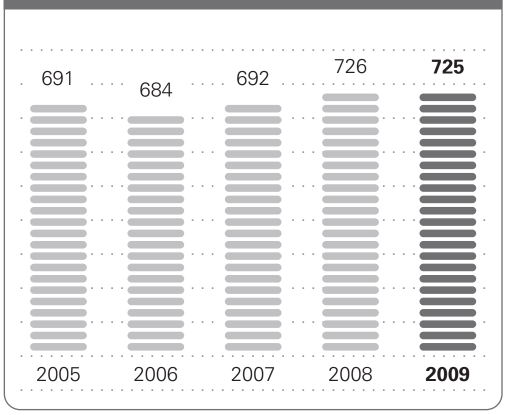
Equity ratio (in %)



Capital expenditures (in € millions)



Workforce (As at December 31)



All percentages in this Annual Report were derived on the basis of amounts in thousands of euros.
Rounding differences might result from their presentation in millions of euros.

At a Glance

Management's Discussion and Analysis (MD & A)

Consolidated Financial Statements

Further Information

A Passion for Perfection

It is our passion for perfection that drives everything we do. Our quest to supply each and every customer with a perfect vacuum solution is what spurs us on time and time again to top achievements. Our fascination with vacuum and the opportunities it offers for industrial manufacturing processes and research can be seen in all of our activities. Our long years of experience are based upon dealing intensively with physical processes and chemical reactions under vacuum conditions. Day in and day out, we are putting this experience to work to the benefit of our customers.

We are proud of the German engineering art that manifests itself to no small degree in the invention of the turbopump by PFEIFFER VACUUM. With our product developments, we are setting standards in the entire vacuum industry. For us, reliability and honesty are virtues that motivate us to keep our promises and supply top quality. We put our hearts into our work, and we understand our customers throughout the world. Working together in a spirit of partnership, what they get are vacuum solutions custom-tailored to their specific needs. And it is this passion for perfection – together with our entrepreneurial spirit – that makes for our economic success.

004 At a Glance

HiPace™ Series

In addition to analytical, electronics and semiconductor technology, the spectrum of applications for the HiPace™ turbopumps also includes coating, research & development and industrial applications.

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The Year 2009

January

Market launch of the HiCube™ modular pumping station
With its HiCube™ pumping stations, PFEIFFER VACUUM offers comprehensive solutions for high vacuum applications in the pumping speed range from 35 l/s to 685 l/s. These pumping stations feature a HiPace™ series turbopump in combination with a dry or oil-sealed backing pump.

February

New brand strategy – Brand positioning
The project to develop and implement a new brand strategy launches with workshops, national and international interviews, as well as a global brand survey. Beginning in the summer of 2009, some 30 training events will readying all employees for PFEIFFER VACUUM's new brand strategy.

March

Best results in the Company's history
2008 sales revenues rise by 3.1 % from € 192.0 million to € 198.1 million. New orders significantly outpace sales revenues at the end of 2008.

New turbopump debuts at Pittcon tradeshow
The HiPace™ Plus is unveiled at Pittcon Chicago, the premier tradeshow for the analytical industry on the American continent. This new turbopump is ideally suited for electron microscopy and high-end mass spectrometry.

April

Top red dot design award
Within the framework of the red dot award: product design 2009 competition, the HiPace™ 300 turbopump from PFEIFFER VACUUM wins the "red dot: best of the best" award for the utmost in design quality.

May

Another record dividend
With a payment of € 3.35 per share, PFEIFFER VACUUM again increases the dividend for fiscal 2008 year on year, this time by 6.3 %. The total distribution of € 28.5 million thus represents some 75 % of net income.

May

A further award for the best investor relations work

Thomson Reuters Extel Surveys ranks PFEIFFER VACUUM runner-up in financial communication in the TecDAX category. Gudrun Geissler is awarded the title of best investor relations manager in this segment.

June

New OmniStar™ and ThermoStar™ gas analysis systems

With OmniStar™ and ThermoStar™, PFEIFFER VACUUM offers two benchtop analysis systems that enable process analysis to be precisely monitored for up to 128 different gases.

July

Photovoltaic system on the roof at PFEIFFER VACUUM

A total of 1,003 solar modules are installed on 750 m^2 of roof space. The system has an output of 75 kWp and will supply around 57,600 kWh of electricity annually. This corresponds to savings of 34.5 tons of CO_2 per year.

August

New Customer Relationship Management system

PFEIFFER VACUUM implements new software. All key customer information and transactions are accessible via a single user interface. All areas throughout the Company benefit from its optimized processes.

September

PFEIFFER VACUUM "extremely profitable"

Based on the metrics of equity ratio, return on capital, cash flow to sales revenues and cash flow to total capital, the "2009 Handelsblatt Company Check" classifieds PFEIFFER VACUUM as "extremely profitable", ranking it second among all publicly traded corporations in Germany.

October

PFEIFFER VACUUM concludes capital investment project

PFEIFFER VACUUM announces the conclusion of extensive capital expenditures for manufacturing and logistics operations, involving a total volume of € 20 million. These activities include the renovation, modernization and realignment of turbopump and backing pump production operations as well as the construction of a Logistics Center. At the same time, the Company has optimized all processes on a cross-departmental basis.

November

Vacuum aids in innovative cancer therapy

The first ion beam therapy system goes into regular operation in Heidelberg. Vacuum tubes enable atomic nuclei to be aimed precisely at the tumor. From now on, products from PFEIFFER VACUUM will help to stem and ultimately defeat this treacherous affliction.

December

PFEIFFER VACUUM acquires vacuum component manufacturer

The contract is signed to acquire Trinos Vakuum-Systeme GmbH in Göttingen, Germany. By expanding its product portfolio to include high-quality vacuum components, chambers and systems, PFEIFFER VACUUM can offer its customers solutions that are now even more comprehensive.

Letter from the Chief Executive Officer

"When times are stormy some build walls, other windmills. We are going to build windmills, but cautiously. Our objective is to continue to provide our people with secure jobs and you, our shareholders, with a lucrative yield on your capital."

Dear Shareholders,

The words quoted above might possibly seem familiar to you. They were the conclusion of my letter to you at this point in the 2008 Annual Report.

I am pleased to be able to report to you today on how we have rigorously implemented the promise we made last year. That was by no means a certainty given the economic environment that prevailed at the time. Reason enough for the entire team to be proud of what we have accomplished.

My report might seem a bit like the continuation of last year's report. And that's a good thing. Continuity is especially important to us at PFEIFFER VACUUM. And we have been able to prove that, even in what was an extremely difficult year.

The year 2009 was just as stormy as anticipated. Relatively early on, we recognized that it would not be possible to match the growth rates we had seen in previous years. Yet boundless growth is not what we mean when we speak of continuity. For us, continuity means holding to a successful strategy. In fiscal 2009, we unerringly yet cautiously sustained the capital investments that we had begun the year before. In other words, we continued and concluded the renovation and expansion of our manufacturing operations. With a view to the weak economic environment, this year's total capital expenses of € 6.0 million were somewhat lower than originally planned.

Our production operations are now optimally prepared for coming growth. And prospects are quite good that this growth will actually materialize. We have, in fact, seen a steady rise in new orders since September 2009.

Management Board

Manfred Bender, Chief Executive Officer (at left)
Dr. Matthias Wiemer (at right)

Moreover, we have acquired Göttingen-based Trinos Vakuum-Systeme GmbH effective January 1, 2010. This company manufactures vacuum chambers, components and systems. These are products that make for a superb complement to our portfolio. With this move, we have taken a major stride in being able to offer even better vacuum solutions to our customers. With its highly qualified people and its outstanding products, this young company precisely embodies the claim we embrace: "A passion for perfection!"

Just as in renovating and expanding our production operations in Asslar, we also proceeded cautiously in connection with this acquisition. We weren't looking for the "big deal" which would have plunged us into unpredictable risk. Our decision was to purchase a company that would contribute toward expanding our core business in gradual steps.

Moreover, our balance sheet continues to be extremely stable following these investments. There's still no indebtedness to be found there.

Last but not least, we were again able to offer our employees secure jobs in fiscal 2009. Fortunately, we were spared any layoffs; nor were short workweeks necessary.

All in all, we can speak of a successful fiscal year in spite of a dramatic economic crisis that impacted us, too, in the form of a 8.1 % decline in sales revenues. We were able to strengthen our market position and expand our market share.

And we want you, our shareholders, to participate in this success in the customary manner. Once again, our proposed dividend of € 2.45 per share for the 2009 fiscal year will provide a lucrative yield on your capital and should meet with your recognition. As in previous years, the distribution rate will amount to more than 75 %. Here, too, continuity is important to us. The dividend yield – on the basis of the closing 2009 trading price – would thus be 4.2 %.

I can assure you that we will continue to do everything in our power in 2010 to offer our customers perfect vacuum solutions and you, our shareholders, a low-risk investment. Interesting projects with our customers give us every reason to be highly optimistic that our efforts will again be successful this year.

Yours,

M. Bender

Manfred Bender

Report of the Supervisory Board

Dear Shareholders,

The crisis year 2009 also left its mark on PFEIFFER VACUUM. However, in spite of the economic crisis, PFEIFFER VACUUM did quite well.

During the 2009 fiscal year, the Supervisory Board informed itself about the current position of the Company and the Corporate Group in five meetings, discussing these subjects intensively with the Management Board. The Supervisory Board meetings took place on February 16, March 12, May 26, July 27 and November 2 in Asslar. In addition to the information provided at its regular 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 regular 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 one half of the meetings of the Supervisory Board in the 2009 fiscal year.

The Supervisory Board has a Management Board Committee, an Administration Committee, a Nominating Committee and an Audit Committee. The Management Board Committee met on March 12 and May 26. Meetings of the Audit Committee were conducted on March 12 and November 2. Moreover, the Audit Committee maintained regular contact with the independent auditor, regularly discussing and deciding with him upon the course of the audit, the main focuses of the audit and particular questions relating to the audit.

The Supervisory Board meetings focused on the following: The impact of the economic crisis on the Company's business, as well as the measures to be taken in this regard, along with the progress of construction at the company plantsite in Asslar, new technology developments, the continued development of the project with one of Germany's largest solar cell manufacturers, the review of the Consolidated Financial Statements by the German Financial Reporting Enforcement Panel, as well as various potential acquisitions. Furthermore, in its meeting on November 2, the Supervisory Board amended its Rules of Procedure to reflect the statutory requirements of the German Accounting Modernization Act and the German Management Board Compensation Appropriateness Act.

The Supervisory Board complied with all of the obligations vested in it under applicable legislation and the Company's Articles of Association and Bylaws, taking into consideration the particular requirements of the German Control and Transparency Act of 1998 ("KonTraG"), as well as the German Publication Transparency Act of 2002 ("TransPuG"), and diligently and fully supervised the management of the Company.

The requirements with respect to risk management mandated under the German Control and Transparency Act ("KonTraG") were discussed intensively 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 being 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 Supervisory Board. Moreover, a detailed report on the risk inventory that was conducted was presented at the Supervisory Board meeting on May 26.

As in the year before, the Supervisory Board deliberated in detail on the German Corporate Governance Code ("DCGK"). The Supervisory Board continues to be in agreement with the Management Board that the variances from the German Corporate Governance Code, i.e. in connection with a deductible for the Company's liability insurance and in connection with the structure of the compensation paid to the members of the Supervisory Board, are justified and meaningful. The deductible for the liability insurance that will be mandatory in the future under the German Management Board Compensation Appropriateness Act will be included in the insurance policy in a timely fashion. The statement of compliance pursuant to § 161 of the German Stock Corporation Act ("AktG") was submitted with the above provisos 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 2010 fiscal year with the Management Board and adopted it.

In accordance with the resolution adopted by the Annual Shareholders Meeting on May 26, 2009, Ernst & Young AG, Wirtschaftsprüfungsgesellschaft (now: 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, which are presented 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 that the Audit Committee defined with the independent auditor included certain line items in the balance sheet (the values of accounts receivable and inventories, the completeness and valuation of provisions, in particular warrantee provisions, additions to and valuation of fixed assets, capitalization of development costs in accordance with IAS 38, deferred taxes, pensions), revenue recognition and periodic accruals for net sales, consolidation entries, as well as reconciliation to IFRS, the Notes to the Financial Statements and Management's Discussion & Analysis.

The Annual Financial Statements, Management's Discussion & Analysis, as well as the Consolidated Financial Statements for the 2009 fiscal year presented in accordance with IFRS, all of which were prepared by the Management Board, were audited by the independent auditor and received his unqualified opinion.

Supervisory Board Chairman

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Dr. Michael Oltmanns

The Annual Financial Statements, Management's Discussion & Analysis, 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 11, 2010. The independent auditor attended both meetings, reported on the major findings of his audit and was available to answer additional questions from the Supervisory Board. On the basis of its own thorough review, the Supervisory Board concurs 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 or 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 successful work in the difficult 2009 fiscal year.

Asslar, March 11, 2010

Dr. Michael Oltmanns
Chairman of the Supervisory Board

Share Performance

PFEIFFER VACUUM shares have been traded on the Deutsche Börse Stock Exchange in Frankfurt since April 15, 1998. PFEIFFER VACUUM satisfies the high transparency requirements of the Prime Standard and has been included without interruption in the TecDAX, the index of the 30 most important technology issues traded on the stock exchange in Frankfurt, since its inception.

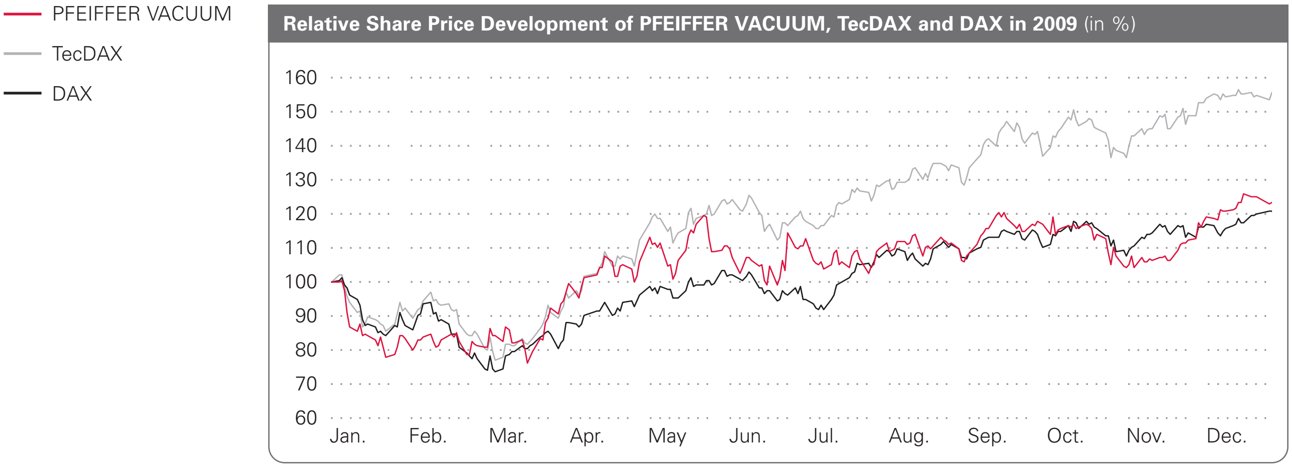
Basic Information about PFEIFFER VACUUM Shares	
Deutsche Börse Symbol	PFV
ISIN	DE0006916604
Bloomberg Symbol	PFV.GY
Reuters Symbol	PV.DE
Further indices	HDAX, Mid Cap Market, CDAX, Prime Industrial, Prime All Share, Technology All Share

The stock market in 2009

The previous year's extreme turbulences, which saw the DAX lose around 40 % and the TecDAX nearly half of its value, continued to prevail on all major Deutsche Börse indices until well into the first quarter of 2009. However, in spite of the continuing financial crisis and the economic crisis that had since set in, all of the indicators – punctuated by minor setbacks – continued to trend upward during the remainder of the year. Nor did industry and corporate reports that could be seen throughout the entire year detailing falling sales and empty order books bring about any change in the situation. Consequently, in 2009 the DAX rose by 23 % from its open of 4,856.85 points on January 2, 2009, to 5,957.43 points on December 30, 2009. During the same period, the TecDAX advanced by 59 % from 512.83 points to 817.58 points.

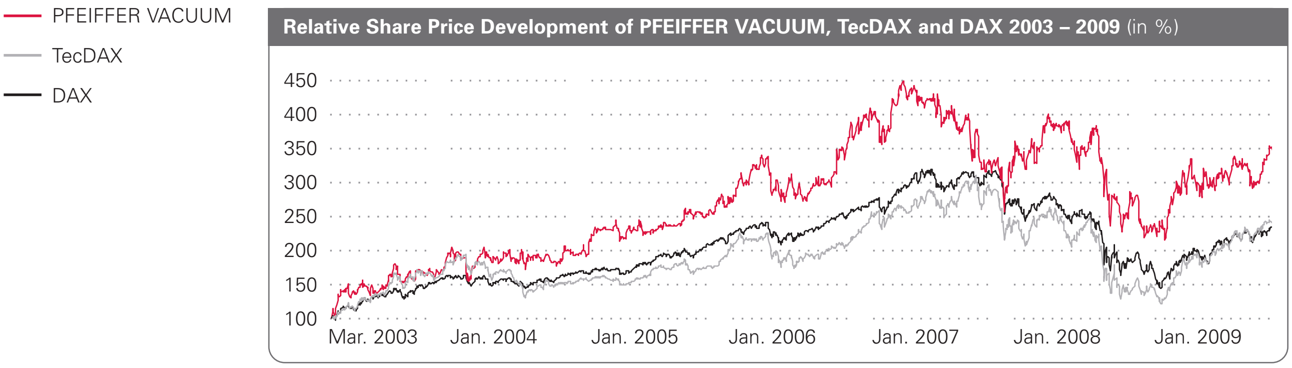
PFEIFFER VACUUM share performance in 2009

Since PFEIFFER VACUUM shares had done well the year before, in spite of the shockwaves on financial markets, their performance was not quite able to match the pace of the TecDAX, which generated its stronger growth from a significantly lower baseline. Consequently, the trading prices of our shares advanced by 26 % from their opening price of € 46.50 on January 2, 2009, to € 58.50 on December 30, 2009 (all trading prices indicated in this Annual Report are Xetra trading prices). Paralleling the market as a whole, the trading prices of our shares, too, continued to decline in the first quarter before reaching their low for the year of € 36.11 on March 24, 2009. From then on, the trading prices of PFEIFFER VACUUM shares trended upward more or less constantly, with the high for the year being reached on December 18, 2009, at € 60.59. Trading volumes averaged 22,945 shares per day (2008: 35,310 shares).



Relative Share Price Development of PFEIFFER VACUUM, TecDAX and DAX in 2009 (in %)

Jan. 2, 2009 (= 100) Dec. 30, 2009



Relative Share Price Development of PFEIFFER VACUUM, TecDAX and DAX 2003 – 2009 (in %)

March 24, 2003, the day the TecDax was introduced (= 100) Dec. 30, 2009

Shareholder structure

According to both an analysis of our shareholder structure as well as our own estimates, around 40 % of our shares are held by US-based mutual and pension funds with a long-term investment horizon. During the course of the year covered by this Report, New York-based Arnhold and S. Bleichroeder Holdings and its First Eagle Funds again reduced their Pfeiffer Vacuum holdings below the 25 % reporting threshold. Under Deutsche Börse’s definition, their holdings were then again considered to be part of the free-float. The holdings of Arnhold and S. Bleichroeder now total 24.89 %. Further US investors include Capital Research in Los Angeles and Legg Mason in Baltimore, with each holding more than 5 % of our shares on December 31, 2009.

We estimate that European funds, first and foremost in England and Scotland, as well as in France, Luxembourg and Scandinavia, account for around 35 %. A good 3 % are held by our Japanese agency and around 20 % by German investment funds and small investors, while the Company holds 5% of treasury shares.

As at December 31, 2009, the free-float was 94.91 %, or 8,514,248 shares.

Overview of Holdings According to Current Voting Rights Notifications (As per December 31, 2009)	
Arnhold and S. Bleichroeder, New York	24.89 %
Capital Research, Los Angeles	5.87 %
Legg Mason, Baltimore	5.06 %
DWS Investment, Frankfurt	4.95 %
Hakuto Agency, Tokyo	3.48 %

Earnings per share

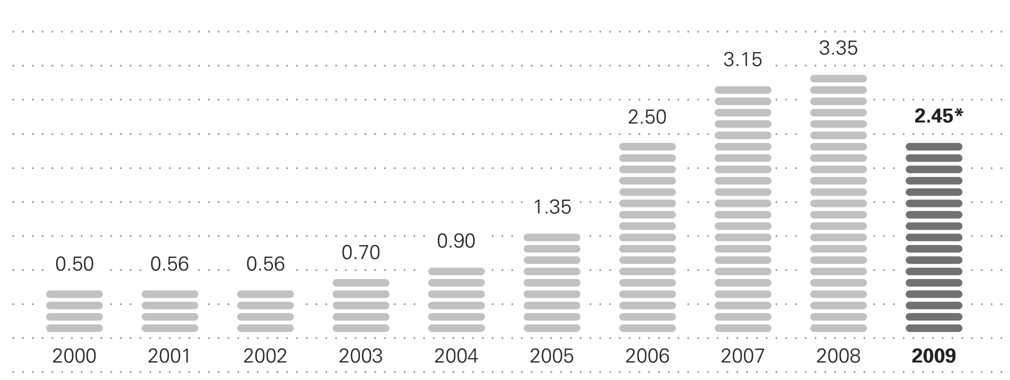
Earnings per share are calculated as consolidated net income attributable to the shareholders of PFEIFFER VACUUM TECHNOLOGY AG divided by the average number of shares in circulation:

Earnings per share	
Net income	K € 27,596
Number of shares	8,514,248
Earnings per share	€ 3.24

Dividend

For over 10 years, the Company has been enabling its shareholders to participate in its business success by distributing a relatively high dividend. The annual dividend development is typically based upon to the development of profitability.

Dividend Development for the last 10 Financial Years (in €)



* Subject to the consent of the Annual Shareholders Meeting.

The Management and Supervisory Boards will propose to the Annual Shareholders Meeting on May 20, 2010, that a dividend be distributed for fiscal 2009 in the amount of € 2.45 per share of no-par stock entitled to receive dividends. This represents a total distribution of € 20.9 million. Subject to the consent of the Annual Shareholders Meeting and on the basis of the year-end closing price on December 30, 2009, this results in a dividend yield of 4.2 % (2008: 7.1%).

Investor relations

Prompt, open and reliable information relating to the position of the Company is at the heart of our investor relations work. We received a number of awards in 2009 for our good capital market information, including the German Investor Relations Prize, which is awarded by business weekly "Wirtschaftswoche" in collaboration with Thomson Reuters.

At 18 roadshows (2008: 23) in all major financial centers in both Europe and the United States, the members of the Management Board presented our business model and commented on our strategy. Moreover, we showcased our Company at a total of 11 investor conferences in Frankfurt, London, New York and Zurich (2008: 8). 32 investors and analysts visited our corporate Headquarters in Asslar to obtain a first-hand impression of us. A press conference and four conference calls relating to our financial results, along with numerous individual talks with investors and analysts, round out the Company's investor relations work.

Over 20 analysts regularly follow our Company. At year-end 2009, there were 9 "Buy" or "Accumulate" recommendations, 7 "Hold" or "Reduce" recommendations and one "Sell" recommendation.

The Annual Shareholders Meeting in the year under review was attended by around 400 shareholders. Shareholder presence was 57 %, by comparison with over 61 % the year before. The shareholders adopted all items on the agenda, including a new share buy back program and the authorization to issue convertible bonds, with overwhelming majorities.

A dedicated investor relations page on the Internet at www.pfeiffer-vacuum.net affords everyone an opportunity to quickly inform themselves in detail about everything relating to PFEIFFER VACUUM shares, to download financial reports or to sign up on an e-mail distribution list to receive future financial information. An interactive version of the 2009 Annual Report is also available on the Internet.

PFEIFFER VACUUM Share Highlights

		2009	2008	2007	2006	2005
Share capital	€ mill.	**23.0**	23.0	23.0	23.0	22.5
Number of shares issued		**8,970,600**	8,970,600	8,970,600	8,970,600	8.790,600
Highest trading price	€	**60.59**	68.78	78.00	66.60	47.25
Lowest trading price	€	**36.11**	38.14	51.30	44.45	31.60
Trading price at year-end	€	**58.50**	46.93	55.00	64.40	46.17
Market capitalization* at year-end	€ mill.	**498**	294	493	578	406
Dividend per share	€	**2.45** **	3.35	3.15	2.50	1.35
Dividend yield	%	**4.2** **	7.1	5.7	3.9	2.9
Earnings per share	€	**3.24**	4.36	4.19	3.39	2.64
Price/earnings ratio		**18.1**	10.8	13.1	19.0	17.5
Free-float	%	**94.91**	69.87	100	100	100

* Value based upon Deutsche Börse's free-float definition
** Subject to the consent of the Annual Shareholders Meeting

Products and Markets

Pressure conditions similar to those that prevail in outer space can be created under vacuum. These conditions are an indispensable factor in manufacturing any number of high-tech products and articles that are used in daily life. PFEIFFER VACUUM is a provider of solutions for industrial applications and research projects requiring vacuum in the very low pressure range. In this connection, our vacuum solutions include all processes and steps that are needed to create perfect vacuum conditions, including advice, products, accessories, training and service. Our customers' requirements are typically highly complex. They relate to both the concrete vacuum need in question as well as to the specifics of the system, the materials and products being used or processed, as well as the process conditions. This is why we work together with our customers to develop custom-tailored vacuum solutions, which, however, are able to be categorized by market segment.

Products

The PFEIFFER VACUUM product portfolio comprises standard products and can be broadly divided into the areas of "vacuum generation" and "vacuum measurement and analysis". The portfolio contains a great number of different pumps, measurement equipment and components for various requirements and fields of application. We also design vacuum systems for specific applications. In addition, we offer the appropriate service for all of our products.

Vacuum generation

Turbopumps Our most important product family consists of turbopumps. With its rotors and stators, the design of this class of vacuum pumps, which was invented at our Company over 50 years ago, is similar to the principle that is employed in a turbine – and accounts for the name turbomolecular pump, or turbopump for short. The first turbopump had a pumping speed of 140 l/s and weighed 96 kg. Today, our portfolio includes a broad line of turbopumps. Beginning with the world's smallest turbopump with a pumping speed of 10 l/s, a weight of 1.8 kg and speeds of up to 90,000 revolutions per minute right through to the largest turbopump with a pumping speed of 3,000 l /s and a weight of 94 kg. And the potential applications are every bit as broad and varied. The small and medium-size turbopumps are employed in the analytical industry, for example, with our smallest turbopump, the HiPace™ 10, being used first and foremost in small, portable analyzers. Our largest turbopump, the magnetically levitated HiPace™ 3400 MC, is predominantly required in the semiconductor industry and for coating. The latest generation of our turbopumps features integrated drive electronics that eliminate the need for costly and cumbersome cabling. This generation is additionally characterized by extremely low vibration and quiet operation. Turbopumps achieve pressures in the high to ultra-high vacuum ranges, their design necessitates a backing pump that initially compresses against normal atmospheric pressure.

HiCube™ turbopump pumping stations With our HiCube™ turbopump pumping stations, we offer our customers a modularly designed, ready-to-use pumping system. These compact pumping stations basically consist of a turbopump, a backing pump, a vacuum gauge and a controller. They are primarily employed in the field of analysis as well as in research & development.

Rotary vane pumps Rotary vane pumps are rotational displacement pumps that number among what are called backing pumps. They can be employed universally throughout the entire low and medium vacuum ranges. PFEIFFER VACUUM offers rotary vane pumps that incorporate one or two pumping stages for differing pressure ranges. The HenaLine™ pumps are single-stage pumps, for example, whose applications include electron beam welding, vacuum drying and metallurgy. The UnoLine™ pumps are employed first and foremost in combination with our Roots pumps in a variety of industrial applications. These pumps are water cooled and extremely insensitive to dust and dirt. The two-stage rotary vane pumps include the DuoLine™ and PentaLine™ products. The pumps from the PentaLine™ series are characterized by an innovative drive concept, which satisfies the ecological design requirements of EU Directive 2005/32/EC. The motor achieves a premium efficiency factor and even today surpasses the minimum stipulated in the IE3 efficiency level that will become mandatory in 2017. A further advantage of this high energy efficiency consists of energy savings of some 50 % over conventional rotary vane pumps.

Diaphragm pumps Diaphragm pumps are displacement pumps that are especially suitable for use as backing pumps for turbopump pumping stations, for employment in analytical equipment and for leak detectors. Diaphragm pumps generate a dry, oil-free vacuum, which is why they number among the dry pumps.

Piston pumps The XtraDry™ pump operates in accordance with one of the oldest principles of vacuum generation. Even Otto von Guericke, the founder of vacuum technology, used a piston pump for his famous experiments with the Magdeburg hemispheres in 1650. Dry piston pumps have higher pumping speeds than diaphragm pumps, and are employed where a clean, hydrocarbon-free vacuum is required, such as in the analytical industry or in the research & development market segment.

Screw pumps The HeptaDry™ is a screw pump for low and medium vacuum applications that require high pumping speeds. Screw pumps, too, produce dry, oil-free vacuum. This makes them an ideal backing pump for Roots pumps in the field of coating and in industrial applications that involve high levels of dust. A water circulation cooling system means that virtually no heat is given off to the environment; the pump's internal compression assures low energy consumption.

Roots pumps Roots pumps number among the dry-running rotational displacement pumps. They are offered in various sizes and versions; as a standard pump either with or without magnetic coupling, for example, as well as in explosion-protected design. The pumping speed of the smallest pump amounts to 250 m^3/h, while the largest Roots pump offers a pumping speed of 25,000 m^3/h. In order to generate vacuum, Roots pumps must always be operated in combination with a backing pump; applications for Roots pumping stations include chemical and process technology, freeze drying or metallurgy. The large pumps are also used in particle accelerators, in space simulation chambers or in steel degassing.

CombiLine™ pumping stations We supply a broad range of CombiLine™ pumping stations in pressure ranges that extend from atmospheric to high vacuum. In addition to our proven standard pumping stations, in which various sizes of Roots pumps are combined with rotary vane and dry pumps as backing pumps, we also offer custom solutions for specific processes.

Vacuum measurement and analysis

Vacuum measurement and analysis equipment Many vacuum applications operate only in a specific pressure range. Analog and digital vacuum and total pressure measurement devices are employed to regulate the total pressure in a vacuum system. With the DigiLine™, the ActiveLine and the ModulLine we offer three different series of equipment for total pressure measurement.

Mass spectrometers PFEIFFER VACUUM supplies a broad selection of mass spectrometers ranging all the way to high-performance mass spectrometers for plasma analysis. With the aid of a mass spectrometer, it is, among others, possible to analyze the composition of a gas in a production system.

Leak detectors Our helium leak detectors are suitable for identifying leaks in products or in manufacturing or research processes. These devices are employed, for example, for quality assurance in building and operating vacuum systems, refrigerators, air conditioning systems, automotive fuel tanks and brake lines, as well as in solar thermal applications.

Installation elements In order to interconnect the various vacuum components or to disconnect them from one another, we offer a broad selection of installation elements, such as flanges, fasteners, piping components, feedthroughs, seals and valves.

Vacuum system solutions

Thin layer solar cell coating systems Developed in close collaboration with a customer, these coating systems feature an ingenious, process-adapted vacuum system that incorporates the latest products from PFEIFFER VACUUM (turbopumps, pumping stations, dry backing pumps, measurement and analysis equipment). The systems comprise multiple successive chambers for the various vacuum coating processes, as well as complex conveying facilities for the large-area panes of glass.

Helium leak detection systems PFEIFFER VACUUM develops and manufactures complete vacuum systems for customer-specific processes, such as inspection of fuel tanks for the automotive industry. In order to perform the absolutely necessary step of checking these tanks for leaks, they are first filled with helium, sealed and then carried to a vacuum chamber. Following evacuation of the chamber, the vacuum is inspected for helium molecules by means of a leak detector. If helium is found in the vacuum, it has escaped from a leaking fuel tank, which must either be reworked or rejected. If no helium is found in the vacuum, the fuel tank is leak-free and can be used in the manufacturing process. The same principle is employed, among other things, for inspecting pressure vessels or for quality assurance in the food industry. Fully automated measurement methods minimize testing times and operating costs.

Multi-stage vacuum process Together with die casting specialists, PFEIFFER VACUUM has made a crucial advance in die casting technology thanks to the Vacu^2 multi-stage vacuum process. The purpose of vacuum in a die casting system is to evacuate a given volume of air from the mold cavity and the shot sleeve within the shortest possible period of time in order to produce high-quality, inclusion-free die castings.

Development focuses in fiscal 2009

HiPace™ Plus turbopumps
In addition to the new HiPace™ turbopumps, PFEIFFER VACUUM has brought to market a further compact yet powerful turbopump that bears the name HiPace™ Plus. This pace-setter achieves pumping speeds of up to 260 l/s. The pump is characterized by a very low level of vibration, making it extremely well suited for electron microscopy and high-end mass spectrometry. Extended service intervals make for a high level of cost-effectiveness. Its improved rotor design affords high pumping speeds and high gas throughputs, along with very good compression for light gases. The integrated drive electronics in the HiPace™ reduce the need for costly and cumbersome cabling. And the use of innovative materials has doubled the service life of the drives. Runup time, too, has been shortened, making the application ready for use even faster. Remote and sensor functionalities enable such pump data as temperatures to be analyzed. Their functional aluminum housings make these pumps extremely light in weight. A sealing gas connection protects the bearings against particulate matter or oxidizing gasses, affording optimum integratibality. And its quiet operation and improved gas loads are setting standards.

The new OmniStar™ and ThermoStar™ gas analysis systems
Mass spectrometry is an analytical method that is used for identifying chemical elements and compounds. With OmniStar™ and ThermoStar™ PFEIFFER VACUUM offers two analysis systems for precise process monitoring of up to 128 different gases. OmniStar™ and ThermoStar™ are also suitable for reliably identifying unknown gases. Even low detection limits can be swiftly and easily determined for condensable gases.

Both of these units offer convincingly simple handling. They can be directly connected and are ready for immediate use. Thanks to their compact dimensions, OmniStar™ and ThermoStar™ can be set up virtually anywhere and are additionally highly mobile. The user interface is user friendly, and all unit-specific parameters can be read on the backlit liquid crystal display. Fields of application range from chemical processes to the semiconductor industry, metallurgy, fermentation, catalysis and laser technology right through to environmental analysis.

Service
The high quality of our products necessitates regular service and maintenance. In addition, PFEIFFER VACUUM's Service offerings also include supplying replacement parts, swapping out defective units in order to shorten downtimes, as well as training aimed at preventing outages.

Markets

Products from PFEIFFER VACUUM are employed in numerous markets. Over 8,000 customers put their trust in the reliability of our products. Without vacuum technology, a number of innovative processes would be inconceivable, such as in nanotechnology, in producing LEDs or in research into the use of renewable energies. The markets in which we are active are increasingly embracing megatrends. For PFEIFFER VACUUM, this means repeatedly facing new challenges and the need for new vacuum solutions. Nevertheless, we continue to not be dependent upon any single market.

The major markets for our products are:

Analytical industry Our largest customers in this market are so-called OEM (Original Equipment Manufacturer) customers, i.e. manufacturers of industrial systems or analytical instruments that operate under vacuum. Complex analytical devices, such as scanning electron microscopes, are primarily employed for industrial quality control. Ever-smaller and lighter portable analyzers are required in environmental technology, in security technology or for doping analyses. The analytical industry primarily purchases small and medium-size turbopumps from us, along with backing pumps and measurement equipment. Our major customers in this market are located in the United States, Japan, the United Kingdom and Germany. The analytical industry is characterized first and foremost by such megatrends as life science, biotechnology and safety.

Industrial applications We define this market as a heterogeneous category of industrial customers who require our vacuum technology for specific production steps. Application examples include metallurgy, lamp and tube production as well as air conditioning and refrigeration technology. The automotive supplier industry needs leak detection systems from us for fully automated quality assurance in the production of fuel tanks, aluminum rims, airbag cartridges or air conditioning lines, for example. One new application consists of steel degassing, in which steel is degassed under vacuum with the aid of large, extremely powerful pumping stations in order to free the steel of as many gas inclusions as possible. Our customers in the industrial segment come primarily from Germany and Europe, and increasingly from Eastern Europe. The trend here is moving toward enhancing the quality of components, environmental protection and energy from solar thermal applications.

Coating industry Without vacuum, many articles that are used in daily life would not be able to be produced in the desired quality. The antireflective coatings on eyeglass lenses, the coatings on DVDs or on bathroom faucets and fittings, as well as the coatings on solar cells or architectural glazing, are produced in vacuum chambers, for example. High-quality tools are coated and hardened under vacuum to make them even more durable. Required first and foremost in the coating industry are medium-size and large turbopumps, as well as backing pumps, measurement equipment and complete vacuum systems. Our customers in this market come from all industrialized nations. One leading megatrend is the issue of future energy sources, in particular the move toward regenerative energies like solar.

Research & development Collaboration with research facilities enjoys a long tradition at PFEIFFER VACUUM. Whether in physics or chemistry laboratories at universities, prominent research institutions like the Fraunhofer or Max Planck Institutes, or in large multinational research facilities – all of them rely upon the quality and dependability of our mass spectrometers, leak detection systems and turbopumps. Working in close cooperation with research facilities in Europe, the United States and Asia, new applications are repeatedly being created that will later be industrially marketed, such as ion beam therapy accelerators for highly accurate treatment of tumors. Generally speaking, this market segment has gained in significance as a result of government stimulus programs for public-sector and semi-governmental research institutions. Here, too, the issues of new energy sources as well as new approaches in healthcare technology are sparking major research thrusts.

Semiconductor industry Our vacuum pumps are required in the semiconductor industry for the production of microprocessors, flat screen monitors and handling systems. Customers in this industry predominantly require medium-size and large turbopumps as well as measurement equipment. This market is highly cyclical and is characterized by pressure on pricing. Our customers in this industry are primarily located in the United States and Asia. The semiconductor industry, itself, was born from the revolutionary changes in communication technology. New fields of application for vacuum are taking shape, for example from developments in connection with organic light emitting diodes (OLEDs).

Chemical and process technology The applications in the chemical and process technology market segment are closely related to those in industrial system technology. Employed primarily in the chemical industry are large pumping stations consisting of backing pumps and Roots pumps, for example in the production of plastic bottles. Process technology also includes our customers from the field of medical technology who build accelerators for cancer therapy. Our most important customers in this segment are located in Germany, Scandinavia and the United States. This segment is characterized by trends that are similar to those in the Analytical and Industrial market segments.

MD & A

ActiveLine

For perfect total pressure measurement under vacuum. With its ActiveLine products, PFEIFFER VACUUM offers a broad selection of transmitters with analog signal outputs for the entire pressure range from 10^{-11} mbar to 55 bar.

Overview of Sales Revenues, Profitability and Financial Position

PFEIFFER VACUUM, too, was impacted by the effects of the world economic crisis in the form of lower sales revenues and profitability. As opposed to € 198.1 million the year before, sales revenues of € 182.0 million were recorded in fiscal 2009. This represents a decline of € 16.1 million, or 8.1 %, which was attributable first and foremost to strongly declining developments in Europe (excluding Germany) and the United States, as well as to moderate decreases in sales revenues in Germany.

At € 103.7 million, cost of sales declined by € 2.6 million from the previous year's level of € 106.3 million. Selling and administrative expenses amounted to € 33.6 million, up moderately from € 33.4 million in fiscal 2008. Including research and development expenses, as well as other operating income and expenses, operating profit totaled € 37.8 million, a € 15.1 million decrease from the previous year's level of € 52.9 million. EBIT margin, i.e. the ratio between operating profit and net sales, declined as well, and now stands at 20.8 %, as opposed to 26.7 % in fiscal 2008. It should also be noted that these results include the costs of the extensive modernization and reorganization of turbopump manufacturing operations at corporate Headquarters in Asslar.

The extremely low level of interest rates that prevailed throughout fiscal 2009 generated financial income of € 0.7 million, as opposed to € 1.2 million the year before, representing a decline of € 0.5 million. After deduction of tax expense in the amount of € 10.7 million, this produced net income of € 27.7 million (2008: Tax expense € 16.1 million and net income € 38.0 million).

A balance sheet total of € 159.1 million and shareholders' equity of € 138.3 million as of December 31, 2009, results in an equity ratio of 87.0 %. As opposed to an equity ratio of 81.0 % as of December 31, 2008, on a balance sheet total of € 170.1 million and shareholders' equity of € 137.8 million, this represents an increase of 6 percentage points. With cash and cash equivalents totaling € 62.0 million at the close of the 2009 fiscal year, the Company's liquidity position, as well, is very comfortable (December 31, 2008: € 68.3 million).

Against the backdrop of the poor economic development of numerous enterprises, especially in the field of mechanical engineering and sometimes threatening their very existence, it is clear to see that with an EBIT margin of 20.8 %, a return on sales of 15.2 % and an equity ratio of 87.0 %, PFEIFFER VACUUM was far from having to record a loss or face a corporate crisis that could threaten its existence. In the most serious economic crisis since the establishment of the Federal Republic of Germany, PFEIFFER VACUUM posted results that the vast majority of enterprises never achieve, even during economic boom times. This again illustrates the outstanding competitive position that the Company enjoys in the marketplace, as well as its ability to respond to a wide variety of economic conditions flexibly and to the benefit of its shareholders.

Creativity

027

Lisa Weichl, Apprentice (Marketing), Michael Willig, Anja Stroh (Research & Development)
Ideas are created within the team, which dares to innovate on a cross-departmental basis.

Overall Economic Environment

World economy

The world economy finds itself in a serious crisis. All major industrialized nations are posting negative growth rates for gross domestic product (GDP) and are being hard-hit by the crisis. It has only been due to the sustained, very sound development of the two national economies in China and India that the 1.1 % decline in world economic output was significantly lower overall than might have been expected on the basis of the economic data from the industrialized nations.

United States

During the third and fourth quarters of 2009, consumer confidence sparked positive growth rates, although they were unable to compensate for the decline in economic output during the first half of the year. Overall, the US recorded a 2.4 % decline in GDP. However, the trend of development from quarter to quarter was positive, even though the Federal Reserve Bank is classifying the economic recovery as being unusually slow. And the very low level of interest rates in the United States should also be viewed against the backdrop of the country's economic development. Although the US dollar gained ground at the outset of 2009, it again declined as the year drew on. However, this did have a positive influence overall on exports and the resulting economic development.

Europe

The effects of the world economic crisis can be seen most clearly in Europe. In 2009, gross domestic product for all of the member states of the European Union declined by 4.1 %. In this connection, only Poland posted true growth in economic output of 1.7 % aus (2008: 4.8 %). Growth rates were negative in all of the other countries. Europe's major economies, the United Kingdom, France and Italy, saw GDP decline by 4.8 %, 2.2 % and 4.8 %, respectively, following GDP development here of 0.7 %, 0.7 % and – 0.5 %, respectively, one year earlier. And the growth drivers of European economic development, too, were affected by the crisis. Following growth of 4.8 % in 2008, the Czech Republic, for example, posted a 4.3 % decline in gross domestic product. Economic output in Germany, the European Union's largest national economy, declined by 5.0 % in 2009 (2008: 1.3 % growth). Germany thus finds itself in its most serious crisis since the establishment of the Federal Republic. The crisis is having a greater impact here than in other industrial nations, with the exception of Japan. This is because of German industry's high dependence upon exports and its strong alignment toward capital goods. This development is being combated by government economic stimulus programs and aid packages for economically suffering (major) corporations. Paralleling the economic development in

Germany, the number of gainfully employed individuals declined, while unemployment numbers rose. Actual or feared unemployment are increasingly burdening consumer confidence. Passenger car purchases that were moved up in response to the German car scrappage scheme program had a positive effect. Further measures aimed at stabilizing the economic growth that appears to be on the horizon for 2010 are currently being implemented. However, since these programs are shifting the burden of the crisis to future generations in the form of higher levels of new government debt, controversial discussions are being conducted in this regard. And the supply of credit from the financial sector to small and mid-size companies continues to be critical. The future development in Germany will hinge upon how well the German economy, characterized as it is by the automotive industry, will be able to fare in 2010, and whether the majority of companies will succeed in being able to bridge the tense liquidity and profitability situation until the economy begins to revive.

Asia

In the Asian economic region, Japan was especially hard-hit by the world economic crisis, with economic output falling by 5.2 % (2008: 0.3 % decline). This means that Japan suffered the strongest decline in gross domestic product of any industrialized nation. Similarly to the situation in Germany, Japan's high percentage of exports and its alignment toward the capital goods industry were the major factors here. Development in China and India, on the other hand, took a different track. On the heels of outstanding growth rates of 9.1 % and 7.6 %, respectively, in 2008, growth rates were again enormous in 2009, amounting to 8.7 % and 6.9 %, respectively. This high-baseline growth was at best marginally impacted by the global economic crisis, and also stemmed from the sustained expansive monetary policies of the central banks in these two countries.

Vacuum industry

In 2007 and 2008, the solar industry proved to be a major driver in the development of the coating market, and thus ultimately for the development of the vacuum industry overall. A certain degree of disillusionment then set in during 2009, brought on by significantly overcapacities in European solar cell factories and accompanied by financing difficulties incurred by the major solar players. In addition to that Asian manufacturers of solar cells are massively moving into the European market. Many companies in the vacuum industry are suppliers to mechanical engineering manufacturing companies or are mechanical engineering manufacturing companies in their own right, and are therefore indirectly affected by the development of the solar industry. The research & development market sector has now gained significantly in importance by comparison with the coating segment. This resulted from the numerous government economic stimulus programs for public-sector and semi-governmental research institutions, where there is now increasing demand for vacuum solutions and components. In addition to the semiconductor market segment, the industrial sector, in particular, is being affected by the economic crisis. All major replacement or expansion investments have been stopped here, affecting for example sub-segments as steel degassing or furnace-building. The development of the analytical market segment, on the other hand, is proving to be relatively stable. Overall, following several years of moderate growth and against the backdrop of the overall economic situation in 2009, we are seeing negative development.

Profitability, Financial Position and Liquidity

Analysis of sales revenues

Presented below are the net sales that we recorded in fiscal 2009 by segment, by region, by product and by market. PFEIFFER VACUUM was not able to entirely avoid the effects of the overall economic development, which drove sales revenues of € 198.1 million the year before down by € 16.1 million, or 8.1 %. Yet with sales revenues of € 182.0 million, the Company was nevertheless able to remain within the corridor of its guidance for the 2009 fiscal year, which called for a maximum decrease by 10 to 15 %.

It should be noted with respect to net sales by segment that the sales shown in this presentation are allocated on the basis of the registered office of the company that invoiced the sales. The segment-based presentation thus shows net sales by subsidiary. Net sales by region, on the other hand, include all sales revenues in a given region, regardless of which subsidiary within the PFEIFFER VACUUM Group actually invoiced the sales. Net sales by segment and net sales by region will thus differ from one another to a greater or lesser extent. Net sales in the Asia segment, for example, differ significantly from those shown for the Asia region, as the Asia segment includes only the sales of our Asian subsidiaries in India, China and Korea. The presentation for the Asia region, in contrast, additionally includes sales revenues generated directly with Asian customers by the German company, such as with customers in Japan, Taiwan and Indonesia. In the case of net sales by segment, the sales generated by the German company through direct deliveries to agencies and/or customers outside Germany were significantly higher than German sales by region. The sales revenues in the USA region and the USA segment, on the other hand, are nearly identical, because virtually all sales in this region are handled through our American subsidiary.

Sales by segment

The Company's total net sales of € 182.0 million (2008: € 198.1 million) break down as follows among the various segments:

Sales by Segment

	2009	2008	Change	
	€ mill.	€ mill.	€ mill.	%
Germany	99.0	107.8	– 8.8	– 8.2
Europe*	40.4	44.9	– 4.5	– 10.0
United States	37.4	40.7	– 3.3	– 8.1
Asia	5.2	4.7	0.5	12.2
Total	**182.0**	198.1	– 16.1	– 8.1

* Excluding Germany

Germany With net sales declining by € 8.8 million, Germany recorded the largest decrease in sales revenues in absolute terms. Although the German companies recorded higher sales revenues in conjunction with a major contract from the solar industry, these sales were more than offset by lower sales revenues with our German, Dutch and Japanese customers. In addition, net sales in Spain and Belgium declined.

Europe Lower sales were recorded in all European sales subsidiaries, as well. Especially noteworthy were declines in net sales of € – 1.7 million and € – 1.3 million, respectively, in Switzerland and Italy. This was attributable to setbacks in the coating industry as well as to the overall economic situation. Expressed in terms of local currency, sales revenues in the United Kingdom – as a result of our strong position in the analytical market – again reached the previous year's level, while a highly encouraging 8.4 % rise in net sales in Sweden was attributable, among other things, to winning two relatively large customers. However, this development was negatively impacted by currency translation, which meant that sales revenues declined in both cases following translation to euros.

United States The development of the US sales subsidiary in fiscal 2009 was not satisfactory. The € 3.3 million, or 8.1 %, decline in sales was reversely influenced by € 2.0 million due to the favorable exchange rate of the US dollar. Expressed in local currency, net sales declined by 13.0 %. This was attributable to the overall economic development in the United States, as well as to weak demand from the semiconductor industry.

Asia In the Asia segment, we report on our three subsidiaries in China, India and Korea. While sales revenues in Korea and India were encouragingly down only very moderately (€ – 0.2 million) from the previous year's level, only the Chinese sales subsidiary was able to post true sales revenue growth year on year by € 0.7 million. Against the backdrop of economic development that continues to be strong, PFEIFFER VACUUM has expanded its market position in China and has more than doubled its sales revenues there.

The crisis year 2009 led to significant shiftings in market share within the vacuum industry. Although we are not fully satisfied with the development of our sales revenues, we can see that our sales revenues have declined less strongly and that our market share has risen by comparison with our competitors and the vacuum industry overall.

The following circle diagram shows the distribution of net sales by segment (by subsidiaries):

Sales by Segment 2009 (2008)

* Excluding Germany

Sales by region

Sales by Region

	2009	2008	Change	
	€ mill.	€ mill.	€ mill.	%
Germany	69.1	69.3	– 0.2	– 0.4
Europe*	49.0	58.7	– 9.7	– 16.6
United States	37.2	40.8	– 3.6	– 8.6
Asia	24.2	27.3	– 3.1	– 11.3
Rest of World	2.5	2.0	0.5	26.5
Total	**182.0**	198.1	– 16.1	– 8.1

* Excluding Germany

Germany The decline in sales revenues in Germany was relatively moderate by comparison with the other regions. The decrease in sales in our core business with our German customers was largely compensated for by higher sales revenues under the major contract from the solar industry, so that net sales declined by merely € 0.2 million. The decreased demand from other customers in the solar industry, in particular, had a negative impact on our core business. In fiscal 2009, the industry had to cope with considerable overcapacities and financing difficulties. And this also impacted the development at PFEIFFER VACUUM.

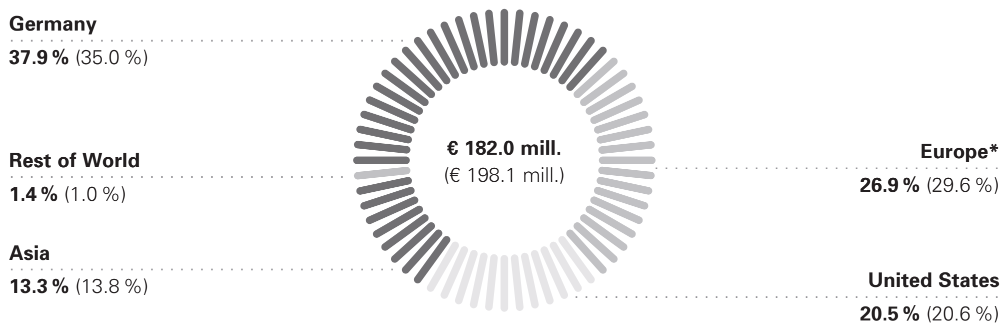
Europe In Europe, the picture continues to be inconsistent. While economic conditions in Spain and Italy led to sales declines and sales revenues in the Netherlands slumped by nearly 50 % due to the situation in the solar industry, in particular, we saw sales rise in Sweden and sales volumes remain constant in the United Kingdom. However, this development was offset by the negative exchange rate situation in translating these sales revenues to euros. With net sales declining by € 9.7 million and a change rate of – 16.6 %, Europe suffered the greatest losses in net sales in both absolute and relative terms.

United States As already indicated in the analysis of sales revenues by segment, the sales of our US sales subsidiary did not develop on a satisfactory note. Despite positive exchange rate impacts totaling € 2.0 million sales here decreased from € 40.8 million to € 37.2 million.

Asia In Japan, net sales again decreased. As opposed to € 12.9 million the year before, sales revenues amounted to € 9.2 million in fiscal 2009. The € 3.7 million decline was attributable, in particular, to the overall weak Japanese market. In Korea, net sales were at the previous year's level, and higher sales revenues were again recorded in China. However, this was unable to compensate for the negative development in Japan.

Rest of World This region includes Central and South America, South Africa and Australia. Improvements in sales revenues here stemmed predominantly from the markets in Brazil and Argentina, which are taking on increasing significance.

Sales by Region 2009 (2008)



* Excluding Germany

Sales by product

Any number of high-tech products and articles used in daily life can only be manufactured in vacuum chambers in which pressure conditions prevail that are similar to those in outer space. Different types of pumps are used for the various vacuum pressure ranges: For low and medium vacuum, these are primarily rotary vane, Roots and dry-running pumps. Turbomolecular pumps, or turbopumps for short, are used to generate high and ultra high vacuum.

Sales by Product

	2009	2008	Change	
	€ mill.	€ mill.	€ mill.	%
Turbopumps	68.8	79.7	– 10.9	– 13.6
Measurement/Analysis equipment	38.9	47.1	– 8.2	– 17.3
Systems	30.0	15.2	14.8	97.8
Backing pumps	25.5	32.1	– 6.6	– 20.6
Service	18.7	23.6	– 4.9	– 20.7
Other	0.1	0.4	– 0.3	– 88.6
Total	**182.0**	198.1	– 16.1	– 8.1

Turbopumps Sales revenues for the Corporate Group's most important product category declined sharply by € 10.9 million to € 68.8 million during the past 2009 fiscal year. Among other things, this was brought on by the development in the coating industry, and here especially in the solar industry, where our large turbopumps tend to be used. The weak development of the semiconductor industry, too, caused sales revenues for this product category to decline.

Measurement and analysis equipment The products in the Measurement and Analysis Equipment segment cover a broad spectrum and developed very heterogeneously in fiscal 2009. The decline in sales was less pronounced among mass spectrometers and transmitters, in particular, than in this product category overall, while the decrease in sales was significantly greater in vacuum components (such as flanges, seals or valves). However, at 21.4 %, this product category continues to account for the second highest share of total revenues within the Corporate Group (2008: 23.8 %).

Systems Totaling € 30.0 million in fiscal 2009, net sales nearly doubled in Systems business (2008: € 15.2 million). This was attributable first and foremost to the sales revenues stemming from a major contract from the solar industry for construction of a system to coat thin layer solar cells. The system was nearly fully completed in fiscal 2009, with sales revenues being recognized in accordance with the percentage of completion. Sales of leak detection systems, on the other hand, which are used in connection with quality assurance in the automotive industry, for example, declined. As a result of the

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Internationality

Wannong Eckhardt, Sales & Marketing Manager Asia-Pacific Region
We align ourselves to our customers – not the other way around.

significant increase in sales revenues for this product category overall, its 16.5 % share of total sales revenues improved this segment's ranking to third place within the Corporate Group (2008: 7.7 %).

Backing pump Sales revenues in the Backing Pumps product category declined by € 6.6 million to € 25.5 million. In previous years, demand for pumping stations for steel degassing, in particular, which are employed in manufacturing automotive engines, for example, had provided positive development. However, demand here slumped strongly in fiscal 2009. The same applies with respect to our Roots pumps, as well, which are also used in the solar industry. In contrast we saw increasing sales with our new products. Hence, this could not compensate the sales declines as mentioned before.

Service The decline in sales revenues in Service correlates with our findings that customers tend to postpone required maintenance and repair work for as long as possible during times of economic difficulty. Additionally, ongoing improvements to the quality of our products and increasingly long intervals between regularly required service result in lower sales revenues for maintenance and repair work anyway.

Other This category records sales revenues generated by leasing out sections of buildings. Sales revenues here again decreased from € 0.4 million the year before to € 0.1 million in fiscal 2009 in conjunction with the vacancy of a tenant during the second half of the 2008 fiscal year. Those sections of buildings that had previously been leased out have since been demolished.

Sales by Product 2009 (2008)

Sales by market

This section of the Annual Report details the development of sales revenues in the individual markets in 2009 relative to the year before.

Sales by Market

	2009	2008	Change	
	€ mill.	€ mill.	€ mill.	%
Coating	47.3	45.4	1.9	4.3
Analytical Industry	45.1	50.5	– 5.4	– 10.7
Industrial	36.4	46.5	– 10.1	– 21.7
R & D	34.9	31.6	3.3	10.5
Semiconductors	10.7	15.5	– 4.8	– 30.9
Chemical and Process Technology	7.6	8.6	– 1.0	– 11.1
Total	**182.0**	198.1	– 16.1	– 8.1

Coating The development of this market segment was attributable to two major opposing effects. Significant sales revenue growth stemmed from the percentage of completion under a major contract for systems for the production of thin layer solar cells. This contract was largely concluded in fiscal 2009. On the other hand, there was a general slump in demand as a result of the economic crisis; this manifested itself in the form of lower sales revenues with our other solar customers, as well as in declining sales, such as in the wear protection subsegment. Overall, sales revenues in this market segment grew moderately by € 1.9 million, or 4.3 %, year on year. This means that approximately one out of every four euros in sales revenues came from the Coating market, which now makes it PFEIFFER VACUUM's largest market segment. There was a rise in the relative importance of the solar industry both within this segment and for the Corporate Group overall. It accounted for 19.2 % of total sales revenues (2008: 12.5 %).

Analytical industry After having consistently posted encouragingly positive growth rates in previous years, sales revenues in the Analytical market declined during the past fiscal year. This was predominantly due to weaker OEM demand in the United States, as well as in Germany and Japan. Due to an overall weak market environment a sales decline by 10.7 % could not be avoided – in spite of outstanding customer relationships and a broadly aligned portfolio of products that offer outstandingly high quality.

Industrial This heterogeneous market is essentially characterized by companies from the mechanical engineering industry. And the well-known difficulties in this segment impacted the development of sales at PFEIFFER VACUUM, as well. With sales revenues decreasing by € 10.1 million, the Industrial market segment recorded the largest absolute decline in sales revenues in fiscal 2009. This market segment's share of total sales revenues declined from 23.5 % to 20.0 %.

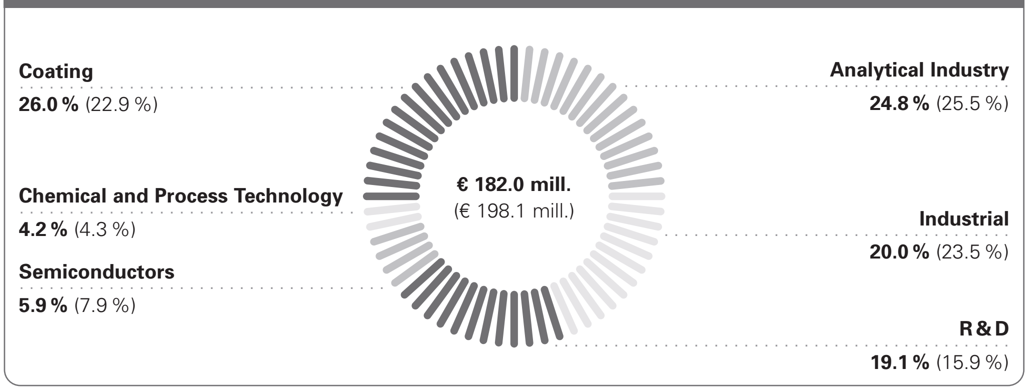
Research & development The positive development of sales revenues in the Research & development segment in fiscal 2009 enabled us to reap the fruits of our work in the past. We – in contrast to many of our competitors – have always been consistently intensive in serving this market segment. And our good customer relationships are now enabling us to do a good job of serving this market, which has taken on increasing significance due to the numerous government stimulus programs for public- and semipublic-sector research institutions, and record encouraging sales revenue growth. Moreover, being able to grow our sales revenues by 10.5 % in the midst of a global economic crisis is an accomplishment that speaks for itself.

Semiconductors The negative development of this cyclical market segment correlated to developments in the United States, where many of our customers are located or manufacture. Even though we had already recorded declines in the past, sales revenues again slumped sharply in fiscal 2009. Down by 30.9 % in 2009, this market segment additionally saw the strongest percentage decline in sales revenues during the past fiscal year. Following 7.9 % the year before, the share of total sales revenues accounted for only 5.9 %. We however – as opposed to several of our competitors – are only marginally dependent upon this market, as the last semiconductor crisis in the year 2002 had prompted us to reduce our dependency on this market segment through broader diversification into other markets.

Chemical and process technology The development of the market for chemical and process technology roughly paralleled the average development of the PFEIFFER VACUUM Group in fiscal 2009. As a result, lower sales revenues stemmed essentially from the decrease in demand in the chemical and pharmaceutical industries. Accounting for 4.2 % (2008: 4.3 %) of total sales, this market segment was the smallest in the Corporate Group.

The circle diagram below clearly shows that we continue to not be dependent upon any one market segment.

Sales by Market 2009 (2008)



New orders and orders on hand

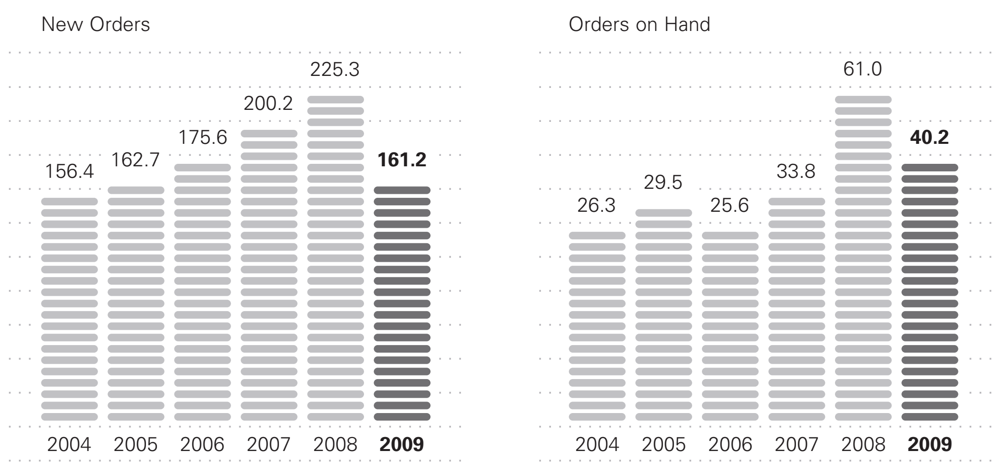
After having recorded the highest level of new orders in the Company's history, € 225.3 million, the year before, new orders totaling € 161.2 million were recorded in fiscal 2009 against the backdrop of the worldwide economic crisis, representing a significantly declining development. Overall, the level of new orders received during the 2009 fiscal year was down by € 64.1 million, or 28.5 %, year on year. However, this was essentially attributable to the previous year's very high level of new orders in conjunction with a major contract from the solar industry. Yet the level of new orders received in our core business declined in fiscal 2009, as well. New orders for vacuum pumps in fiscal 2009, for example, were down 17.3 % from the previous year's level. The decline in Service was moderately higher, while a marginally lower change rate could be seen in Measurement and Analysis Equipment. These declines are significant. Nevertheless, the situation at PFEIFFER VACUUM is relatively positive by comparison with the situation in the field of mechanical engineering overall, where in some cases new orders have plummeted by over 50 %.

Following a very good 1.14 the year before, the book to bill ratio – the quotient between new orders and sales revenues – stood below 1 in fiscal 2009, at 0.89. Nevertheless, two things give us reason for optimism: On the one hand, the book to bill ratio in our core business was above 1 in fiscal 2009; on the other, the quarter-to-quarter development of new orders is trending positive. With new orders totaling € 43.9 million, for example, the 4th quarter of 2009 was the strongest quarter of the 2009 fiscal year. For this reason, too, we see ourselves strengthened in our conviction that PFEIFFER VACUUM's economic situation will improve again.

The value of orders on hand on December 31, 2009, totaled € 40.2 million, down by € 20.8 million from the previous year's level of € 61.0 million. It should be noted in this connection that the 2008 value had also been influenced by a major contract. The order backlog on December 31, 2009, provides us with planning predictability for the initial months of the 2010 fiscal year.

The following table shows the development of new orders and orders on hand in past fiscal years:

Development of New Orders and Orders on Hand (in € millions)



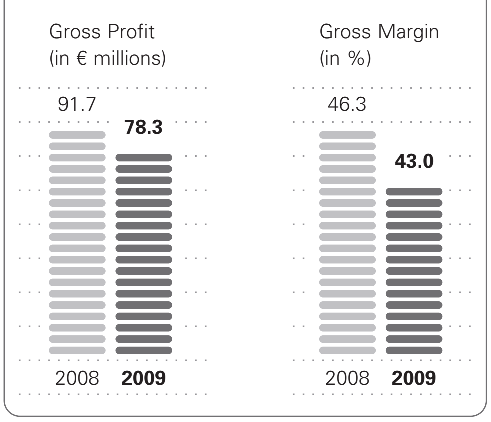
Earnings development

Cost of sales and gross profit

Cost of sales in fiscal 2009 amounted to € 103.7 million, down € 2.6 million from the previous year's level of € 106.3 million. This represents a decline of 2.5 %, which thus was significantly lower than the 8.1 % decrease in sales revenues. On the one hand, this was attributable to the extensive modernization, renovation and reorganization expenses incurred: Within the framework of a project that had long been planned, all turbopump manufacturing processes were reorganized in fiscal 2009. This included optimizing the process steps, themselves, aligning the flows of materials so as to reduce transport distances, as well as the thoroughgoing renovation of the production buildings. These measures increased cost of sales in fiscal 2009, on the one hand, while burdening productivity on the other because output declined while the measure was being implemented, although the manpower level remained unchanged. However, all of the costs incurred in this connection were non-recurring costs, which will not longer be a factor in subsequent years. These measures were necessary in order to align manufacturing operations with a view to the future. We thus see ourselves as being well equipped for future developments. Due to lower sales revenues in our core business, productivity in manufacturing operations overall declined as well. These negative economies of scale burdened cost of sales, in particular in Service. Higher personnel costs and effects from the product mix; in concrete terms, a higher percentage of sales revenues being accounted for by products that involve higher cost of sales also contributed to this development.

Overall, these developments led to a gross profit of € 78.3 million. By comparison with € 91.7 million the year before, this represents a decrease of € 13.4 million, or 14.6 %. The development of cost of sales also had a negative impact on gross margin, the ratio between gross profit and net sales revenues. As opposed to 46.3 % in fiscal 2008, a gross margin of 43.0 % was earned during the past 2009 fiscal year.

Gross Profit and Gross Margin



Selling, general and administrative expenses

Selling, general and administrative expenses totaled € 33.6 million. In contrast to € 33.4 million the year before, this represents a minimal rise of € 0.2 million, or 0.4 %. However, this modest change stemmed from highly differing developments in selling and marketing costs, on the one hand, and in administrative and general expenses, on the other. Selling and marketing expenses rose by € 1.1 million to € 23.0 million. The major factors in this development were increased selling activities, which were necessary in a difficult market environment. Moreover, costs were also burdened in conjunction with a new brand strategy. On the other hand, administrative and general expenses decreased by € 0.9 million to € 10.6 million as a result of a reduced scope of consulting projects relating to the entire Company, as well as lower expenditures in conjunction with leasing out buildings. Selling, general and administrative expenses accounted for 18.5 % of total sales revenues (2008: 16.9 %).

Research and development expenses

Research and development expenses rose from € 6.8 million in 2008 to € 7.2 million in fiscal 2009, and thus again stand at their 2007 level. The € 0.4 million increase was essentially attributable to increased development activities for new products. The share of sales revenues accounted for by research and development expenses rose from 3.4 % the year before to 3.9 % in fiscal 2009.

Other operating income and other operating expenses

The other operating income and other operating expenses line items have been added to the Income Statement this year and predominantly record exchange rate gains and losses within the Corporate Group. All transactions upon which these line items are based are attributable to operating activities and are therefore being recorded within operating profit since fiscal 2009, instead of being recorded within financial gain or loss. The comparitive figures have been correspondingly adjusted.

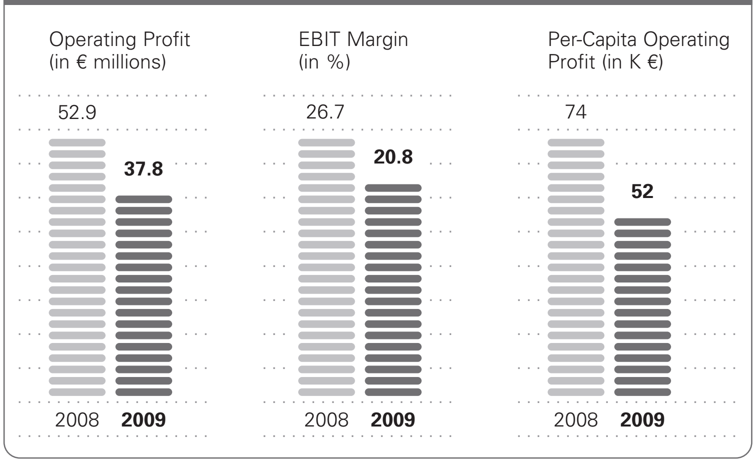
As a result of exchange rate developments on international foreign exchange markets, in particular, the balance of other operating income and other operating expenses declined from € 1.4 million to € 0.2 million. Essentially, the development of the US dollar was the major factor in this connection.

Operating profit

At € 37.8 million, operating profit for fiscal 2009 was down by € 15.1 million, or 28.6 %, from the previous year's level of € 52.9 million. As explained above, this was predominantly attributable to the increase in cost of sales. At 20.8 %, the EBIT margin, i.e. the ratio between operating profit and net sales, was above 20 %, and thus within the corridor of our guidance (2008: 26.7 %).

Both operating profit as an absolute number as well as profitability in the form of the EBIT margin were down significantly from the previous year's levels. However, against the backdrop of the most serious economic crisis since the establishment of the Federal Republic of Germany, these results continue to stand for a company that is still posting far above average success. Even in phases of economic upswing, only few enterprises ever succeed in achieving the kinds of margins that PFEIFFER VACUUM recorded under the most difficult conceivable economic conditions. What should additionally be taken into consideration in this connection are the expenses involved in reorganizing and modernizing manufacturing operations, which burdened operating profit in the form of non-recurring effects, but which have aligned the Company for the future. We are therefore of the opinion that PFEIFFER VACUUM has done outstandingly in the face of the current economic situation.

Operating Profit, EBIT Margin and Per-Capita Operating Profit



Financial income

Adjusted for the gain or loss on exchange rates, financial income for fiscal 2008 totaled € 1.2 million, and given financial income (essentially interest income) of € 2.7 million was impacted strongly by an impairment for securities held (€ 1.5 million). Only € 0.2 million of these impairments had to be recorded in fiscal 2009. Financial expense totaled € 0.2 million. As a result of the very low level of interest rates, though, financial income also decreased strongly, amounting to € 0.9 million, producing overall financial income of € 0.7 million. This represents a decline of € 0.5 million.

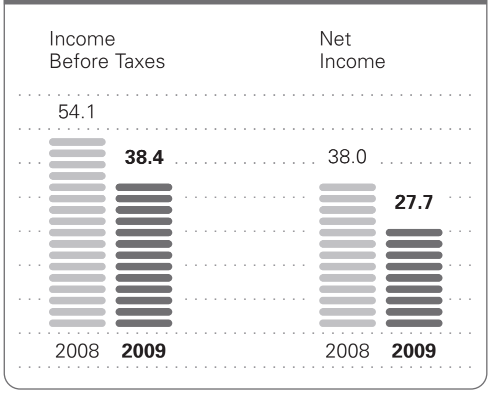
Income taxes

Tax expenses for fiscal 2009 amounted to € 10.7 million, down sharply by € 5.4 million from € 16.1 million the previous year. This was attributable, on the one hand, to lower before-tax income (€ 38.4 million, as opposed to € 54.1 million the year before). Moreover, there was also a decline in the relative tax burden, and the tax ratio stood at 27.9 % for the past fiscal year, in contrast to 29.7 % in 2008.

Net income

Following a record € 38.0 million the year before, the Company recorded net income of € 27.7 million in fiscal 2009, representing a significant decrease of € 10.3 million, or 27.2 %. Nevertheless, PFEIFFER VACUUM continues to be a highly profitable company, even in times of crisis. Our after-tax return on sales of 15.2 % (2008: 19.2 %) represents a level that continues to remain far above average, especially against the back-drop of the overall economic situation. We thus have no reason to fear any international comparisons.

Income Before Taxes and Net Income (in € millions)



Earnings per share

Mainly as a consequence of the lower level of income before taxes, earnings per share decreased as well, from € 4.36 the year before to € 3.24 in fiscal 2009. This correlates to a decline of 25.7 %; however, due to the share buyback program in 2008 and the resulting lower average number of shares in circulation in 2009, this decline was less pronounced than the decrease in net income. As in the year before, there continued to be no dilutive effects in fiscal 2009.

Financial position

The balance sheet total of the consolidated PFEIFFER VACUUM Group as at December 31, 2009, amounted to € 159.1 million. As opposed to € 170.1 million the year before, this represents a decline of € 11.0 million, or 6.5%. The major reason for this development was the € 6.9 million decline in trade accounts receivable, from € 27.5 million to € 20.6 million, as a result of the lower level of sales revenues. In addition, cash and cash equivalents decreased from € 68.3 million to € 62.0 million. The primary factor in the development of cash and cash equivalents was the dividend payment in the amount of € 28.5 million. A detailed analysis of the development of cash and cash equivalents is presented in the comments on cash flow in the following section. A lower order backlog was the reason why inventories declined from € 21.4 million to € 17.5 million. Up year on year, on the other hand, were receivables from construction contracts (€ + 5.8 million) as well as fixed assets (€ + 1.9 million). On the one hand, this was attributable to the recognition of sales revenues in conjunction with the major contract from the solar industry and, on the other, to the turbopump manufacturing annex at Group Headquarters in Asslar.

As opposed to € 137.8 million as at December 31, 2008, shareholders' equity at the close of the 2009 fiscal year totaled € 138.3 million, up € 0.5 million from the previous year's level. The major causes of this development were net income in the amount of € 27.7 million and the dividend payment to the shareholders of PFEIFFER VACUUM TECHNOLOGY AG in the amount of € 28.5 million. In addition, the € 6.0 million decline in liabilities from construction contracts, the € 3.6 million decrease in tax liabilities and the € 1.9 million decline in provisions were the key factors in the development of the shareholders' equity and liabilities side of the balance sheet.

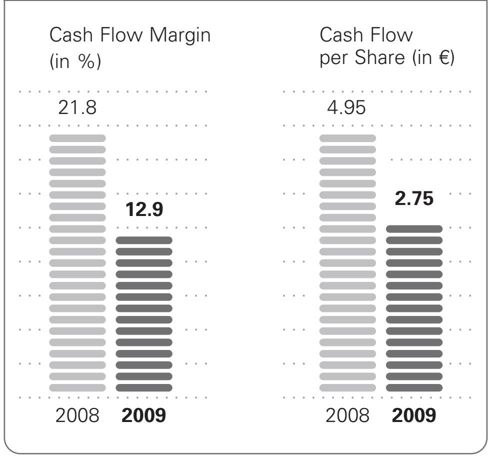
Professionalism

Julian Eckl, Industrial Mechanic Apprentice
His enthusiasm and commitment will pay big dividends tomorrow.

Liquidity and cash flow

As anticipated, it was not possible to match the previous year's outstanding operating cash flow (€ 43.1 million) in fiscal 2009. At € 23.4 million in 2009, net cash provided by operating activities was down by € 19.7 million, or 45.6 %, year on year. This was initially attributable to the lower level of income before taxes (€ – 15.7 million). Moreover, the reduction in payables and other liabilities in fiscal 2009 resulted in a cash outflow of € 5.4 million, while a cash inflow of € 6.1 million had been recorded here the year before. On the other hand, there were positive cash flow effects stemming from the decline in inventories (totaling € 5.7 million) and the reduction in tax payments (€ – 1.0 million). As a result of the higher operating cash flow in fiscal 2008, both the cash flow margin (the ratio between operating cash flow and sales revenues) as well as cash flow per share had been very high in the previous year and declined in the year under review. However, with a cash flow margin of 12.9 % and a cash flow per share of € 2.75 in operating activities, PFEIFFER VACUUM continues to record outstanding results.

Cash Flow Marge and Cash-Flow per Share



Amounting to € 5.4 million, considerable capital expenditures were made for buildings and for production and manufacturing systems, although they were not quite as extensive as in the year before (2008: € 10.4 million). This included, in particular, expansion of the turbopump manufacturing buildings and investments in machinery and equipment, as well as factory and office equipment. Moreover, additional software was also acquired, accounting for € 0.6 million in fiscal 2009 (2008: € 0.1 million). Detailed comments on the composition of capital expenditures can be found in the following section entitled "capital expenditures and financing". Net cash provided from disposals of fixed assets amounted to € 0.1 million (2008: € 0.2 million). Proceeds from the redemption of investment securities in fiscal 2009 totaled € 3.0 million, as opposed to none in 2008.

In fiscal 2008, cash flow from financing activities had been characterized essentially by the dividend payment to the shareholders of PFEIFFER VACUUM Technology AG (€ 27.9 million) and by net cash used in the amount of € 20.1 million for the acquisition of treasury shares. Virtually only the higher dividend payment in the amount of € 28.5 million was recorded in fiscal 2009.

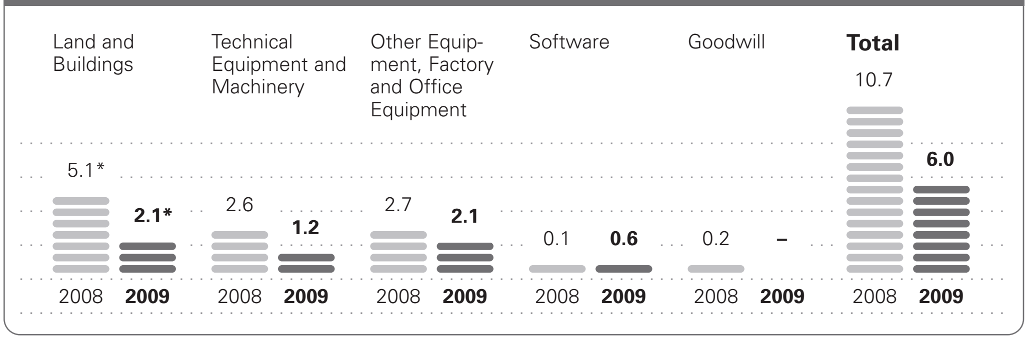
As at December 31, 2009, cash and cash equivalents totaled € 62.0 million, representing a decline of € 6.3 million, or 9.3 %. We thus generated sufficient cash from operating activities to finance our day-to-day business as well as any required investment projects and virtually the entire dividend payment. In addition, the Corporate Group also enjoys access to committed but unused lines of credit having a total volume of € 12.3 million (2008: € 9.8 million).

Free liquidity is invested in interest-bearing vehicles within the framework of our financial management. A cash management system is in place between the German companies within the Corporate Group in order to pool liquidity. The parent corporation regularly pools the free liquidity of the subsidiaries. Conservative and largely short-term investment vehicles, such as money market or time deposits at banks, dominate in conjunction with financial investments. In the case of securities, only fixed- or variable-rate bond issues from issuers with high credit ratings are fundamentally acquired. These typically consist of bond issues from banks or high-grade industrial bond issuers. We do not engage in speculative transactions.

Capital expenditures and financing

Capital expenses decreased from € 10.7 million to € 6.0 million year on year. Their composition is presented in the following table:

Capital Expenditures (in € millions)

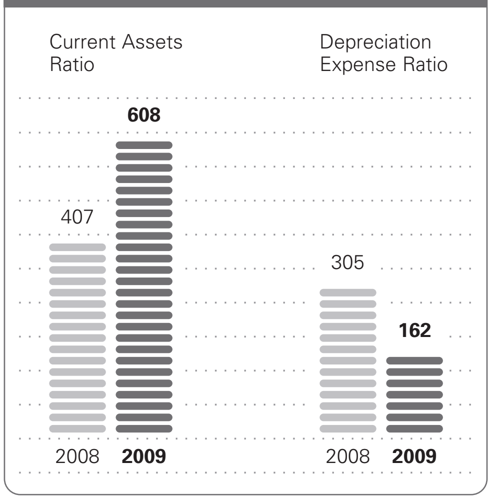


* Including construction in progress (€ 0.7 million; 2008: € 0.7 million)

In spite of expansion of the production buildings in fiscal 2009, capital expenditures for land and buildings did not reach their 2008 level, where considerable funds had been invested on the new Logistics Center. The increase in capital expenses for software was predominantly attributable to implementation of a Customer Relationship Management solution.

Following a good, above-average equity ratio of 81.0 % the year before, this key figure saw renewed improvement, amounting to 87.0 % as at December 31, 2009. This means that our Company is being financed virtually entirely through shareholders' equity in the long-term segment. The current assets ratio, the quotient between current assets and current liabilities, amounted to 608 % (2008: 407 %) and continues to symbolize our sound financing concept and our high credit rating.

Current Assets Ratio and Depreciation Expense Ratio (in %)



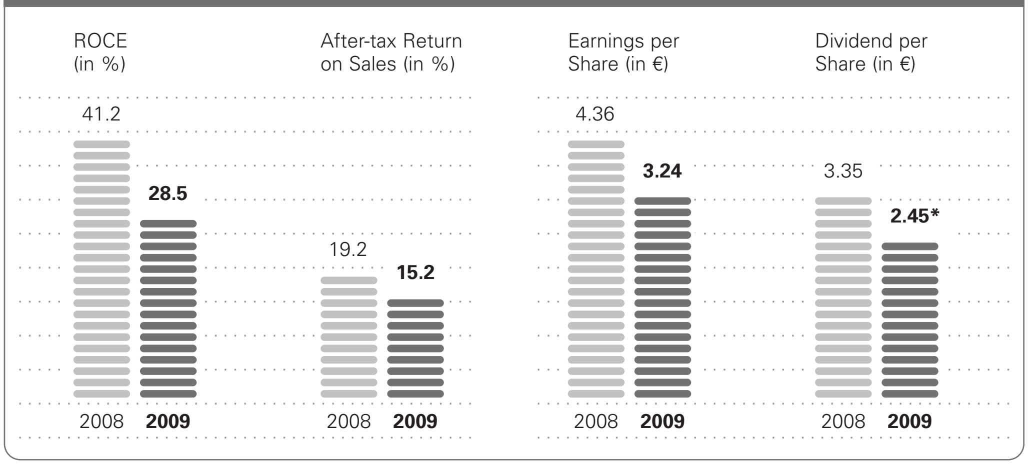
Given the above-mentioned capital expenditures of € 6.0 million and a depreciation expense volume of € 3.7 million in fiscal 2009, the depreciation expense ratio (the ratio between capital expenditures and depreciation expense) totaled 162 %. This means that new capital expenditures in fiscal 2009 were once again higher than the loss of value on existing fixed assets, even though this ratio was not as high as the year before (305 %). This decrease was attributable to the lower level of capital expenditures and a moderate rise in depreciation expense.

Value reporting

The concept of value-based steering of the Company has long been an element of the management approach that exists within the Corporate Group. All major decisions at PFEIFFER VACUUM are made with due consideration being given to all major financial aspects. Without this ongoing focus of every transaction on the value it contributes, it would not be possible to achieve the results that PFEIFFER VACUUM earns.

The following table provides an overview of various further financial performance indicators. In addition to ROCE (Return On Capital Employed) as a parameter for the yield on capital employed, the Company's return on sales and earnings per share are also presented here. What is ultimately the decisive factor for the shareholder, however, is the annual dividend that is proposed or distributed. The ratio between the dividend and earnings per share serves as an indicator of the extent to which shareholders participate in the Company's economic success.

Key Value Reporting Indicators



* Subject to the consent of the Annual Shareholders Meeting

PFEIFFER VACUUM's key financial figures, too, are a manifestation of the global economic crisis, with all of the above-mentioned performance indicators down year on year. Declining profitability combined with the sharp decrease in current liabilities to drive ROCE down to 28.5 % (2008: 41.2 %). Overall, however, all of our performance indicators continue to stand for an absolutely sound and highly profitable company. Consequently, the Management and Supervisory Boards will propose that the Annual Shareholders Meeting resolve a dividend of € 2.45 per share. This does not mean that PFEIFFER VACUUM would be the only company to pay a dividend. But it would number PFEIFFER VACUUM among the few companies that are able to make a high dividend payout from their current earnings in fiscal 2009.

General comments on the course of business

Against the backdrop of overall economic development, we performed on a far better note than the industry, gained market share and thus improved our competitive position. With relatively low sales revenue declines, we continue to be highly profitable, even though considerable costs were incurred in conjunction with the modernization and reorganization of our turbopump manufacturing operations. PFEIFFER VACUUM is thus once again going against the general trend of economic development. Nevertheless, we are not entirely satisfied with the course of business in fiscal 2009. The reason is the development of our core business. What will count here will be to throw the levers and mobilize all of our forces in order to appropriately utilize the new manufacturing structures that we have put in place over the course of the past two years. The development of new orders is showing that we are setting the right signals here.

The Corporate Group

Corporate structure

As at December 31, 2009, the PFEIFFER VACUUM Group comprised a total of 13 companies. The parent corporation is PFEIFFER VACUUM TECHNOLOGY AG, in Asslar, Germany, which is publicly traded on the Deutsche Börse Stock Exchange in Frankfurt am Main.

The full corporate structure was as follows on December 31, 2009:

PFEIFFER VACUUM TECHNOLOGY AG
D-Asslar

PFEIFFER VACUUM GMBH	D-Asslar	100.0 %
PFEIFFER VACUUM AUSTRIA GMBH	A-Vienna	100.0 %
PFEIFFER VACUUM (SCHWEIZ) AG	CH-Zurich	99.4 %
PFEIFFER VACUUM (SHANGHAI) LTD.	CHI-Shanghai	100.0 %
PFEIFFER VACUUM FRANCE SAS	F-Saclay	100.0 %
PFEIFFER VACUUM LTD.	GB-Newport Pagnell	100.0 %
PFEIFFER VACUUM (INDIA) LTD. (17.0 % / 73.0 %)	IND-Secunderabad	90.0 %
PFEIFFER VACUUM SCANDINAVIA AB	S-Upplands Väsby	100.0 %
PFEIFFER VACUUM INC.	USA-Nashua	100.0 %
PFEIFFER VACUUM HOLDING B.V.	NL-De Meern	100.0 %
PFEIFFER VACUUM ITALIA S.P.A.	I-Rho	100.0 %
PFEIFFER VACUUM KOREA LTD.	KR-Yongin-City, Kyungki-Do	75.5 %

Customer and internal training

Timo Birkenstock, Technical Training Leader
Training about and on our products is part of our customer service.

Following conclusion of the liquidation of PFEIFFER VACUUM NEDERLAND B.V. i.L. and PFEIFFER VACUUM BELGIUM N.V. i.L. in the autumn of 2009, these two subsidiaries were deconsolidated. There were no further changes in fiscal 2009 to the composition of the companies that are included in the Consolidated Financial Statements.

PFEIFFER VACUUM GMBH, in Asslar, Germany, is a wholly-owned subsidiary of PFEIFFER VACUUM TECHNOLOGY AG, and plays a key role in the Corporate Group. Both manufacturing operations for the entire Group as well as sales and distribution operations for Germany and the Benelux countries are organized within this company. With a total workforce of 551 people as of December 31, 2009, the lion's share of the total workforce employed by the PFEIFFER VACUUM Group (725 at year-end 2009) work at this company.

The further members of the Corporate Group are legally autonomous corporations, which are predominantly responsible for sales and marketing activities. Essentially, these companies are organized under legal forms that are similar to that of a German closely-held limited liability corporation ("Gesellschaft mit beschränkter Haftung" or "GmbH" for short).

No further material equity investments exist within the PFEIFFER VACUUM Group. In particular, there are no special-purpose entities, joint ventures or associated companies.

Organizational structure and corporate steering

Organizational structure

PFEIFFER VACUUM TECHNOLOGY AG is the parent corporation and is organized as a holding company. In addition to strategic management of the Corporate Group by the Management Board, this corporation also rents land and buildings to PFEIFFER VACUUM GMBH. PFEIFFER VACUUM GMBH fulfills a key task within the Corporate Group. Commensurate with its international customer structure, PFEIFFER VACUUM is represented on a global basis. In addition to PFEIFFER VACUUM GMBH, there are ten operative non-German subsidiaries, which provide local coverage for the Company's major markets. These companies primarily perform sales, service and marketing functions. In this connection, all companies sell the entire PFEIFFER VACUUM product portfolio, without restriction. Specially trained sales engineers work together with the customer to develop the needs profile for the application in question, and select the appropriate products from the extensive PFEIFFER VACUUM product line. Regular training at corporate Headquarters provides all Sales staff with insights into current technical developments, thus enabling them to always offer our customers the optimum vacuum solution.

In addition to selling new products, one of PFEIFFER VACUUM's key success factors is the quality of our service, i.e. continuous maintenance and repair, if necessary, of our products. In this sector, too, regular education assures that our service technicians possess the requisite professional skills and abilities. In countries in which PFEIFFER VACUUM is not represented through a subsidiary, customers are served directly by PFEIFFER VACUUM GMBH. In addition, there are also contracts in place with local sales agencies.

The Management Board of PFEIFFER VACUUM TECHNOLOGY AG is also responsible for managing the business of PFEIFFER VACUUM GMBH. Within the framework of their operations, the non-German subsidiaries have self-directed managements and basically make their own decisions on how to attain the targets that have been defined by corporate Headquarters (sales revenues, operating margin and income before tax). The supervisory bodies of the sales and marketing companies, whose staffing includes members of the Management Board of PFEIFFER VACUUM TECHNOLOGY AG, or Headquarters in Asslar, must be involved in the case of major decisions.

Strategy

PFEIFFER VACUUM develops, produces and distributes vacuum solutions that are highly challenging in terms of technology and quality. Reliability, service life and performance are attributes that our customers associate with products from PFEIFFER VACUUM. The Company's long-term strategic objectives include selling its products on the basis of quality, not price. The sales strategy also includes stressing the long-term total cost of ownership advantages over the life of a PFEIFFER VACUUM product. These stem, among other things, from their lower maintenance and repair costs, longer service lives and lower energy consumption by comparison with competition products.

A further strategic objective is to always be close to the customer. One of the ways this is done is through a broad-based Sales and Marketing structure. Moreover, PFEIFFER VACUUM strives not to be dependent upon any one product, region or market long-term and to retain the Company's existing, well-balanced sales mix.

Attractiveness and name recognition are the keys to a strong and economically successful brand. Consequently, marketing and brand management enjoy high priority with us. Under a Group-wide project, work began in early 2009 on developing a new brand strategy. The point of departure was an intensive phase of analysis, based upon interviews with employees, customers and prospects throughout the world. In this connection, PFEIFFER VACUUM's brand style and impact were thoroughly studied. Today, we know that the industry views PFEIFFER VACUUM as leading in technology, engineering and quality. This is an outstanding foundation for a successful brand strategy. The implementation phase began during the year under review and will be continued in fiscal 2010. The over-arching objective of the project is to become the most attractive brand in all market segments served by PFEIFFER VACUUM. To do this, we will be further optimizing our portfolio of solutions, services and products in the coming years. Our new motto, "A Passion for Perfection", is the guiding principle that symbolizes our ongoing quest for improvement.

In addition to growth from within, the Company's strategic objectives also include further growth through the acquisition of companies that make for a good fit with PFEIFFER VACUUM's core business and meaningfully complement or broaden its product portfolio. In this conjunction, Göttingen-based Trinos Vakuum-Systeme GmbH was acquired effective January 1, 2010. This company is one of the leading manufacturers of vacuum chambers, vacuum systems and special components for the vacuum industry. Moreover, it is now Europe's largest supplier of vacuum fittings and components, e.g. feedthroughs, glass components and vacuum valves. This will enable PFEIFFER VACUUM to offer its customers throughout the world even more extensive solutions for their vacuum needs. Additional information relating to the acquisition of Trinos Vakuum-Systeme GmbH is contained in the section entitled "Early 2010 and Outlook".

Steering instruments

Both the subsidiaries as well as the sales and marketing organization in Germany and Benelux are operatively steered by means of agreements on annual sales and profitability targets ("Management by Objectives"). The targets are defined each autumn for the coming fiscal year, with due consideration being given to local aspects and market opportunities. These targets are derived by aggregating individual data from the major sales and marketing operations to produce anticipated consolidated sales. At the same time, costs are also planned. The budget so derived is adopted by the Management Board and then becomes definitive for all units that bear operative responsibility (non-German sales subsidiaries, for example). During the course of the year, target achievement is monitored within the framework of monthly reporting by means of detailed target/actual comparisons and variance analyses. It assures that undesirable trends can be identified and corrected early on. Monthly conference calls with the management of the sales subsidiaries additionally assure that all business development questions are discussed. This further affords an opportunity to discuss non-pecuniary aspects, over and above the financial analysis. In addition, personal talks are conducted twice a year on site with the staff by corporate management. In countries in which PFEIFFER VACUUM is not represented directly through a subsidiary, the sales targets are agreed with the local distribution partner. Here, too, the achievement of sales targets is measured by means of target/actual comparisons.

A further steering instrument within the Corporate Group consists of the variable compensation element of the local managements of the non-German subsidiaries and of the German sales staff. Although the variable compensation element is contingent, in particular, upon the sales revenues achieved, profitability targets are also utilized for this purpose. Employees in executive positions or key roles additionally receive a variable compensation element that is essentially contingent upon the operating profit achieved. This enables employees in those areas of the Company that do not have any direct influence on sales to be sensitized to cost structures and thus to the Company's long-term success.

PFEIFFER VACUUM's sustained economic success demonstrates that – even during the current economic crisis – the steering systems that are in place support the positive, long-term development of the Corporate Group.

Business operations and product portfolio

PFEIFFER VACUUM is a leading provider of vacuum solutions. Its product portfolio includes components and systems for generating, measuring and analyzing vacuum. We are a German mechanical engineering manufacturer that develops, produces and predominantly exports high-tech products in premium quality.

Worldwide, our name stands for innovative and custom vacuum solutions, for German engineering, competent advice and reliable service. We have been setting standards in our industry ever since the invention of the turbopump. And it is this claim to leadership that will continue to drive us in the future.

Our products include a broad selection of pumps for vacuum generation, vacuum measurement and analytical devices, as well as installation elements and complete vacuum systems. With the aid of our products, pressure conditions are produced under vacuum that are similar to those that prevail in outer space and are indispensable in manufacturing any number of high-tech products and articles used in daily life.

Research & development

Products from PFEIFFER VACUUM are characterized by premium quality and a top reputation. And everyone who works in our development operation strives to maintain and broaden this good reputation. Our aim is to steadily improve the quality of our products and to offer our customers added technology value. Development objectives include optimizing performance data in terms of pumping speeds, run-up times and gas throughputs, as well as lowering energy consumption and reducing maintenance intensity. With our strategy of offering the customer complete vacuum solutions and stressing the long-term benefits of these kinds of solutions in the form of energy and operating cost savings potential, we clearly set ourselves apart from our competition.

In 2009, research and development expenditures totaled € 7.2 million (2008: € 6.8 million); development costs thus accounted for 3.9 % of total sales (2008: 3.4 %). A total of 75 engineers, physicists and technicians in the Development Department (2008: 71) are working to develop new products in order to be able to generate and measure even better vacuum in even less time. Patents are a visible manifestation of innovative strength. During the year under review, 9 new patent applications were filed (2008: 10). In addition, 15 patents were granted on pending applications. We hold a total of over 80 fundamental patents worldwide, as well as more than 125 patent families with nearly 400 national intellectual property rights.

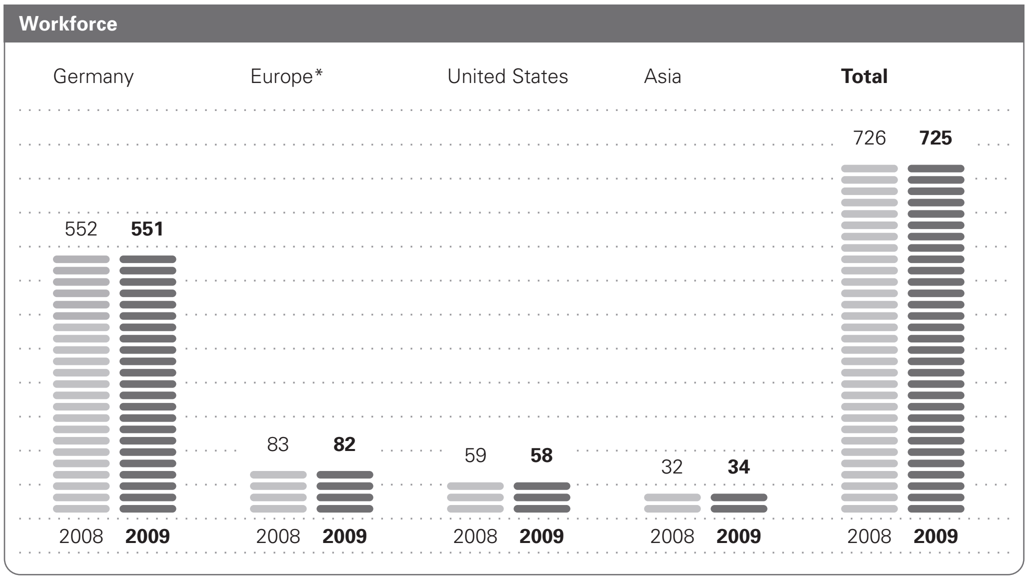
Purchasing

Generally speaking, efficient and cost-effective sourcing of goods and services is a key basis for a company's profitability. Our activities here are characterized by ongoing optimization of our purchasing processes, access to new sources of supply and achieving the best possible prices, combined with a high degree of flexibility and quality. Maintaining intensive contacts with existing and potential suppliers both in Germany and other countries, along with collaboration in a spirit of partnership, assure good and trustful relationships. This and the way in which we collaborate leads to sustained success for both sides. PFEIFFER VACUUM's involvement of suppliers in the product creation process early on, in particular in connection with categories of goods that are highly demanding in terms of technology, additionally enables us to utilize our suppliers' development competence during early phases of the development work. This affords us the opportunity of creating innovative products at optimal cost in shorter development cycles, with make-or-buy decisions being taken into consideration. Depending upon the focus of the task in question, our Development, Purchasing, Logistics, Quality and Manufacturing operations are involved to a greater or lesser extent in this joint process. And, finally, the fact that all products are manufactured exclusively at our facility in Asslar, Germany, enables us to centralize all major purchasing processes and thus achieve economies of scale. Additionally, electronic handling of purchasing processes is a further major element in our internal process optimization.

A new Logistics Center has been in operation since 2008. Thus, PFEIFFER VACUUM has achieved fully automated materials management for a major share of its inventories, as well as computer-networked capture of all materials movements by means of bar code scanners. At the same time, it was also possible to optimize the flows of materials in Manufacturing, including the employment of automated in-house transportation routes. And there have also been improvements to the way movements of materials are managed in the new Logistics Center in connection with central handling of shipping operations.

Workforce

On December 31, 2009, PFEIFFER VACUUM employed a workforce of 725 persons, including 34 apprentices (2008: 726, including 31 apprentices). At year-end, 551 persons (76 %) were working in Germany, first and foremost at corporate Headquarters in Asslar, and 174 persons (24 %) at our non-German subsidiaries.



Dec. 31

* Excluding Germany

Initial and continuing training and education

The foundation for the acknowledged high quality of our products consists of our well trained and educated employees. The professional knowledge possessed by our Sales staff enjoys high priority in collaborating with our customers. They benefit from the long years of experience upon which our experts can draw with regard to the physical and chemical reactions of a wide range of molecules and substances under vacuum. Our customers develop most of their projects in collaboration with our teams, which can involve our employees from Research & development as well as Production, if necessary. The ultimate objective is to offer every customer a perfect vacuum solution for the application in question.

Concentration

Jan Schäfer, Assembly Mechanic (Backing Pump Production)
Care is taken in connection with every step in assembling the pumps.

We train our future industrial mechanics in a workshop that is outfitted with modern machinery and equipment. Our white-collar apprentices rotate through various departments. In addition, we have for years been very successfully participating in the "StudiumPlus" work-study educational program in a collaborative effort between the Giessen-Friedberg University of Applied Sciences and the Chamber of Industry and Commerce. This is one way we recruit our new business and mechanical engineers. In fiscal 2009, we provided a total of 34 training slots (2008: 31), thus increasing our training quota.

By making jobs available for interns and awarding contracts to post-graduate thesis candidates, we are offering young people insights into life in a modern mechanical engineering manufacturing company. The subjects of the post-graduate theses related primarily to development operations in fiscal 2009. A total of 4 theses were written (2008: 6).

Good training and education, along with a willingness to engage in ongoing continuing training and education in response to the changing needs of the market, represent the best prerequisites for secure jobs and sustained business success. Continuing training and education plays a major role at our Company. New hires receive an introductory course in the fundamentals of vacuum technology, while sales and service staff are given training in the latest products. The continuing education offensive that was launched in 2007 for improving English language skills was further broadened in fiscal 2009 to include a total of 67 participants (2008: 60). Foremen and group leaders were trained in communication and leadership techniques. Individual continuing training and education, as well as courses that accompany our people's professional and vocational lives, are supported within the framework of specific personnel development measures.

Professional and Vocational Qualifications

	2009	2008
Development and Manufacturing, total	**380**	382
College and university graduates	64	58
Employees with specialized training	260	259
Employees without specialized training	38	46
Apprentices	18	19
Administration, Sales and Marketing, total	**345**	344
College and university graduates	157	151
Employees with specialized training	160	173
Employees without specialized training	12	8
Apprentices	16	12

Dec. 31

Performance-based pay

In 2009, our employees again shared in the Company's success in the form of an annual bonus. Employees in Sales received additional incentives through an individual bonus system that is based upon profitability and growth criteria. Personnel expense in fiscal 2009 totaled € 46.2 million, as opposed to € 43.3 million in 2008. The additional expense stemmed mainly from a higher average workforce over the course of the entire year in conjunction with the renovation measures in the turbo manufacturing operation.

Old-age retirement benefits

In Germany, PFEIFFER VACUUM offers its employees various Company old-age pension options: A funded supplemental retirement benefit corporation, direct insurance and a pension fund. By enabling a portion of the employee's income to be earmarked for this purpose, it is possible to build a tax-advantaged supplementary old-age pension that is matched to the individual's own needs.

Since fiscal 2008, we have had a new and forward-looking system in place for those employees who work at Headquarters in Asslar and had previously not had any employer-financed pension contributions. The principle is very simple: Within the framework of what is called "freedom of allocation", PFEIFFER VACUUM decides annually on the amount of the total contribution to be made available for Company pension options. This "total pension contribution" is a voluntary, employer-paid benefit basically related to the Company's economic success. PFEIFFER VACUUM intends to continue to make the total pension contribution available annually in the future, although no legal entitlement to it exists, even if it has repeatedly been made available.

PFEIFFER VACUUM's pension obligations under agreements relating to the Company-funded old-age pension have been held in an asset management trust organized in the form of a registered association, PFEIFFER VACUUM TRUST E. V., since year-end 2003. Various pension plans that conform to country-specific conditions are in place at the sales subsidiaries. Information relating to the development of the pension assets is contained in Note 24 to the Consolidated Financial Statements.

Age Structure of the Company

	2009	2008
Under 30	111 (15 %)	117 (16 %)
30 to 50	381 (53 %)	392 (54 %)
Over 50	233 (32 %)	217 (30 %)
Total	**725 (100 %)**	726 (100 %)

Dec. 31

During the year under review, five employees took advantage of the opportunity to gradually transition into retirement under a part-time contract for near retirees (2008: 9). This enabled us to offer all apprentices permanent jobs upon passing their final examinations.

Social responsibility

We take our social responsibility toward our people seriously. We meet our disabled-employee quota and are in compliance with official accident prevention and job safety regulations (see also the chapter entitled "Sustainability"). The issue of family friendliness includes models for re-entering the working world with flexible working hours and job sharing for young mothers and fathers, as well as support in obtaining childcare.

Averaging 4.9 %, our absenteeism rate is lower than the industry average of 5.3 %. An attrition rate of 2.7 % illustrates our attractiveness as an employer and the sense of responsibility we exercise in dealing with our employees.

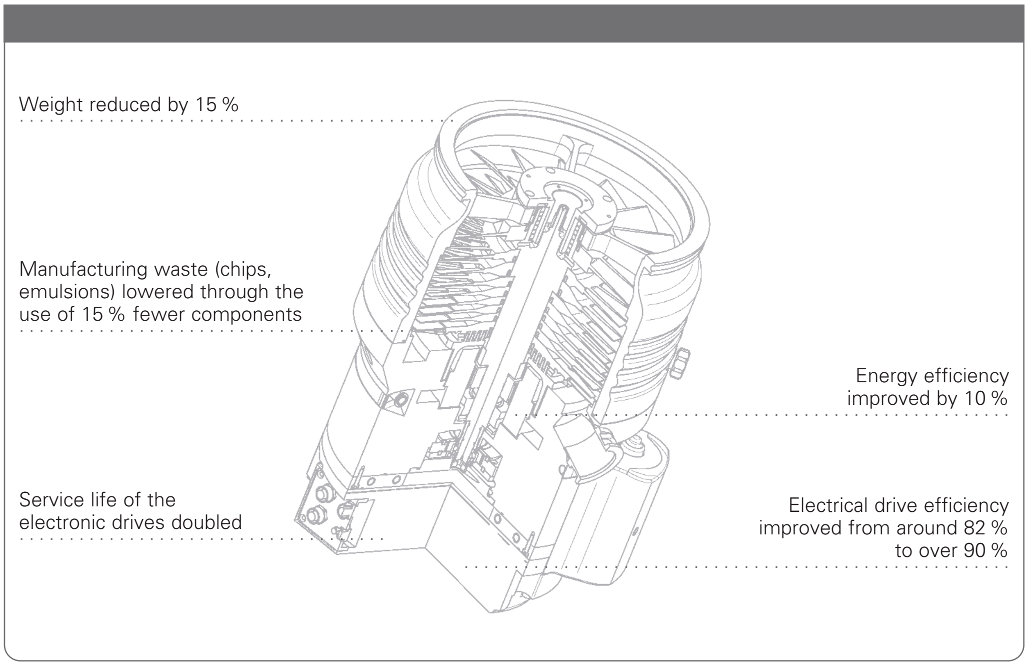
Sustainability

The responsible treatment of resources, which manifests itself in the development, manufacture and quality of our products, along with safeguarding our people at their workplaces coupled with social commitment, are the cornerstones of visionary, cautious entrepreneurialism. These are major elements of the corporate culture at PFEIFFER VACUUM. An extensive package of declarations affirming the observance of UN guidelines and the stipulations of the ILO underscores our social responsibility and our commitment to the environment. The corresponding Code of Conduct is also available on our Internet site at www.pfeiffer-vacuum.net under "Corporate Governance."

Environmental protection in product development

We place great emphasis on environmentally sound design engineering in developing new products. This relates to both the materials that are used, including their recyclability, as well as to resource-conserving production operations and, finally, energy-efficient start-up of our pumps at our customers. Our employees in Development, as well as in Production and Sales and Marketing, are continuously reviewing existing products with a view to potential modifications relating to their efficiency and environmental compatibility.

A good example of our accomplishments in this regard is the HiPace™ turbopump that we brought to market in fiscal 2008. Fiscal 2009 then saw widespread distribution of the HiPace™ series in a large number of market-relevant standard versions. Our customers have shown such strong demand for the features offered by this new series that it became a major sales revenue factor in the year under review.



Environmental protection in business operations

PFEIFFER VACUUM regularly monitors and assesses such environmental factors as electricity, gas and water consumption, as well as waste disposal. Water consumption rose by 1.6 % from 16,924 m^3 in fiscal 2008 to 17,190 m^3. This higher consumption in fiscal 2009 was attributable to initial filling of machinery and washing systems in conjunction with the renovation of turbopump manufacturing operations. Electrical consumption increased moderately by 1.7 % from 8,706 KkWh to 8,850 KkWh. This rise, too, was attributable to the renovation measures. Gas consumption was able to be further lowered by 20.8 % during the year under review, from 7,279 KkWh to 5,762 KkWh. This dramatic saving was attributable to the demolition of a building that was no longer required, as well as to improved thermal insulation in the factory buildings and modernization of the heating system.

On the basis of the Company's electrical and natural gas consumption, CO_2 emissions in fiscal 2009 totaled 5,727 t (2008: 5,957 t). This reduction was attributable to the lower level of natural gas consumption. The identifiable fuel consumption for the corporate vehicle fleet attributable to PFEIFFER VACUUM TECHNOLOGY AG and PFEIFFER VACUUM GMBH amounted to 114,408 liters of diesel fuel. This represents 303 t of CO_2 emissions. Systematic registering of fuel usage was started within the course of 2008. Thus, a prior year comparison is not available.

During the course of the fiscal year, 15 internal environmental audits were conducted (2008: 9). The aspects that were audited included compliance with legal requirements in handling, storing and disposing of hazardous substances. An external repeat audit was conducted in September 2009. All audits were passed without any variances.

In fiscal 2009, further factory buildings were converted to modern radiant ceiling heating. Moreover, a new heating system was put into operation in the backing pump manufacturing operation. The two modern condensing boilers have a heating output of 1,200 kW per system.

In addition, we installed a photovoltaic system comprising 1,003 solar modules on 750 m^2 of roof space, which provides an output of 75 kWp. This new system generates approximately 57,600 kWh per year, plus around 36,168 kWh from an existing system. The electricity that is generated is fed into the local energy grid, producing annual emission savings of around 56 t of CO_2.

All of our employees also pay attention to assuring a high level of environmental compatibility in conjunction with their administrative and personal activities. All suitable procedures, for example, are administered digitally and paperless. This endeavor is supported by a new customer relationship management software system. Waste paper is collected and sent to recycling. Sanitary papers either consist of recycled products or at least satisfy fundamental environmental protection requirements.

Quality
Our quality management system was reviewed by an independent certifier in September 2009 in connection with a repeat audit under ISO 9001:2008. We passed the audit without any variances, and the certificate will retain its validity through September 2010.

Within the framework of our quality management system, all business processes are continuously scrutinized and enhanced. Eleven internal quality audits were conducted in 2009 for this purpose (2008: 8), with no material variances being identified. Internal processes are documented and available to employees in our quality handbook. In parallel to this, quality goals are defined, assessed and quantified, with compliance being measured. Continuous review and the improvement of processes are an element of all of the Company's processes, from the development of a product right through to its employment by the customer. Through the modernization and reorganization of the turbopump assembly operation, we have been able to further improve the quality of our products.

Job safety and working conditions
An external expert worked 684 hours for us in fiscal 2009 in conjunction with job safety issues, focusing on further accompanying construction activities and internal changes to production processes. A total of four meetings of the Job Safety Committee were properly conducted in fiscal 2009 pursuant to the German Job Safety Act.

As in the year before, there were 15 reportable on-the-job accidents. No technical deficiencies or lack of safeguards were identified as the cause of any on-the-job accident. With an imputed level of 27.0 reportable accidents per 1,000 employees, PFEIFFER VACUUM is below the 36.1 average of the Worker Compensation Insurance Company.

Social responsibility
PFEIFFER VACUUM lives up to its social responsibility outside the Company, as well. It awards grants to aid the work of facilities for children and the disabled, and also sponsors regional sports clubs. Schools and universities are supported through both cash and non-cash donations. For over 40 years, we have been one of the two companies that sponsor the prestigious Röntgen Prize, which is awarded annually at Justus Liebig University in Giessen in recognition of outstanding research work performed by the coming generation of scientists.

Information about major characteristics pursuant to § 315, Sub-Para. 2, No. 5, German Commercial Code ("HGB")

Since PFEIFFER VACUUM TECHNOLOGY AG is a capital market-oriented corporation pursuant to § 264d, German Commercial Code, § 315, Sub-Para. 2, No. 5, German Commercial Code, mandates that the major characteristics of its internal control and risk management system be described with a view to the group accounting process, which also includes the accounting processes for those companies included in the consolidated financial statements.

The purpose of an internal control system is to ensure adequate certainty by implementing controls that – despite identified risks – consolidated financial statements be prepared in accordance with the applicable standards.

The Management Board bears overall responsibility for the internal control and risk management system with a view to the group accounting process within the Corporate Group. All companies included in the Consolidated Financial Statements are covered by a firmly defined management and reporting organization. The principles, the organizational and procedural structures, as well as the processes of the individual control and risk management systems relating to group accounting, are stipulated throughout the entire Corporate Group in guidelines and organizational procedures that are adapted at regular intervals to reflect current external and internal developments. With a view to the group accounting process, we consider such characteristics of the internal control and risk management system to be major in nature that can have a decisive influence on group accounting and on the overall view on the Consolidated Financial Statements. In particular, these are the following elements:

- Identification of the major fields of risk and areas of control that are relevant to the group accounting process
- Monitoring controls for enabling the group accounting process to be supervised by the Management Board
- Preventive control measures in the finance and accounting systems of the Corporate Group and the companies included in the Consolidated Financial Statements, as well as in operative corporate processes that generate key information for drawing up the Consolidated Financial Statements, including Management's Discussion and Analysis for the Corporate Group (including separations of functions)
- Measures that assure proper IT-based processing of facts and data that relate to group accounting

Information pursuant to § 315, Sub-Para. 4, German Commercial Code ("HGB") ("Report on the Acquisition Situation")

As in the year before, the subscribed capital of PFEIFFER VACUUM TECHNOLOGY AG totaled K€ 22,965 as at December 31, 2009, and comprised a total of 8,970,600 shares of no-par stock. There are no differing classes of shares, which means that all shares are vested with the same rights, in particular the same voting and dividend entitlement rights. Consequently, each share mathematically represents € 2.56 of the subscribed capital.

As at December 31, 2009, New York-based Arnhold and Bleichroeder Holdings including the First Eagle Funds held 24.89 % of the voting rights in the Company. To the best of our knowledge, no further shareholders held more than 10 % of the Company's shares as at December 31, 2009.

Amendments to the Articles of Association and Bylaws can be resolved by a simple majority of the votes present at the Annual Shareholders Meeting, unless a higher majority is legally mandated. To the best of our knowledge, there are no restrictions relating to voting rights or the transfer of shares. Pursuant to the Company's Articles of Association and Bylaws, members of the Management Board are appointed by the Supervisory Board for a term of office of not more than five years. A renewed appointment or an extension of the term of office, neither to exceed five years, is permissible.

Through a resolution of the Annual Shareholders Meeting on June 8, 2005, the Management Board is authorized to increase subscribed capital by € 11,251,968.00, or 4,395,300 shares, against contributions in cash and/or kind. This authorization is valid through June 7, 2010, and requires the consent of the Supervisory Board.

Under a resolution of the Annual Shareholders Meeting on May 26, 2009, the Management Board is authorized to issue convertible bonds having a total nominal value of up to € 200,000,000.00 and a maturity of not more than 10 years, and to grant the holders of conversion rights up to 2,242,650 shares having a proportionate amount of the Company's share capital totaling up to € 5,741,184.00. This authorization is valid through May 23, 2014, and requires the consent of the Supervisory Board.

At the Annual Shareholders Meeting on May 26, 2009, the shareholders authorized PFEIFFER VACUUM to buy back treasury shares in accordance with § 71, Sub-Para. 1, No. 8, German Stock Corporation Act ("AktG"). This authorization covers the buyback of a proportionate amount of the Company's share capital of up to € 2,296,473.60 (897,060 shares, representing 10 % of the share capital at the time the resolution was adopted) and is valid through November 25, 2010.

As at December 31, 2009, holdings of treasury shares continued to total 456,352 shares having a total purchase price of K€ 23,808. Treasury shares account for 5.1 % of the Company's share capital.

There are no further aspects that would require discussion within the context of § 315, Sub-Para. 4, German Commercial Code ("HGB").

Corporate Governance Report

The recommendations and suggestions contained in the German Corporate Governance Code ("DCGK") have already been a firm element of our corporate governance and corporate culture for years. Both close collaboration in a spirit of trust between the Management and Supervisory Boards as well as a high level of transparency in the Company's corporate communications and accounting have always been fundamental principles. The activities of the members of the Management and Supervisory Boards are aligned to these principles. Material changes to reflect the Code were and are thus unnecessary.

In December 2009, the Management and Supervisory Boards of PFEIFFER VACUUM TECHNOLOGY AG submitted the Statement of Compliance for the year that is required in accordance with § 161 of the German Stock Corporation Act ("AktG"). It is made permanently available to shareholders on the Company's Internet website (www.pfeiffer-vacuum.net).

The following points are in variance with the recommendations of the German Corporate Governance Code:

- No agreement was able to be reached in negotiations with our D & O insurance carrier to obtain a lower premium if a deductible is arranged. We will therefore not arrange for a deductible. A deductible would not improve the overall motivation and sense of responsibility of the members of the Management and Supervisory Boards. Both the Management and Supervisory Boards work to the benefit of the corporate Group. (Point 3.8 of the Code)

- The members of the Supervisory Board have in the past received and presently still receive fixed compensation, which does not contain any performance-related variable income components. Their compensation is stated in the compensation report. (Point 5.4.6 of the Code)

The provisions of the German Management Board Compensation Appropriateness Act ("VorstAG") mandate a deductible for D & O insurance. Since this kind of insurance has long been in force at PFEIFFER VACUUM, an extended transitional period applies here, which means that the mandated deductible will be implemented in fiscal 2010.

Shareholders and Annual Shareholders Meeting

The Annual Shareholders Meeting is the Company's supreme body. At the Annual Shareholders Meeting, our shareholders are able to either exercise their voting rights in person or have them exercised by a proxy of their choice or by an individual named by the Company who will be bound by their instructions. The shareholders make all major decisions at the Annual Shareholders Meeting, such as on the employment of unappropriated retained earnings, amendments to the Articles of Association and

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Precision

Achim Fabian, Service Workshop Leader
Turbopump bearing changes entail highly precise work that needs just the right touch.

Bylaws or consent to share buyback programs. The shareholders are provided with all major information and documents for the Annual Shareholders Meeting sufficiently in advance. Our financial calendar, which is published in the Annual Report, in the Quarterly Reports and on our Internet website, informs our shareholders and other interested parties throughout the year about major dates, publications and events. Moreover, it is also possible to contact the Company with questions at any time.

Management Board

In fiscal 2009, just as at the close of the preceding fiscal year, the Management Board consisted of two members: Diplom-Betriebswirt Manfred Bender (Chief Executive Officer and Chairman of the Management Board) and Diplom-Ingenieur Dr. Matthias Wiemer. These two members of the Management Board are responsible for the Company's further development and strategy. Moreover, they are also highly involved in the Company's day-to-day activities and bear operational responsibility.

The distribution of responsibilities within the Management Board is as follows:

PFEIFFER VACUUM TECHNOLOGY AG Management Board	
Manfred Bender, Chairman	Dr. Matthias Wiemer
Controlling/Finance Human Resources Investor Relations IT/Organization/Logistics Purchasing	Manufacturing Marketing Research & Development Sales Training and Service

The four-eyes principle applies in exercising the duties and responsibilities of the Management Board: Major decisions are always made jointly. Personal expenditures, such as travel expenses, for example, must be approved by the other member of the Management Board. In addition to collaborating closely with one another and mutually informing one another on a daily basis, Management Board meetings are conducted every two weeks. Minutes of these meetings are kept, with a copy being provided to the Chairman of the Supervisory Board.

The members of the Management Board work exclusively for PFEIFFER VACUUM. Manfred Bender has additionally held a seat on the supervisory board of Technotrans AG in Sassenberg, Germany, since 2006.

Supervisory Board

In accordance with statutory regulations and the Articles of Association and Bylaws of PFEIFFER VACUUM TECHNOLOGY AG, the Supervisory Board comprises a total of six individuals. Four members represent the shareholders and two members the Company's employees. The last elections by both sides to the Supervisory Board were conducted in the year 2006, which means that the regular term of office of all members of the Supervisory Board will end in 2011.

In fiscal 2009, the Supervisory Board continued to comprise the following members:
- Dr. Michael Oltmanns (Chairman), Attorney at Law and Tax Advisor
- Götz Timmerbeil (Vice Chairman), Certified Public Accountant and Tax Advisor
- Michael J. Anderson, Investment Banker
- Helmut Bernhardt (Employee Representative), Development Engineer
- Manfred Gath (Employee Representative), Chairman of the Employee Council
- Wilfried Glaum, Business Administrator

The Supervisory Board submits a slate of nominations for the election of shareholder-representative members of the Supervisory Board. In selecting the nominees, care is taken to assure that the Supervisory Board will at all times be composed of members who possess the requisite expertise, skills, abilities and professional experience, as well as sufficient independence. Both the international business activities of the Corporate Group as well as potential conflicts of interest are taken into consideration in this regard.

It has long been the practice of PFEIFFER VACUUM to maintain an Audit Committee. As a certified public accountant, the Chairman of the Audit Committee, Götz Timmerbeil, is outstandingly qualified to bear responsibility for the activities of the Audit Committee, in particular in connection with questions relating to accounting, compliance and the risk management system.

Further committees of the Supervisory Board are the Management Board Committee and the Administration Committee. In the past, the Management Board Committee had deliberated in detail on the personnel matters of the members of the Management Board before – in accordance with the requirements of the German Corporate Governance Code – being resolved by the full Supervisory Board. In the future, stipulation of compensation to members of the Management Board will be effected with the provisions of the German Management Board Compensation Appropriateness Act ("VorstAG") being observed. No modifications have been made to the existing compensation rules since this legislation went into force. The Administration Committee deals, in particular, with transactions that require the consent of the Supervisory Board and with contracts entered into with members of the Supervisory Board.

The committee memberships of the Supervisory Board members can be seen from the following overview:

Personnel Composition of Committee Memberships

	Nominating Committee	Audit Committee	Management Board Committee	Administration Committee
Dr. Michael Oltmanns	Chairman	Yes	Chairman	Chairman
Götz Timmerbeil	Yes	Chairman	Yes	Yes
Michael J. Anderson	–	Yes	–	–
Wilfried Glaum	Yes	–	Yes	–
Helmut Bernhardt	–	–	–	Yes
Manfred Gath	–	–	–	–

Dr. Oltmanns additionally holds seats on the supervisory boards of the following companies: Becker Mining Systems AG, Friedrichsthal, Germany (chairman), Jetter AG, Ludwigsburg, Germany (chairman), Merkur Bank KGaA, Munich, Germany (chairman), and Scholz AG, Essingen, Germany (chairman).

Collaboration between the Management and Supervisory Boards

Close collaboration in a spirit of trust between the Management and Supervisory Boards is a major prerequisite for good corporate governance and serves to benefit the Company. Quarterly meetings of the Supervisory Board are conducted in this connection, as well as special meetings and conference calls, if required. The Management Board reports to the Supervisory Board on the general position of the Corporate Group, including its risk position, through a monthly reporting system. The Company has taken out liability insurance for the members of the Management and Supervisory Boards. No consultancy or other contracts for services or work were in force between members of the Supervisory Board and the Company during the period covered by this report. Should, in exceptional cases, a member of the Supervisory Board be active for the Company, for example as legal counsel, such activity must be approved by the Supervisory Board. Members of the Management and Supervisory Boards were not subject to any conflicts of interest, which must be disclosed to the Supervisory Board without delay. Finally, the Rules of Procedure for the Management Board require that the Supervisory Board grant its consent to material business transactions.

Compensation report

The compensation paid to the members of the Management and Supervisory Boards is detailed in the following section.

Compensation paid to members of the Management Board

In the past, the compensation paid to the members of the Management Board had been thoroughly discussed by the Management Board Committee of the Supervisory Board and then adopted by the full Supervisory Board. This compensation consists of a fixed element and a variable element, as well as non-monetary compensation (company car, accident insurance). The variable element is basically contingent upon the Group's sales, operating profit or loss and after-tax income. The following table describes the compensation of the Management Board in fiscal 2009 and 2008 on an individualized basis, as recorded in the Income Statement.

Compensation Paid to Members of the Management Board (in K €)

	Fixed Element	Variable Element	Non-Monetary Compensation	**Total 2009**	Total 2008
Manfred Bender	240	255	13	**508**	687
Dr. Matthias Wiemer	160	186	11	**357**	441
Total	400	441	24	**865**	1,128

Manfred Bender has received a pension commitment in the amount of 20 % of his last fixed salary element. Net pension expenses under IFRS in the amount of K € 21 in this connection were recorded in the Income Statement in fiscal 2009 (2008: K € 19). In fiscal 2009, a pension commitment was also made to Dr. Wiemer in the amount of 20 % of his last fixed salary element. The net pension expense recorded in this connection amounted to K € 31. In addition, pension commitments also exist to former members of the Management Board. The net pension expenses for the year attributable to former members of the Management Board amounted to K € 86 (2008: K € 30). Following K € 49 in fiscal 2008, a total contribution in the amount of K € 138 has been paid to PFEIFFER VACUUM TRUST E. V. for the current fiscal year. The total net advance payment to PFEIFFER VACUUM TRUST E. V. for current and former members of the Management Board thus continues to amount to K € 142, of which K € 132 is predominantly attributable to former members of the Management Board (2008: K € 137). Current pensions in fiscal 2009 amounted to a total of K € 231, as opposed to K € 199 the year before.

Compensation paid to members of the Supervisory Board

The members of the Supervisory Board receive fixed compensation, which is stipulated by the Annual Shareholders Meeting.

Compensation Paid to Members of the Supervisory Board (in K €)

	2009	2008
Dr. Michael Oltmanns	45	45
Götz Timmerbeil	30	30
Michael Anderson	15	15
Wilfried Glaum	15	15
Helmut Bernhardt	15	15
Manfred Gath	15	15
Total	**135**	135

Should members of the Supervisory Board be newly elected or retire during the course of the fiscal year, their compensation is paid on a pro rata basis. However, this was not the case in fiscal 2008 or 2009.

Negative statement
No further payments in addition to the above-indicated compensation elements were paid to members of the Management or Supervisory Boards during the year covered by this report. In particular, no stock options were granted, no loan entitlements were established and no guaranty commitments were issued. Nor do any special agreements exist in connection with the termination of the activities of members of the Management or Supervisory Boards.

Transparency

Our corporate communications work strives to provide all target audiences with the same information at the same time on a timely basis. One of the ways in which this manifests itself is the fact that all material information is disseminated in both the German and English languages. Shareholders and interested parties can utilize the Internet to inform themselves directly about current developments within the Corporate Group. All ad-hoc corporate press releases issued by PFEIFFER VACUUM TECHNOLOGY AG are made available on the Company's website. Pursuant to § 15a of the German Securities Trading Act ("Wertpapierhandelsgesetz"), the members of the Management and Supervisory Boards must disclose purchases and sales of PFEIFFER VACUUM shares. We publish this information on the Internet at www.pfeiffer-vacuum.net under "Investor Relations/Corporate Governance." Accordingly, the share purchase by Management Board member Dr. Matthias Wiemer at the end of May 2009 was disclosed. Moreover, it is also possible for shareholders and other interested parties to receive current information on the development of the Corporate Group via e-mail.

Accounting and auditing

In accordance with statutory regulations, the Consolidated Financial Statements of PFEIFFER VACUUM as well as the Quarterly Financial Reports are compiled in accordance with currently applicable International Financial Reporting Standards (IFRS). As the parent corporation, the Annual Financial Statements of PFEIFFER VACUUM TECHNOLOGY AG are compiled in accordance with the regulations of the German Commercial Code ("HGB").

Pursuant to a resolution by the Annual Shareholders Meeting on May 26, 2009, the Consolidated Financial Statements were audited by Ernst & Young AG, Wirtschaftsprüfungsgesellschaft/Steuerberatungsgesellschaft (now: Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft), of Eschborn, Germany. Ernst & Young GmbH also audits the Annual Financial Statements of PFEIFFER VACUUM TECHNOLOGY AG.

It was agreed with the independent auditor that the Chairman of the Audit Committee will be informed without delay with respect to any grounds for exclusion or prejudice which may arise during the course of the audit should they fail to be eliminated without delay. The independent auditor is tasked with also reporting without delay any and all observations and events that are material to the responsibilities of the Supervisory Board which may be determined in connection with the audit of the financial statements. Moreover, the independent auditor must also inform the Supervisory Board and/or include a notation in the audit report should he or she identify facts in connection with the audit of the financial statements that cannot be reconciled with the Statement of Compliance submitted by the Management and Supervisory Boards pursuant to § 161 of the German Stock Corporation Act ("AktG").

Versatility

Krystian Wycisk, Systems Assembly Mechanic (Systems Production)
Pumping stations are made up of hundreds of inter-combined components.

Risk and Opportunities Report

The purpose of entrepreneurialism is to specifically utilize opportunities that have been identified in order to increase the value of the Company. However, this intrinsically involves the taking of risks. The opportunity and risk management system that we employ serves to provide guidance to us in utilizing opportunities and taking specific risks. To assure this, we use and evolve suitable instruments for identifying, analyzing, rating and controlling opportunities and risks. To do this, a defined circle of individuals within the Corporate Group compiles detailed opportunity and risk inventories. The information contained therein is aggregated at the level of the Corporate Group and reassessed, if necessary, taking into consideration internal Group interactions. Overall, this enables us to define the major opportunities and risks for the Company. We have defined the areas of risk management within the individual departments and have put in place the necessary procedures, early warning and monitoring systems. This includes monthly reporting for the major operations of the Corporate Group and the corporate subsidiaries that enables undesirable trends to be identified early on. We additionally take the opportunity and risk factors we have defined into consideration in our annual budgeting process. The budget and our current business position are comprehensively deliberated with the Supervisory Board. In addition, the Supervisory Board also receives monthly overviews of our financial results by region, as well as further reports from the Management Board.

The opportunity and risk management system thus comes to bear at all levels of leadership within the Corporate Group; this assures the completeness and correctness of identified material opportunities and risks. The material opportunities and risks for the Corporate Group are presented below.

Opportunities

Technology

PFEIFFER VACUUM is highly successful in developing and bringing to market viable, innovative products. This stems from our close collaboration with our customers in a spirit of trust, which enables us to anticipate their needs and thus gain a head start over our competitors. Innovative products afford us the opportunity of being able to better cover existing markets, along with the opportunity for generating additional sales volume by gaining market share. One example of PFEIFFER VACUUM's innovative strength was again winning the "R & D 100 Award". "R & D Magazine" bestows this internationally renowned award annually for the 100 most important newly introduced technological products premiered worldwide; it was most recently awarded in 2008 for our HiPace™ series of turbopumps.

Sales and marketing

PFEIFFER VACUUM, too, is feeling the crisis. However, one of the Company's key competitive advantages has always been its lack of dependence upon individual regions, products or markets. And since not all regions, products or markets will be equally affected by weaker economic development, we view our broad alignment as being an opportunity to compensate for declining business in various parts of the Corporate Group through rising business in other parts of the Corporate Group. While we, too, incurred sales revenue declines in fiscal 2009, they tended to be moderate by comparison with our competitors in the vacuum industry or mechanical engineering in general.

We see further opportunities for achieving revenue growth through our acquisition of Trinos Vakuum-Systeme GmbH effective January 1, 2010. Nor, in this connection, are we speaking only of sales revenue growth stemming from this corporate acquisition. Building upon the combination of the Trinos Vakuum-Systeme GmbH product portfolio and PFEIFFER VACUUM's international sales and market structure, we are planning on sales potential that will significantly exceed the possibilities of the two entities operating independently. This means that here, too, there are opportunities for growing stronger than our competitors.

Purchasing and manufacturing

Further optimization of the Company's purchasing and manufacturing processes offers a major opportunity for improving its profitability. The Logistics Center in Asslar, which was completed and went into operation in fiscal 2008, is helping us to do just that. The rigorous alignment of the flows of materials in Manufacturing toward the new Logistics Center, along with a reorganization and fundamental modernization of manufacturing operations for our turbopumps in fiscal 2009, will lead to additional productivity gains. As a solutions provider, we have put our focus squarely on our customers' requirements. In the future, we will be guided even more by the needs of our customers rather than by rigid planning dictates. Moreover, a cutting-edge, automated warehousing system and a standardized system of product shipping will increase efficiencies. All of these measures will further reduce throughput times in conjunction with the modernization of our machinery and equipment.

Human resources

The development of viable new products, the ongoing improvement of our existing product portfolio, the high level of precision of the production processes, the sale and distribution of our products in a technologically challenging competitive environment and the administration of an internationally operating, publicly traded Corporate Group necessitate a highly qualified and motivated workforce. Attractive pay concepts have been in place at PFEIFFER VACUUM for years with the objective of assuring the long-term loyalty of existing talent to the company while simultaneously being an attractive employer for new people. In addition to base pay that is commensurate with the employee's individual activities, qualifications and responsibilities, this also includes the payment of vacation and year-end bonuses, as well as a variable, success-based compensation element. In addition, an old-age pension model that is financed entirely by the employer was put in place in Germany; this model covers all employees who have not acquired entitlement to a Company old-age pension under previous commitments. We therefore view ourselves as being well equipped to cover our future needs for qualified skilled labor and university graduates and to assure the loyalty of our talent to the Company – both are absolute prerequisites for the Company's successful further development.

Risks

Overall economy, industry sector

PFEIFFER VACUUM continues to be broadly aligned. While the coating market, and the major contract from the solar industry in particular here, did have a positive impact on sales revenue development in fiscal 2009, there is no pronounced dependency upon this market segment or upon other markets. In particular, we are not dependent upon the semiconductor sector, a risk that is often encountered in the vacuum industry. Moreover, the Company also has a strong balance in its regional sales mix and in the distribution of sales revenues among its products. This broad-based alignment produces a leveling effect, as not all regions, products and markets are equally affected by a deteriorating economic development. However, managing the economic risk includes more than merely steering sales revenues. We combat negative changes to the economy through capacity adjustments and by quickly reducing costs. Flexible working time models enable production capacities to be swiftly and simply adapted to reflect the development of the order situation.

Technology

As a manufacturer of high-tech products, we are dependent upon innovative, high-quality products and services. Products and services that do not meet up to customer expectations lead directly to declining sales, and thus to a loss of market share and reputation. Ongoing customer contact and the resulting market intimacy provide us with key information about the needs of our customers. The information thus obtained enables us to develop and offer products that are suited to their needs. This allows us to expand both our competitive position as well as our name recognition. Through our development investments, we will continue to combat the risk of insufficient innovation. In addition, maintaining high standards of quality is a top priority for us. We received initial certification under ISO 9001:2008 in the year 1995, which has since been sustained without interruption.

Purchasing, manufacturing and logistics

We primarily combat the risk of supply bottlenecks and vendor dependence by continuously reviewing alternative supplier options. Anticipated market shortages of raw materials, such as steel and aluminum, are combated through long-term framework contracts. Business interruption insurance is in force to cover the effects of downtimes resulting from fire, storm or flood damage, for example. Qualified technicians and modern production machinery keep technically related downtimes at a low level. Regular service and preventive maintenance for our machinery and equipment also helps to avoid downtimes. The proper condition of our modern equipment, too, is a major success factor in catering to our customers' wishes for ever-shorter delivery times. These can only be achieved if the individual steps in the production process mesh optimally. During the year under review, we modernized our turbo-pump production operation in order to further optimize the internal flows of materials and shipping process.

Foreign exchange parities

As a result of our pronounced international operations and the high percentage of export business that this involves, we are subject to a foreign exchange risk. The following distinction must be made with respect to steering this foreign exchange risk: The Company engages in active foreign exchange management for the future intercompany sales of PFEIFFER VACUUM GMBH with the corporate subsidiary in the United States. The Company also enters into transactions in currency options and futures to hedge foreign exchange risks with respect to sales revenues in US dollars. Moreover, there is a valuation risk at PFEIFFER VACUUM GMBH as per the close of the fiscal year stemming from intercompany accounts receivable in foreign currencies. Both realized gains and losses from foreign exchange futures and options transactions, as well as the results of the valuation of foreign-currency accounts receivable, can be steered to a certain degree. They are recorded in the Income Statement. Aside from the US dollar, there are no material exchange rate risks, as the vast majority of our invoices are issued in euros.

However, the Consolidated Statements of Income also include the income and expenses of the foreign sales subsidiaries that do not report in euros and therefore first have to be translated into euros. This approach and the resulting effects are presented below using the US sales company by way of example. However, these remarks are also analogously applicable to all other non-euro companies, such as the ones in the United Kingdom or South Korea. The line items in the Income Statement are translated into euros at the average annual exchange rate and are adjusted to eliminate intercompany sales and services. Leaving selling and administrative expenses out of consideration, sales revenues with US customers are therefore offset by the cost of sales in Germany. In this connection, sales revenues that are invoiced in US dollars are subject to a foreign exchange risk (currency translation risk), while the cost of sales is incurred only in Germany and is not subject to any exchange rate influences. The level of sales revenues and gross profit is therefore influenced directly by the exchange rate, which is an external factor that cannot be hedged. A certain degree of compensation for this effect results from the fact that the subsidiary in the United States records its own selling and administrative costs, which run counter to sales revenues (natural hedge). In this connection – depending upon the development of the euro relative to the respective foreign currency – the effects on sales revenues and operating profit/loss can be either positive or negative. The development of the US dollar burdened consolidated sales revenues and operating profit in fiscal 2008 in the amount of € 3.0 million and € 2.4 million, respectively. In fiscal 2009, the US dollar parity had positive effects of € 2.0 million and € 1.4 million, respectively, on sales revenues and operating profit. The opposite effects resulted from the development of the pound sterling, the Swedish kroner and the Korean won in fiscal 2009.

Financial position and liquidity
Due to the more restricted availability of credit, in particular for small and medium-size enterprises, as a direct result of the banking crisis, the likelihood of insolvencies on the part of our customers has risen. The rigorous system of accounts receivable management that has long been practiced at PFEIFFER VACUUM, along with monitoring of our customers' payment patterns, minimizes creditworthiness risks and thus accounts receivable losses. Moreover, our dependence upon individual customers is limited. Deliveries under initial orders from new customers are always made exclusively against payment in advance; only after a lengthy, trouble-free customer relationship are deliveries made against invoices, with credit limits being defined for the maximum level of accounts receivable. This highly conservative approach is proving to be correct, especially during times of economic troubles, and results in a very low level of write-offs.

In spite of the cash used during the year under review, in particular for the dividend (€ 28.5 million) and for capital expenditures (€ 6.0 million), the liquidity position of the PFEIFFER VACUUM Group continues to be very comfortable. There are liquid assets totaling € 62.0 million, as well as unused lines of credit in the amount of € 12.3 million (2008: € 68.3 million and € 9.8 million, respectively). The Company continues to be able to avoid the need for interest-bearing bank debt. This means that there are sufficient reserves to assure the survival of the Company, even in difficult economic times. To steer liquidity, a cash management system is in place between the German companies, which assures them a sufficient supply of cash. Our operative business generates sufficient liquid assets to enable the Company to continue to grow from within.

Even against the backdrop of a stock market environment that continues to be highly volatile, our investment strategy for our liquid assets, which has always been highly conservative in the past, has proven to be correct. The value of those securities classified as available for sale were written down by merely € 0.2 million in the first quarter of 2009. During the further course of the fiscal year, write-ups in the amount of € 1.3 million were made directly within shareholders' equity. Those fixed-interest securities which are held to maturity continue to be shown at cost of acquisition. These securities will be redeemed at nominal value (= cost of acquisition). Nor was there any need to lower the valuation of these securities as a result of creditworthiness issues in fiscal 2009.

Information technology
We keep the risk of data losses to a minimum by performing daily backups of our complete enterprise data. Our enterprise database, in particular, with which manufacturing operations, materials management, order handling, financial and cost accounting are handled, is subject to a high security standard. All files created by our employees within the server environment are also backed up on a daily basis. Our backups are stored in secure, fireproof locations. The activities of our in-house support team reduce system outages to a low level.

The Company uses regularly updated virus scanners and modern firewalls to protect its hardware and software against the risk of computer viruses and hacking.

Legal risks
As a result of PFEIFFER VACUUM's international business operations, the Company is subject to a variety of legal risks. National and international contract law and taxation are of particular significance in this connection, as they can have a direct bearing on the Company's earnings and financial positions. Standardized terms and conditions of contract and business are always employed to minimize the risk

stemming from contracts entered into for products or services. In the case of special contracts, the contract instrument is first reviewed in-house and then by external legal counsel, if necessary. The expertise required for assessing the Company's daily business is provided by our qualified staff. We draw upon the assistance of external tax advisors in connection with complex issues that relate to national and international taxation. No legal disputes are currently pending whose outcome could have a material impact on the Company's earnings or financial positions.

Acquisitions

The integration of acquired companies into the purchaser's Corporate Group always poses a special challenge. With the acquisition of Trinos Vakuum-Systeme GmbH effective January 1, 2010, this will also apply to PFEIFFER VACUUM. We are of the opinion that the opportunities clearly outweigh the risks in connection with this corporate acquisition, and that the resulting risks can be well managed. Nevertheless, it is therefore not possible to preclude the possibility that the expectations in conjunction with this acquisition might not fully materialize. To minimize this risk, we conducted detailed due diligence in advance of this corporate acquisition. Analyzed in particular in this connection were the legal situation, technical equipment, production planning and current financial position of Trinos Vakuum-Systeme GmbH. This assured that all aspects of the corporate acquisition were taken into consideration, and additionally enabled conclusions to be drawn regarding the potential synergies resulting from the acquisition. This has significantly reduced the risk of unanticipated developments. However, this risk can never be entirely excluded because successful integration also depends on numerous further factors.

General comments on the risk management system

We are of the opinion that the risk management system which has been established is suitable for identifying, analyzing and quantifying existing risks in order to adequately steer them. Our auditor has reviewed the risk management system that is in place in connection with the audit of the Annual Financial Statements. This review did not result in any objections. No risks are identifiable that could endanger the Company's survival, neither for the year covered by this Report nor for the following years.

Summarized in a SWOT analysis, the major strengths and weaknesses, opportunities and risks that relate to the PFEIFFER VACUUM Group are as follows:

SWOT Analysis of the PFEIFFER VACUUM Group

	Strengths	Weaknesses
Company-related	■ Technology leadership and world market leader in turbopumps ■ Highly innovative ■ Balanced mix of products, markets and regions ■ Global sales and service network ■ Strong, sound balance sheet ■ Debt-free, strong cash position ■ Sustained dividend yield	■ Low market share in backing pumps ■ Niche market, in part dependent upon economic cycles ■ Low presence in the chemical and process technology markets
	Opportunities	**Risks**
Market-related	■ Further strengthening technology leadership ■ Developing and supplying needed products ■ Further expanding position in the solar market ■ Expanding backing pump market share through innovative products ■ Buying-in appropriate companies	■ Volatilities in euro foreign exchange parities ■ Further heightening of competitive pressure ■ Impact of the global economic crisis

Care

Peter Simon, Shipping
Securely packed, our pumps arrive punctually at every destination.

Early 2010 and Outlook

Early 2010

PFEIFFER VACUUM TECHNOLOGY AG has acquired 100 % of the shares in Trinos Vakuum-Systeme GmbH (Trinos), in Göttingen, Germany, effective January 1, 2010. Trinos is one of the leading manufacturers of vacuum chambers, vacuum systems and special components for the vacuum industry. Moreover, it is Europe's largest supplier of vacuum fittings and vacuum components.

By broadening the product portfolio to include the high-quality products from Trinos, it will be possible to even more significantly position PFEIFFER VACUUM in the marketplace as a full-line provider of vacuum application solutions. The company that has been acquired is young, fast growing and profitable, and it is active in the same markets as PFEIFFER VACUUM. In the future, it will be possible to do an even better job of placing the products from Trinos in the market through PFEIFFER VACUUM's close-knit international sales and marketing network. In doing so, we will be able to make much better use of the existing sales potential than would have been possible for that company on its own. All regions and market segments will benefit from this measure, especially the North America region and the Analytical, Coating and Research & Development segments. And the know-how possessed by these two companies will also be complementary in the development and design of new technologies. With this move, we are thus securing PFEIFFER VACUUM's future profitability, as well as the jobs within the previous PFEIFFER VACUUM Group and at the new location in Göttingen.

Formed in 1997, Trinos generated sales revenues of around € 18 million in fiscal 2008 with sound profitability, and presently employs a workforce of over 140 people. The two founding shareholders and former owners will remain with the company as managing directors.

The focal points within the context of the integration project currently consist of augmenting the PFEIFFER VACUUM product portfolio with the products from Trinos and providing the resulting training to the people in the sale force, as well as the standardization of purchasing and supplier management systems and the implementation of monthly financial reporting. In addition, the IT infrastructure is being studied with a view to its compatibility with the systems at PFEIFFER VACUUM, and the brand style of the two companies is being standardized.

There have not been any further significant changes in the Company's position or the industry environment since the beginning of the 2010 fiscal year.

Outlook

General economic development
After seeing the world economy contract by 1.1 % in 2009, leading economists are anticipating that world economic output will rise by 3.9 % in 2010. As in previous years, it is expected that developments in the individual economic regions will differ greatly during the current fiscal year. The forecasts for development in Asia excluding Japan continue to be positive. Gross domestic product growth rates of 9.5 % and 8.0 %, respectively, are being anticipated for the People's Republic of China and for India, for example. Advancing by 4.8 %, above-average growth is also being predicted for Russia, while gross domestic product is likely to grow by 3.4 % in the United States. According to the most recent forecasts, the countries of the European Union will see economic growth of 0.8 % overall in 2010. While this will mean that the region will be able to overcome the negative development it saw in 2009, the anticipated growth rate for 2010 will continue to lag considerably behind worldwide development. Forecasts for Germany are currently calling for growth of 1.4 %. This would be the highest growth rate of any major national economy in Europe, directly ahead of France, whose gross domestic product is predicted to rise by 1.2 %. On the other hand, the growth rate forecasts for the United Kingdom and Italy, amounting to 0.4 % and 0.6 %, respectively, are very low, producing a heterogeneous overall picture within the European Union.

Global economic growth of 3.8 % is being anticipated for 2011. While economists see a moderate slowdown in the pace of growth in China and India, these countries will nevertheless continue to grow at a high level. These declines will be compensated for by the improving development in Europe. Gross domestic product growth of 1.7 % overall is being forecast here, while experts are looking for economic growth in the United States to be down moderately from its 2010 level.

Development of sales revenues
Against the backdrop of the global economic crisis, PFEIFFER VACUUM did well in fiscal 2009. Sales revenues developed on a relatively satisfactory note, and profitability continued to be strong. However, the contribution accounted for by the major contract from the solar industry has to be taken into consideration, especially with a view to the development of sales revenues. It is not yet possible to judge with certainty whether we will be able to win a follow-up order for this in fiscal 2010. We do expect to see stronger growth in the solar industry in 2010, and we are engaged in ongoing talks with customers. However, it is very difficult to predict the probability of receiving a further contract for building coating systems.

Given the development of new orders, especially in the fourth quarter of 2009, we anticipate that sales revenues in our core business will develop on a positive note – building upon the past fiscal year's level. As a result of economic developments in the United States and Asia excluding Japan, we see sales revenue growth in these regions, in particular. Additionally, the acquisition of Trinos will have a two-fold impact on sales revenues. On the one hand, sales revenues will rise solely as a result of the actual acquisition of this company and its inclusion in the Consolidated Financial Statements (external growth). What will be much more decisive with respect to the short- and medium-term success of this acquisition will additionally be the question of the extent to which we are able to increase the volume of consolidated sales revenues in 2010 through its integration into the PFEIFFER VACUUM sales and distribution network. In order to achieve successes as quickly as possible, a variety of projects were launched in this connection right at the outset of fiscal 2010. The development of these projects thus far gives us reason to view the future with optimism.

Development of profitability
The development of profitability in fiscal 2010 will be very significantly influenced by the volume of sales revenues in PFEIFFER VACUUM's core business. In recent years, we have invested considerable amounts of money in our manufacturing and shipping processes in order to largely optimize internal costs and align the Company with a view to the future. However, the ability to utilize positive economies of scale will necessitate a volume of sales revenues that we will not quite be able to achieve in fiscal 2010 as a result of the crisis and the slow pace of economic recovery. Regardless of sales volume, though, these capital investments are being depreciated on schedule and are thus affecting profitability. The inclusion of Trinos in the consolidated financial statements will also impact margins in 2010. While this is a company with sound profitability, it will not be able to achieve

PFEIFFER VACUUM's margin level in fiscal 2010, which will slightly dilute consolidated EBIT margin. On the other hand, fiscal 2010 will see an improvement in operating profit over 2009 due to the abolition of non-recurring effects in conjunction with the modernization and reorganization of turbo-pump manufacturing operations. Overall, we again anticipate high, above-average profitability for the current fiscal year. Currently planned capital expenditures for 2010 total approximately € 5.0 million.

In line with our approach in the past, which we feel has proven its worth, we will provide a detailed outlook for the full 2010 fiscal year at the Annual Shareholders Meeting on May 20, 2010. The existing planning uncertainties relating to overall economic development and in conjunction with the acquisition of Trinos would make it simply unsound to attempt to make a precise outlook for fiscal 2010 at any earlier point in time.

Dividend

PFEIFFER VACUUM is one of the highest-dividend issues on the German equity market. In spite of the somewhat weaker economic development during the course of 2009, the Management and Supervisory Boards would like to again enable our shareholders to participate above average in the Company's consolidated net income for fiscal 2009. The ratio between consolidated net income and dividend distribution volume should also remain constant. Consequently, the Management and Supervisory Boards will propose that a dividend in the amount of € 2.45 per share be distributed for fiscal 2009 (2008: € 3.35 per share). A distribution volume of € 20.9 million would mean that around 75 % of consolidated net income will be paid to our shareholders.

Distribution Rate, Dividend per Share, Dividend Yield

		2009	2008
Distribution rate*	(in %)	75.6	75.1
Dividend per share	(in €)	2.45**	3.35
Dividend yield	(in %)	4.2	7.1

* Ratio between the (proposed) distribution for the respective year and net income for that year
** Subject to the consent of the Annual Shareholders Meeting

The statements contained in this outlook are based upon assumptions relating to the development of both the overall economy and specific industries. Overall results might differ materially from the Company's expectations regarding anticipated developments should the assumptions upon which the statements are based subsequently prove to be incorrect.

For a variety of reasons, the 2010 fiscal year will be especially important to PFEIFFER VACUUM. The task, for example, will be to continue to work to offset the consequences of the economic crisis and to grow again in our core business. At the same time, we intend to integrate the business operations of Trinos Vakuum-Systeme GmbH into the existing PFEIFFER VACUUM Group as swiftly as possible, to achieve the sales revenue potential anticipated in conjunction with this acquisition and to thus make this corporate acquisition a success. In doing so, we intend to continue to remain a highly profitable Company and to offer our shareholders a secure and worthwhile financial investment. And these, in turn, are ambitious goals. However, we are confident that given the development of new orders at the close of fiscal 2009, our ongoing talks with our customers, our strategic alignment toward clearly defined target markets and with the innovative strength of our Development Department and, last but not least, with our well trained and educated, motivated people, we will be able to achieve these goals.

Apprentice training

Erhard Harapat, Apprentice Training Leader; Marcel Pfaff, Industrial Mechanic Apprentice
Sound vocational training by professionals is the best foundation for a successful career.

Consolidated Financial Statements

SmartTest™

Fast and secure results, minimum detectable leakage rates, as well as fast recovery times are what characterize the SmartTest™ helium leak detector and make it a dependable, high-performance product.

Consolidated Statements of Income

PFEIFFER VACUUM TECHNOLOGY AG

(in K €)	Note	2009	2008
Net sales	28	182,001	198,060
Cost of sales	13	–103,694	–106,346
Gross profit		**78,307**	91,714
Selling and marketing expenses	5	–22,961	–21,884
General and administrative expenses	6	–10,634	–11,562
Research and development expenses		–7,171	–6,799
Other operating income	7	1,170	2,463
Other operating expenses	7	–937	–1,037
Operating profit	28	**37,774**	52,895
Financial expenses	11, 29	–239	–1,490
Financial income	29	893	2,738
Earnings before taxes		**38,428**	54,143
Income taxes	23	–10,735	–16,095
Net income		**27,693**	38,048
Thereof attributable to:			
PFEIFFER VACUUM TECHNOLOGY AG shareholders		**27,596**	37,967
Minority interests		97	81
Earnings per share (in €):			
Basic	31	3.24	4.36
Diluted	31	3.24	4.36

Consolidated Statements of Comprehensive Income
PFEIFFER VACUUM TECHNOLOGY AG

(in K €)	Note	2009	2008
Net income		**27,693**	38,048
Other comprehensive income			
Currency changes	20	–248	284
Results from cash flow hedges	20, 29	568	–607
Revaluation of available-for-sale securities	11, 20, 29	1,293	–1,355
Income tax relating to other comprehensive income	20	–164	195
Other comprehensive income, net of tax		**1,449**	–1,483
Total comprehensive income for the period		**29,142**	36,565
Thereof attributable to:			
PFEIFFER VACUUM TECHNOLOGY AG shareholders		**29,006**	36,613
Minority interests		136	–48

Consolidated Balance Sheets
PFEIFFER VACUUM TECHNOLOGY AG

(in K €)	Note	Dec. 31, 2009	Dec. 31, 2008
Assets			
Intangible assets	8	783	382
Property, plant and equipment	9	36,117	34,251
Investment properties	10	640	664
Investment securities	11, 29	4,355	5,248
Prepaid pension cost	24	420	142
Deferred tax assets	23	489	4,180
Other non-current assets	12	1,458	1,569
Total non-current assets		**44,262**	46,436
Inventories	13	17,546	21,409
Trade accounts receivable	14, 29	20,623	27,513
Receivables from construction contracts	15, 29	5,775	–
Other accounts receivable	16	5,943	1,146
Prepaid expenses		924	2,276
Investment securities	11, 29	1,998	3,000
Other current assets		–	39
Cash and cash equivalents	17	61,983	68,317
Total current assets		**114,792**	123,700
Total assets	28	**159,054**	170,136
Shareholders' equity and liabilities			
Equity			
Share capital	18	22,965	22,965
Additional paid-in capital	18	13,305	13,305
Retained earnings	18	128,368	129,295
Other equity components	20	–3,057	– 4,467
Treasury shares	21	–23,808	– 23,808
Equity of PFEIFFER VACUUM TECHNOLOGY AG shareholders		**137,773**	137,290
Minority interests		564	522
Total equity		**138,337**	137,812
Deferred tax liabilities	23	347	299
Provisions for pensions	24	1,478	1,664
Total non-current liabilities		**1,825**	1,963
Trade accounts payable	25, 29	3,895	4,518
Liabilities from construction contracts	15, 29	187	6,179
Other payables		1,415	1,714
Provisions	26	8,900	10,773
Income tax liabilities	23	1,513	5,071
Customer deposits		2,982	2,106
Total current liabilities		**18,892**	30,361
Total shareholders' equity and liabilities		**159,054**	170,136

Consolidated Statements of Shareholders' Equity
PFEIFFER VACUUM TECHNOLOGY AG

(in K €)	Note	Equity of PFEIFFER VACUUM TECHNOLOGY AG Shareholders							
		Share Capital	Additional Paid-in Capital	Retained Earnings	Other Equity Components	Treasury Shares	Total	Minority Interests	**Total Equity**
Balance on January 1, 2008		22,965	13,305	119,185	–3,113	–3,722	148,620	747	149,367
Net income		–	–	37,967	–	–	37,967	81	38,048
Earnings recorded directly in equity	20, 29	–	–	–	–1,354	–	–1,354	–129	–1,483
Total comprehensive income for the period		**–**	**–**	**37,967**	**–1,354**	**–**	**36,613**	**–48**	**36,565**
Dividend payments	19	–	–	–27,857	–	–	–27,857	–29	–27,886
Share buyback		–	–	–	–	–20,086	–20,086	–	–20,086
Purchase of minority interests		–	–	–	–	–	–	–148	–148
Balance on December 31, 2008		**22,965**	**13,305**	**129,295**	**–4,467**	**–23,808**	**137,290**	**522**	**137,812**
Net income		–	–	27,596	–	–	27,596	97	27,693
Earnings recorded directly in equity	20, 29	–	–	–	1,410	–	1,410	39	1,449
Total comprehensive income for the period		**–**	**–**	**27,596**	**1,410**	**–**	**29,006**	**136**	**29,142**
Dividend payments	19	–	–	–28,523	–	–	–28,523	–94	–28,617
Balance on December 31, 2009		**22,965**	**13,305**	**128,368**	**–3,057**	**–23,808**	**137,773**	**564**	**138,337**

Consolidated Statements of Cash Flows

PFEIFFER VACUUM TECHNOLOGY AG

(in K €)	Note	2009	2008
Cash flow from operating activities:			
Earnings before taxes	28	38,428	54,143
Adjustment for financial income/financial expense		–842	–2,705
Financial income received		803	2,672
Financial expenses paid		–111	–33
Income taxes paid		–15,093	–16,080
Depreciation/amortization	8, 9, 10, 28	3,713	3,514
Non-cash impairment losses	11, 29	188	1,457
Gains from disposals of assets		–8	–86
Changes in allowances for doubtful accounts	14	272	124
Changes in inventory reserves	13	1,017	381
Effects of changes in assets and liabilities:			
Inventories		749	–4,973
Receivables and other assets		2,377	630
Provisions, including pension and income tax liabilities		–2,626	–2,030
Payables, other liabilities		–5,439	6,079
Net cash provided by operating activities		**23,428**	43,093
Cash flow from investing activities:			
Proceeds from disposals of fixed assets		72	180
Capital expenditures	8, 9, 10, 28	–6,006	–10,489
Expenditures from purchase of minority interests		–	–356
Redemptions of investment securities		3,000	–
Net cash used in investing activities		**–2,934**	–10,665
Cash flow from financing activities:			
Dividend payments	19	–28,523	–27,857
Dividend payments to minority shareholders		–94	–29
Share buyback		–	–20,086
Net cash used in financing activities		**–28,617**	–47,972
Effects of foreign exchange rate changes on cash and cash equivalents		1,789	478
Net decrease in cash and cash equivalents		**–6,334**	–15,066
Cash and cash equivalents at beginning of year		68,317	83,383
Cash and cash equivalents at end of year	17	**61,983**	68,317

Notes to the Consolidated Financial Statements

Remarks relating to the Company and its Accounting and Valuation Methods

1. General remarks relating to the Company

The parent company within the PFEIFFER VACUUM Group ("the Company" or "PFEIFFER VACUUM") is PFEIFFER VACUUM TECHNOLOGY AG, domiciled at Berliner Strasse 43, 35614 Asslar, Germany. PFEIFFER VACUUM TECHNOLOGY AG is a stock corporation organized under German law and recorded in the Register of Companies at the Local Court of Wetzlar under Number HRB 44. The Company is listed on the Deutsche Börse Stock Exchange in Frankfurt am Main, Germany, where it is included in the TecDAX index.

PFEIFFER VACUUM is one of the leading full-line vacuum technology manufacturers, offering custom solutions for a wide range of needs in connection with the generation, control and measurement of vacuum. The products developed and manufactured at the Company's production facility in Asslar, Germany, include turbopumps, a range of backing pumps, such as rotary vane, Roots and dry pumps, complete pumping stations, as well as custom vacuum systems and components.

PFEIFFER VACUUM markets and distributes its products through its own network of sales companies and independent marketing agents. Moreover, there are service support centers in all major industrial locations throughout the world. The Company's primary markets are located in Europe, the United States and Asia.

2. Basis for preparing Consolidated Financial Statements

Statement of compliance with IFRS The Consolidated Financial Statements of PFEIFFER VACUUM TECHNOLOGY AG for the fiscal year ended December 31, 2009, have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the European Union (EU). This includes the International Accounting Standards (IAS), which continue to retain their validity, and the interpretations of the Standing Interpretations Committee (SIC). The PFEIFFER VACUUM Group has not been impacted by the fact that the EU has not yet endorsed all published IFRS or IAS. Those standards that have been published but whose application is not yet mandatory have generally not been adopted at an earlier stage. The Notes to the Consolidated Financial Statements additionally include the information required by § 315a, Sub-Para. 1, of the German Commercial Code ("HGB").

Basic valuation principles The Consolidated Financial Statements are prepared essentially in accordance with the acquisition cost principle. However, this does not include derivative financial instruments and financial investments available-for-sale, which are carried at fair values. PFEIFFER VACUUM prepares its Consolidated Financial Statements in euros €). Unless otherwise indicated, the presentation is in thousands of euros (K €).

Consolidated companies and principles of consolidation All companies which PFEIFFER VACUUM directly or indirectly controls are consolidated. The Company is considered to control an entity if it either directly or indirectly holds a majority of the voting rights and can therefore decide the financial and operating policies of the controlled entity. In addition to PFEIFFER VACUUM TECHNOLOGY AG, one German and eleven foreign subsidiaries (2008: 13) are fully consolidated in the Company's Consolidated Financial Statements as at December 31, 2009.

PFEIFFER VACUUM NEDERLAND B.V. i.L. and PFEIFFER VACUUM BELGIUM N.V. i.L. were deconsolidated following conclusion of their liquidation during the course of 2009. This did not have any impact on profitability.

Inclusion in the Consolidated Financial Statements is made on the basis of individual financial statements prepared in accordance with consistent accounting and valuation principles. The balance sheet date of the individual financial statements of the included companies is the same as the balance sheet date of the Consolidated Financial Statements.

There were no investments in jointly controlled entities or investments in associated companies as at December 31, 2009, or in previous years. Nor were there any controlled entities pursuant to the rules of SIC 12, "Consolidation – Special Purpose Entities."

Until December 31, 2004, consolidation of investments in subsidiaries had been effected under US GAAP rules in such

PFEIFFER VACUUM Group on December 31, 2009

	Location	Holdings (in %)
PFEIFFER VACUUM TECHNOLOGY AG	D-Asslar	
PFEIFFER VACUUM GMBH	D-Asslar	100.0
PFEIFFER VACUUM AUSTRIA GMBH	A-Vienna	100.0
PFEIFFER VACUUM (SCHWEIZ) AG	CH-Zurich	99.4
PFEIFFER VACUUM (SHANGHAI) LTD.	CHI-Shanghai	100.0
PFEIFFER VACUUM FRANCE SAS	F-Saclay	100.0
PFEIFFER VACUUM (INDIA) LTD.	IND-Secunderabad	17.0
PFEIFFER VACUUM LTD.	GB-Newport Pagnell	100.0
PFEIFFER VACUUM SCANDINAVIA AB	S-Upplands Väsby	100.0
PFEIFFER VACUUM INC.	USA-Nashua	100.0
PFEIFFER VACUUM HOLDING B. V.	NL-De Meern	100.0
PFEIFFER VACUUM ITALIA S. P. A.	I-Rho	100.0
PFEIFFER VACUUM (INDIA) LTD.	IND-Secunderabad	73.0
PFEIFFER VACUUM KOREA LTD.	KR-Yongin-City, Kyungki-Do	75.5

a manner that in the case of additions the cost of acquisition of the investments was netted against the shareholders' equity attributable to them at the time of acquisition or initial consolidation ("purchase accounting"). Employing the simplification rules under IFRS 1, the former consolidation of investments in securities was adopted for IFRS. There have been no consolidations of acquisitions since January 1, 2005.

Minority interests represent that portion of the earnings and net assets not held by the Corporate Group; in the Consolidated Financial Statements, they are presented in equity separately from the shareholders' equity of the parent corporation. Minority interests of 0.6 %, 24.5 % and 10.0 %, respectively, exist at the PFEIFFER VACUUM (SCHWEIZ) AG, PFEIFFER VACUUM KOREA LTD. and PFEIFFER VACUUM (INDIA) LTD. subsidiaries.

All intercompany receivables and liabilities, gains and losses, revenues and expenses are eliminated in connection with the consolidation process.

Foreign currency translation The annual financial statements of subsidiaries domiciled outside the European Currency Union have been translated into euros (€) in accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates." Each company within the Corporate Group stipulates its own functional currency. The functional currency of the subsidiaries is the respective local currency. When translating financial statements presented in foreign functional currencies, year-end exchange rates are applied to assets and liabilities, while average annual exchange rates are applied to income statement accounts. The resulting translation adjustments are recorded in other equity components.

In the individual financial statements of consolidated companies, foreign-currency transaction gains and losses from regular operations are recorded as other operating income and expenses in the income statement.

3. Application of amended or new standards

The accounting and valuation principles used are essentially the same as those used the year before. In variance thereto, the Company has applied the following new or amended standards and interpretations. This did not have any impact on the Consolidated Financial Statements.

Revised IAS 1, "Presentation of Financial Statements," was issued in September 2007. The revised version of IAS 1, endorsed by the EU in 2008, predominantly deals with new but not mandatory naming of the mandatory elements of the financial statements and with the mandatory presentation of income and expenses recorded directly in equity (other comprehensive income) in the statement of comprehensive income. IAS 1 was to be applicable for the first time for fiscal years beginning on or after January 1, 2009, and only impacted the presentation of total comprehensive income within PFEIFFER VACUUM's Consolidated Financial Statements.

Additionally, the following standards and interpretations were issued by the IASB and endorsed by the EU. This did not have any impact on the Consolidated Financial Statements due to the implementation of mandatorily applicable standards. The option of voluntarily applying standards ahead of time has not been utilized. Here, too, there is expected to be no significant impact on the Consolidated Financial Statements.

	Issued by IASB/IFRIC	Applicability*
Mandatory application for fiscal years ending on or after December 31, 2009		
IFRS 1, "First-time adoption of IFRS," und IAS 27, "Consolidated and Separate Financial Statements"	May 2008	January 1, 2009
IFRS 2, "Share-based Payment"	January 2008	January 1, 2009
IAS 23, "Borrowing Costs"	March 2007	January 1, 2009
IFRIC 13, "Customer Loyalty Programs"	June 2007	July 1, 2008
IAS 32, "Financial Instruments: Presentation," and IAS 1, "Presentation of Financial Statements" – Puttable Financial Instruments and Obligations Arising on Liquidations	February 2008	January 1, 2009
Changes to IFRS 7, "Financial Instruments: Disclosures" – Improvement of Disclosures on Financial Instruments	March 2009	January 1, 2009
Changes to IFRIC 9, "Reassessment of Embedded Derivatives," and IAS 39, "Financial Instruments: Recognition and Measurement" – Embedded Derivatives	March 2009	Fiscal years ending on or after June 30, 2009
IASB's 2008 Annual Improvements Project 2008	May 2008	January 1, 2009
IFRIC 14, "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction,"	July 2008	January 1, 2009
Voluntary applicability for fiscal years ending on or after December 31, 2009		
IFRS 3, "Business Combinations"	January 2008	July 1, 2009
IAS 27, "Consolidated and Separate Financial Statements"	January 2008	July 1, 2009
IAS 39, "Financial Instruments: Recognition and Measurement" – Eligible Hedged Items, Reclassification of Financial Assets	July 2008	July 1, 2009
IFRIC 12, "Service Concession Arrangements"	November 2006	March 30, 2009
IFRIC 15, "Service Agreements for the Construction of Real Estate"	July 2008	January 1, 2010
IFRIC 16, "Hedges of a Net Investment in a Foreign Operation"	July 2008	July 1, 2009
Changes to IAS 32, "Financial Instruments: Presentation" – Classification of Rights Issues	October 2009	February 1, 2010
IFRIC 17, "Distributions of Non-Cash Assets to Owners"	November 2008	July 1, 2009
IFRIC 18, "Transfers of Assets from Customers"	January 2009	July 1, 2009
Revised IFRS 1, "First Time Adoption of IFRS"	November 2008	July 1, 2009

* Fiscal years beginning on or after the indicated date

The following amended standards and interpretations have thus far not yet been endorsed by the EU: New versions of IFRS 9, "Financial Instruments," and IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments," as well as amended versions of IFRS 1, "First-time Adoption of International Financial Reporting Standards," IAS 24, "Related Party Disclosures," IAS 32, "Financial Instruments: Presentation" (Classification of Rights Issues), and IFRIC 14, "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (Prepayments of a Minimum Funding Requirement) as well as the IASB's 2009 Annual Improvements Project were issued prior to the preparation of the Consolidated Financial Statements. Here, too, there is expected to be no significant impact on profitability, financial position or liquidity.

4. Accounting and valuation methods

Income recognition Sales revenues are recognized when the material risks and rewards relating to the ownership of the products sold passes to the purchaser, which is essentially the case when the goods are shipped. Should product sales be subject to customer acceptance, revenues are not recognized until customer acceptance has occurred. Service revenues are recognized when the underlying services are performed. These revenues include the invoiced working hours of the service personnel, as well as spare parts and replacement products. Rebates are recorded as a reduction of sales revenues. Interest income is recorded when the interest originates. Rental income from investment properties is recorded on a straight-line basis over the term of the leases.

Construction contracts Construction contracts are accounted for under IAS 11, "Construction Contracts." The percentage of completion method is used for revenue recognition, with the stage of completion being calculated as the ratio between contract costs incurred and expected total contract costs (cost-to-cost method). Receivables from construction contracts are presented as a separate line item on the assets side of the balance sheet, net of prepayments received, if applicable, or, if the prepayments received exceed the receivables, as a separate line item on the liabilities side of the balance sheet.

Cost of sales The cost of sales presented in the income statement includes all expenses that are directly or indirectly attributable to the (sold) product or service. These essentially include materials consumed (including inbound freight charges), production-related wages and salaries, purchasing and receiving costs, as well as certain service costs. Inventory excess and obsolescence charges, as well as warranty-related expenses, are also recorded as cost of sales. Warranty provisions for recognized revenues are recorded as of year-end.

Research & development expenses Research & development costs are expensed as incurred. Development costs are not capitalized, since the capitalization prerequisites in IAS 38, "Intangible Assets," are not fully satisfied.

Property, plant and equipment and intangible assets Property, plant and equipment and intangible assets are stated at cost and depreciated/amortized on a straight-line basis over the customary useful lives of the assets. At the close of each fiscal year, the useful lives and depreciation/amortization methods, as well as the residual values in the case of property, plant and equipment, are reviewed and adjusted where necessary. The following useful lives are assumed:

Production halls, production and administration buildings and similar facilities	20 – 40 years
Machinery and equipment (including IT equipment)	3 – 15 years
Software*	2 – 5 years

* With the exception of goodwill, there are currently no intangible assets with indefinite useful lives.

Scheduled depreciation and amortization are allocated to the expense lines in the income statement on the basis of the input involved.

The Company reviews long-lived assets for impairment whenever events or changes in circumstances suggest that the carrying amount of an asset may not be recoverable. Should impairment indicators exist, the Company performs the analyses required under IAS 36, "Impairment of Assets," with the carrying amount of the asset being compared to the recoverable amount. The recoverable amount of an asset is the greater of the fair value of an asset or a cash-generating unit less its selling costs and value in use. The resulting amount must be determined for each individual asset, unless an asset generates cash flows that are dependent upon those from other assets or other asset groups. Should the carrying amount of an asset be higher than its recoverable amount, the asset is viewed as being impaired and is written down to its recoverable amount. To determine the value in use of an asset, the anticipated future cash flows are discounted to their cash value, taking into consideration a before-tax discount rate that reflects current market expectations with respect to the interest rate effect and the specific risks of the asset in question. An appropriate valuation model is employed to determine the fair value less selling costs. This model is based on valuation multiples and other available indicators for the fair value.

Once a year, the Company reviews goodwill for possible impairments. This review is also made whenever events or changes in circumstances suggest that the carrying amount may not be recoverable. In this case, the above described process for impairments under IAS 36, "Impairment of Assets," is applied. Any resulting impairment loss is recorded in the income statement. Any required reversals of impairment losses are recorded in future-period income statements up to the amount of the impairment loss reversal limit. This limit is determined by the amount that would have resulted at the close of the respective fiscal year given scheduled depreciation of the asset. Repair and maintenance costs are expensed as incurred.

A fixed or intangible asset is derecognized either at the time of disposal or at such time as no economic benefit can any longer be expected from the further utilization or sale of the asset. Gains and losses from disposals of assets are determined and recorded in the income statement on the basis of the difference between selling costs and carrying amount, less any directly attributable selling costs, where applicable.

Investment properties Real estate properties are allocated to the portfolio of investment properties if they are held for the purpose of generating rental income. They are stated at cost and depreciated on a straight-line basis over their estimated useful lives (cost model). Assessment of their residual values, useful lives and depreciation methods, as well as any impairment losses, is performed analogously to the procedure described in connection with property, plant and equipment. Investment properties are derecognized upon disposal or when they are no longer being permanently used and they are no longer expected to produce any further future economic benefit. Investment properties are reclassified to property, plant and equipment if a change in use is caused by self-occupancy. Conversely, property and plant is reclassified to investment properties if self-occupancy ends and leasing is then effected. Due to valuation at amortized cost in both cases, no revaluation is required upon reclassification.

Financial instruments A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity. Accounting for financial instruments in the case of usual and customary purchase or sale is performed on the settlement date, i.e. the day on which the asset is delivered. According to IAS 39, "Financial Instruments: Recognition and Measurement," financial instruments are allocated to the following categories upon initial recognition:

- Financial assets at fair value through profit and loss (financial assets held for trading)
- Financial assets held-to-maturity
- Loans and receivables
- Financial assets available-for-sale
- Financial liabilities at fair value through profit and loss (financial liabilities held for trading)
- Financial liabilities measured at amortized cost

Interest-bearing securities (such as bank or corporate bonds, bonded loans) are non-derivative financial assets having a contractually agreed maturity and redeemable at their notional value. Securities which the Company has the ability and the intention to hold until maturity are classified as "held-to-maturity." Upon initial recognition, they are valued at their fair value, less transaction costs. Subsequent valuation is effected at their carrying amount. Equity securities do not have contractually agreed maturities and are classified as "available-for-sale" and measured at fair value based on identified stock exchange prices. Changes in fair value are not generally recorded in the income statement but directly in other equity components. In variance thereto, prolonged (generally more than 6 months) or significant (generally more than 20 %) decreases in fair value are recorded in the income statement. As the fair value of available-for-sale securities was always derived from identified stock exchange prices, there were no reclassifications to other valuation hierarchies (IFRS 7.27). Securities with remaining maturities of one year or less are classified as current.

Accounts receivable, in particular trade accounts receivable, are categorized as "loans and receivables" and are measured at (amortized) cost. They typically do not bear interest. Costs of acquisition are recorded at the invoiced amount (including any value added tax). The Company continuously assesses the adequacy of the allowances for doubtful accounts receivable and makes appropriate adjustments on the basis of both specific probability and aging distribution. Any subsequent reversal is recorded in the income statement in an amount not to exceed its carrying amount (net of amortization or depreciation). Receivables are derecognized after all means of collection have been exhausted.

The Company uses derivatives only to manage foreign currency exchange rate risks. Around 34% of total consolidated sales revenues are invoiced in foreign currencies (non-euro, predominantly in US dollars). The Company enters into forward exchange and option transactions to hedge its future sales revenues invoiced in foreign currencies against exchange rate fluctuations. Derivative financial instruments are acquired exclusively for this purpose. PFEIFFER VACUUM does not engage in speculative hedging transactions. Derivative financial instruments employed for hedging purposes are recorded at their fair values both at the time they are first recorded as well as in subsequent periods. Derivative financial instruments are recorded as assets if their fair value is positive and as liabilities if their fair value is negative. Changes in the fair value of these derivatives are recorded in equity without any impact on the income statement if the hedging is classified as a cash flow hedge according to IAS 39 and is effective. The derivative is reclassified into foreign exchange gains/losses at the time of realization of the underlying transaction that has been hedged. Ineffective hedging elements of the change in the fair value of derivatives are recorded in the income statement. If derivatives were purchased for hedging purposes but do not formally qualify for hedging under IAS 39, they are recorded at fair value through profit and loss. The fair values of derivatives are determined using accepted option pricing models, taking into account current exchange rates prevailing on the balance sheet date. Please refer to Note 29 for further information relating to financial instruments.

Trade accounts payable are categorized as financial liabilities and are measured at amortized cost. They are recorded at the higher of their notational value or their redemption amount at the close of the fiscal year, including any value added tax.

Cash and cash equivalents Cash and cash equivalents consist of cash on hand, bank balances and all highly liquid bank investments having original maturities of three months or less. Cash and cash equivalents are defined accordingly in the consolidated cash flow statements.

Inventories Inventories are valued at the lower of acquisition costs, manufacturing costs or market price, with the market price being defined as the net realizable value. Removals from inventory are determined on an average cost basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs. Valuation adjustments on excess inventories are determined on the basis of internal procedures in accordance with the ratio between inventory turnover and future sales or usage. Excess inventories are stocks of individual inventory items that exceed anticipated sales or usage. Management utilizes its judgment in forecasting sales or usage.

Other accounts receivable and other assets Other accounts receivable and other assets are recorded at amortized cost and less allowances, where applicable. Non-current receivables and assets are valued using the effective interest method.

Provisions Provisions are formed when the Corporate Group presently has a legal or constructive outside obligation as a result of a past event and it is likely that settlement of the obligation will lead to an outflow of economic resources and the amount of the obligation can be reliably determined. The valuation is made on the basis of the best estimate of the extent of the obligation.

Pensions Valuation of pension obligations under defined benefit plans is based upon the projected unit credit method in accordance with IAS 19, "Employee Benefits." Under this rule, changes in the amount of either the defined benefit obligation (under pension plans), the actuarial present value of earned entitlements (under other plans) or variances between actual and expected returns on plan assets or from changes in assumptions can result in actuarial gains or losses not yet recognized in the Company's Consolidated Financial Statements. Actuarial gains or losses are recognized in the income statement when the balance of the cumulative, unrecorded actuarial gains or losses for each individual plan exceeds the greater of the two amounts resulting from 10 % of the defined benefit obligation or 10 % of the fair value of the plan assets at the close of the previous reporting period. These gains or losses are amortized over the average remaining service period of active employees who are expected to receive benefits under the plan. The accounting for obligations under defined benefit plans is based upon actuarial reports calculated as per the close of the fiscal year. The existing pension plans are detailed in Note 24.

Expenses for defined contribution plans are recorded as expense in the income statement when the premium obligation is incurred. Provisions are formed only if the payment is not made in the year the premium was incurred.

Other accounts payable Other accounts payable are recorded at their notational value or at their higher redemption amount at the close of the fiscal year, including any value added tax.

Income taxes Current income taxes are stated as a liability to the extent to which they have not yet been paid. General tax risks within the Group are additionally considered. Should the amounts already paid for income taxes exceed the amount owed, the difference is stated as an asset. Calculation of the amount is based upon the tax rates and tax legislation applicable at the close of the fiscal year.

Under IAS 12, "Income Taxes," deferred tax assets and liabilities are formed in the consolidated and taxation financial statements for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases (liability method). In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. In making this assessment, management considers the scheduled reversal of temporary differences, projected future taxable income and tax planning strategies. Valuation of deferred tax assets and liabilities is performed using the local tax rates expected to be in effect at the time of realization of the asset or satisfaction of the liability, with the tax rates applicable at the close of the fiscal year being employed. The effects of changes in tax laws are recognized in the results of operations in the period in which the new tax rates go into effect. Deferred taxes that relate to line items recorded directly under shareholders' equity are recorded directly under equity and not in the income statement. An adjustment is recorded for deferred tax assets if it is unlikely that future tax advantages will be realized. Deferred tax assets and liabilities are offset if the entitlements and obligations relate to one and the same tax authority.

Treasury shares Should the Corporate Group acquire treasury shares, they are deducted from shareholders' equity. The purchase, sale, issuance or recall of treasury shares is not recorded in the income statement.

Use of estimates The process of preparing financial statements requires the use of estimates and assumptions on the part of management. These estimates are based upon management's historical experience. Certain of the Company's accounting policies are considered critical, as they can have a major impact on the profitability, financial position and liquidity of the Corporate Group and necessitate significant or complex judgment on the part of management. These estimates and assumptions could differ from the actual results. As at December 31, 2009, no judgment uncertainties existed that could lead to the significant risk of the need for a material adjustment of book values in the 2010 fiscal year.

Material forward-looking estimates and assumptions exist, among others, in connection with the formation of pension and warranty provisions, in forecasting the useful lives of fixed assets, in forecasting the expected total cost for construction contracts or in connection with deferred tax assets; the major assumptions are detailed in the notes relating to the individual line items of the balance sheet or in the accounting principles.

Notes to the Consolidated Statements of Income, Consolidated Statements of Comprehensive Income and Consolidated Balance Sheets

5. Selling and marketing expenses
Selling and marketing expenses predominantly include wages and salaries, marketing and advertising costs, costs relating to trade shows and conventions, as well as other merchandising costs (such as catalogs, brochures, etc.).

6. General and administrative expenses
General and administrative expenses predominantly include wages and salaries, expenses related to allowances for doubtful accounts, audit and other general consulting fees, as well as all costs relating to the Company as a whole.

7. Other operating income and other operating expense
Beginning January 1, 2009, foreign exchange results are presented in the new income statement line items "Other operating income" and "Other operating expense," and thus under operating profit and no longer as part of financial results. Prior-year figures have been adjusted accordingly. The amount of reclassifications in 2008 totaled K€ 2,463 (foreign exchange gains) and K€ 1,037 (foreign exchange losses), respectively. We are of the opinion that presenting the foreign exchange results under operating profit better reflects the economic basis, as all currency effects result exclusively from operating activities.

The other operating income and expense line items predominantly comprise the foreign exchange results recorded in the respective year.

For further analysis of operating expenses please refer to Note 13 (relating to cost of sales), to Note 24 (relating to the development of pension expenses) and to Note 34 (relating to development of personnel expenses).

8. Intangible assets
The intangible assets item includes software purchased within the consolidated Group as well as goodwill to be recorded for fiscal 2009. The development of intangible assets in 2009 and 2008 was as follows:

Development of Intangible Assets in 2009 (in K €)

	Software	Goodwill	**Total**
Acquisition cost			
Balance on January 1, 2009	2,588	213	2,801
Currency changes	–6	–	–6
Additions	568	–	568
Disposals	–8	–	–8
Balance on December 31, 2009	3,142	213	3,355
Amortization			
Balance on January 1, 2009	2,419	–	2,419
Currency changes	–7	–	–7
Additions	168	–	168
Disposals	–8	–	–8
Balance on December 31, 2009	2,572	–	2,572
Net book value on December 31, 2009	**570**	**213**	**783**

Development of Intangible Assets in 2008 (in K €)

	Software	Goodwill	**Total**
Acquisition cost			
Balance on January 1, 2008	3,090	–	3,090
Currency changes	11	–	11
Additions	116	213	329
Disposals	–629	–	–629
Balance on December 31, 2008	2,588	213	2,801
Amortization			
Balance on January 1, 2008	2,869	–	2,869
Currency changes	11	–	11
Additions	167	–	167
Disposals	–628	–	–628
Balance on December 31, 2008	2,419	–	2,419
Net book value on December 31, 2008	**169**	**213**	**382**

Impairment losses did not have to be recorded for intangible assets in fiscal 2009 and 2008.

9. Property, plant and equipment

Development of Property, Plant and Equipment in 2009 (in K €)

	Land and Buildings	Technical Equipment and Machinery	Other Equipment, Factory and Office Equipment	Construction in Progress	**Total**
Acquisition or manufacturing cost					
Balance on January 1, 2009	39,458	26,819	15,926	808	83,011
Currency changes	1	7	8	–	16
Additions	1,471	1,249	2,055	663	5,438
Disposals	–3,300	–270	–528	–	–4,098
Reclassifications	695	33	13	–741	–
Balance on December 31, 2009	38,325	27,838	17,474	730	84,367
Depreciation					
Balance on January 1, 2009	17,714	19,882	11,164	–	48,760
Currency changes	–1	5	–1	–	3
Additions	1,281	1,203	1,037	–	3,521
Disposals	–3,300	–262	–472	–	–4,034
Balance on December 31, 2009	15,694	20,828	11,728	–	48,250
Net book value on December 31, 2009	**22,631**	**7,010**	**5,746**	**730**	**36,117**

Development of Property, Plant and Equipment in 2008 (in K €)

	Land and Buildings	Technical Equipment and Machinery	Other Equipment, Factory and Office Equipment	Construction in Progress	**Total**
Acquisition or manufacturing cost					
Balance on January 1, 2008	28,988	25,194	13,957	2,791	70,930
Currency changes	–10	–40	4	–	–46
Additions	4,374	2,592	2,667	740	10,373
Disposals	–89	–1,090	–702	–	–1,881
Reclassifications	6,195	163	–	–2,723	3,635
Balance on December 31, 2008	39,458	26,819	15,926	808	83,011
Depreciation					
Balance on January 1, 2008	14,148	19,828	10,703	–	44,679
Currency changes	–4	–30	24	–	–10
Additions	1,078	1,174	1,047	–	3,299
Disposals	–88	–1,090	–610	–	–1,788
Reclassifications	2,580	–	–	–	2,580
Balance on December 31, 2008	17,714	19,882	11,164	–	48,760
Net book value on December 31, 2008	**21,744**	**6,937**	**4,762**	**808**	**34,251**

Impairment losses did not have to be recorded for property, plant and equipment for fiscal 2009 and 2008. No such assets were offered as collateral for loans.

10. Investment properties

The real estate shown in this line item was rented out in fiscal 2009 and 2008. Rental revenues amounted to K€ 51 (2008: K€ 448), as opposed to direct operating expenses of K€ 26 (2008: K€ 97). Impairment losses did not have to be recorded in fiscal 2009 and fiscal 2008.

The fair values of investment properties totaled € 0.7 million as per December 31, 2009, and as per December 31, 2008. Fair values were derived on the basis of the Company's own calculations by discounting expected net rental revenues during the estimated remaining life by an appropriate discount rate.

Development of Investment Properties (in K €)

	2009	2008
Acquisition or manufacturing cost		
Balance on January 1	861	4,496
Additions	–	–
Disposals	–	–
Reclassifications	–	–3,635
Balance on December 31	861	861
Depreciation		
Balance on January 1	197	2,729
Additions	24	48
Disposals	–	–
Reclassifications	–	–2,580
Balance on December 31	221	197
Net book value on December 31	**640**	664

11. Investment securities

Those investment securities classified as available-for-sale consist of publicly traded equity securities having no defined maturity or fixed interest rate. Following a net book value of K€ 3,250 on December 31, 2008, an impairment loss for these securities amounting to K€ 188 was recorded in the first quarter of 2009. Valuing these securities with their fair values of K€ 4,355 on December 31, 2009, led to an increase of K€ 1,293, which was recorded directly in equity.

The investment securities classified as held-to-maturity consist of bank or corporate bonds having variable interest rates or bonded loans. Due to one issuer's expected premature redemption in 2010, it was necessary to reclassify investment securities totaling K€ 1,998 as short-term assets on December 31, 2009. PFEIFFER VACUUM considers the impairments to be only temporary in nature, as the securities will be redeemed at notional value and as there is currently no indication of any solvency-based devaluation.

Please refer to Note 29 for the composition of fair values and the net book values of the investment securities.

12. Other non-current assets

Other non-current assets include, among others, the non-current portion of the German corporate tax reduction claims (K€ 818; 2008: K€ 916).

13. Inventories

Composition of Inventories (in K €)

	2009	2008
Raw materials	8,073	9,002
Work in process	4,152	6,104
Finished products	9,119	9,358
Reserves	–3,798	–3,055
Total inventories, net	**17,546**	21,409

Dec. 31

Materials consumption in fiscal 2009 amounted to € 74.8 million (2008: € 79.4 million) and is included in cost of sales.

Development of Inventory Reserves (in K €)

	2009	2008
Balance on January 1	3,055	3,030
Currency changes	8	–41
Additions	1,017	381
Inventory written off	–282	–315
Balance on December 31	**3,798**	3,055

14. Trade accounts receivable

In connection with its normal course of business, the Company extends credit to a wide variety of customers. The Company performs ongoing credit evaluations of its customers and establishes allowances for identified credit risks. Trade accounts receivable do not bear any interest and have a remaining term of less than one year.

Composition of Trade Accounts Receivable (in K €)

	2009	2008
Trade accounts receivable	21,233	27,926
Allowance for doubtful accounts	–610	–413
Trade accounts receivable, net	**20,623**	27,513

Dec. 31

Summary of Activity in the Allowance for Doubtful Accounts (in K €)

	2009	2008
Balance on January 1	413	535
Currency changes	2	–36
Additions	272	124
Accounts written off	–77	–210
Balance on December 31	**610**	413

The increase in the allowance for doubtful accounts was predominantly due to the difficult economic position of isolated customers.

Composition of Unreserved Trade Accounts Receivable (in K €)

	Net Book Value	Thereof: Unreserved and not Overdue	Thereof: Unreserved and Overdue in the Following Periods					
			< 30 Days	30 – 60 Days	61 – 90 Days	91 – 180 Days	181 – 360 Days	> 360 Days
2009	**20,623**	15,245	3,683	718	107	155	101	48
2008	27,513	20,592	4,345	750	572	184	315	16

Dec. 31

In 2009, expenses for derecognition of receivables amounted to K € 117 (2008: K € 9). The income from cash proceeds on derecognized receivables totaled K € 20 (2008: K € 35).

15. Receivables and payables from construction contracts
Receivables and payables from construction contracts as at December 31, 2009, were attributable to the sales revenues recognized in 2009, amounting to K € 26,533, and to the prepayments received during 2009 (K € 14,766). The payables from construction contracts at the close of the prior year (K € 6,179) additionally have to be considered in deriving the balance sheet amounts on December 31, 2009. These payables resulted from sales revenues of K € 3,121 and prepayments received in the amount of K € 9,300. The total cost incurred and recognized profits to date amount to K € 29,654 (2008: K € 3,121).

16. Other accounts receivable
The significant increase in other accounts receivable (K € 5,943; 2008: K € 1,146) stemmed virtually exclusively from recording tax claims for overpaid income taxes (K € 5,713; 2008: K € 749). Because of the maturity of many deposits on December 31, 2009, no interest accruals had to be made as at this date (2008: K € 168).

17. Cash and cash equivalents
The cash and cash equivalents item consists of cash at banks and cash on hand. Additionally, the Company records all bank deposits having an original maturity of three months or less as cash equivalents. The fair value of cash and cash equivalents corresponds to their net book value.

18. Share capital and additional paid-in capital
As in the year before, the share capital of PFEIFFER VACUUM TECHNOLOGY AG (parent company) consists of 8,970,600 no-par ordinary shares issued and 8,514,248 no-par ordinary shares outstanding as per December 31, 2009.

The Annual Shareholders Meeting on June 8, 2005, authorized the Management Board to increase the Company's share capital by K € 11,252, or 4,395,300 shares, in consideration for contributions in cash and/or kind. This authorization is valid through June 7, 2010, and is subject to the consent of the Supervisory Board.

Under the resolution adopted by the Annual Shareholders Meeting on May 26, 2009, the Management Board is authorized to issue convertible bonds up to an amount of K € 200,000 having a maximum maturity of 10 years. Furthermore, the holders thereof are granted conversion rights for up to 2,242,650 shares, representing a maximum amount of K € 5,741 of share capital. This authorization is valid through May 23, 2014, and requires the consent of the Supervisory Board.

On December 31, 2009, additional paid-in capital totaled K € 13,305. There were no changes in fiscal 2009.

19. Paid and proposed dividends
The Annual Shareholders Meeting on May 26, 2009, resolved to pay a dividend of € 3.35 per share (Annual Shareholders Meeting on May 28, 2008: € 3.15 per share). The dividend payment carried out thereunder amounted to K € 28,523 in 2009 (2008: K € 27,857).

At the Annual Shareholders Meeting, the Management and Supervisory Boards will propose that the shareholders participate in the Company's success in the form of a dividend in the amount of € 2.45 per share. This proposal is subject to the approval of the Annual Shareholders Meeting. Because the proposal must be approved by the Annual Shareholders Meeting, the resulting payment of K € 20,860 has not been recorded as a liability in the balance sheet for the fiscal year ended December 31, 2009.

20. Other equity components

Other equity components comprise unrealized gains/losses on hedges, foreign currency translation adjustments and gains/-losses from the revaluation of available-for-sale securities at fair value.

Development of Other Equity Components (in K €)

	Unrealized Gains/Losses on Hedges	Foreign Currency Translation Adjustments	Revaluation of Available-for-Sale Securities	**Total**
Balance on January 1, 2008	28	–4,476	1,335	–3,113
Changes in fair value of cash flow hedges (net of tax)	–432	–	–	–432
Changes in foreign currency translation	–	413	–	413
Revaluation of securities classified as available-for-sale (net of tax)	–	–	–1,335	–1,335
Balance on December 31, 2008	**–404**	**–4,063**	**–**	**–4,467**
Changes in fair value of cash flow hedges (net of tax)	404	–	–	404
Changes in foreign currency translation	–	–287	–	–287
Revaluation of securities classified as available-for-sale (net of tax)	–	–	1,293	1,293
Balance on December 31, 2009	**–**	**–4,350**	**1,293**	**–3,057**

Due to the fact that the terms of all cash flow hedges are less than one year, the reported year-end balances as at December 31, 2008, were reclassified to the income statement in 2009. There were no hedging contracts at December 31, 2009.

Tax Effect on Other Comprehensive Income (in K €)

	2009			2008		
	Gross Amount	Tax Effect	Net Amount	Gross Amount	Tax Effect	Net Amount
Cash flow hedges	568	–164	404	–607	175	–432
Currency changes	–248	–	–248	284	–	284
Revaluation of available-for-sale securities	1,293	–	1,293	–1,355	20	–1,335
Total other comprehensive income	**1,613**	**–164**	**1,449**	–1,678	195	–1,483

21. Treasury shares

At the Annual Shareholders Meeting on May 26, 2009, the shareholders authorized PFEIFFER VACUUM to acquire treasury shares pursuant to § 71, Sub-Para. 1, No. 8, German Stock Corporation Act. This authorization allows the Company to acquire treasury shares representing up to € 2,296,473.60 of the capital stock (897,060 shares equal to 10 % of capital stock at the time of the resolution) and is valid through November 25, 2010.

As in the year before, the portfolio of treasury shares as at December 31, 2009, includes 456,352 shares valued at an historical cost of K€ 23,808, and represents 5.1 % of total shares.

22. Long-term debt

There continued to be no long-term debt as at December 31, 2009. PFEIFFER VACUUM and its subsidiaries have various lines of credit available for operating purposes, totaling approximately € 12.3 million (2008: € 9.8 million). No amounts under these lines were outstanding on December 31, 2009, or 2008.

23. Income taxes

Under current German corporate tax law, taxes on the income of German companies comprise corporate taxes, trade taxes and an additional surtax.

Income Before Tax was Taxable in the Following Jurisdictions (in K €)

	2009	2008
Germany	33,471	46,333
Outside Germany	4,957	7,810
Total	**38,428**	54,143

Composition of Income Tax Expense (in K €)

	2009	2008
Current taxes		
Germany	5,710	13,760
Outside Germany	1,468	2,057
	7,178	15,817
Deferred taxes		
Germany	3,385	–134
Outside Germany	172	412
	3,557	278
Income tax expense	**10,735**	16,095

K € 7,298 of current tax expense relate to earnings in 2009 (2008: K € 15,763). This line item additionally contains tax refunds for prior years amounting to K € 120 (2008: Tax expenses of K € 54).

Reconciliation from Expected to Actual Income Tax Expense (in K €)

	2009	2008
Earnings before taxes	38,428	54,143
Expected tax expense using a tax rate of 28.81 %	11,072	15,599
Non-deductible expenses	73	75
Effects from impairment losses for securities	54	420
Higher/lower foreign tax rates	–37	215
Effects due to dividend payments	–55	–69
Non-taxable income	–71	–
Tax debits/credits due to tax filings in prior years	–120	54
Effects relating to capital gains on securities	–	–252
Other	–181	53
Income tax expense	**10,735**	16,095

As opposed to 29.7 % the year before, the tax ratio for the PFEIFFER VACUUM Group amounted to 27.9 % in 2009. There were no significant changes.

Deferred Taxes Relate to the Following Balance Sheet Items (in K €)

	2009	2008
Deferred tax assets		
Pensions	3,269	3,369
Inventories	807	1,102
Personnel and other provisions	445	496
Intangible assets	259	78
Property, plant and equipment	195	51
Receivables (including allowances for doubtful accounts)	35	122
Cash flow hedges	–	164
Total deferred tax assets	**5,010**	5,382
Deferred tax liabilities		
Receivables (including allowances for doubtful accounts)	–3,844	–469
Property, plant and equipment	–488	–414
Tax-privileged reserves of the Swedish subsidiary	–328	–273
Inventories	–160	–141
Personnel and other provisions	–48	–204
Total deferred tax liabilities	**–4,868**	–1,501
Total deferred taxes, net	**142**	3,881

Dec. 31

Amounts Recorded in the Balance Sheet (in K €)

	2009	2008
Deferred tax assets	489	4.180
Deferred tax liabilities	–347	–299
Total deferred taxes, net	**142**	3.881

Dec. 31

As at December 31, 2009, the total deferred income taxes recorded do not include any deferred taxes recorded directly in equity (2008: K € 164). The previous year's amount related only to unrealized gains/losses on cash flow hedges.

Provisions have not been established for additional taxes on the undistributed earnings of non-German subsidiaries. These earnings are considered to be permanently reinvested and could become subject to additional tax if remitted or deemed remitted as dividends. Under current German law, dividends from non-German and German subsidiaries are 95 % tax-exempt, i.e. 5 % of dividend income is not deductible from income for corporate tax purposes. Management estimates that the effects of this rule will be negligible, as the German investments are consolidated for tax purposes.

Deferred Taxes Recorded in the Income Statement (in K €)

	2009	2008
Receivables (including allowances for doubtful accounts)	3,465	–492
Inventories	318	–243
Pensions	95	–150
Personnel and other provisions	58	928
Tax-privileged reserves of the Swedish subsidiary	37	40
Property, plant and equipment	–71	–3
Intangible assets	–181	50
Other	–164	148
Total deferred tax expenses	**3,557**	278

24. Pensions and similar obligations

Defined benefit plans Employees in Germany and the United States are entitled to receive pension benefits from the Company, which are covered by defined benefit plans in their respective countries. In the United States, the Company has established a pension fund for all employees and a supplemental pension fund for executives (SERP), a non-qualified, non-funded pension plan for certain officers. In Germany, the Company sponsors three pension plans, which are funded via PFEIFFER VACUUM TRUST E.V. ("the Trust"). Taking into account the new 2007 pension plan, this means that an employer funded pension scheme is in place for all employees of the German Group companies. The Trust is an independent, bankruptcy-protected, separate legal entity whose sole purpose is to act in a fiduciary capacity as trustee for the assets held; it has invested the contributions in a mutual fund with a pursued target equity allocation of up to 30 % as well as a pursued fixed-income securities and cash allocation of at least 70 %. The fund is managed by an unrelated third-party asset management company.

Composition of Net Periodic Pension Cost (in K €)

	2009	2008
Service cost	1,323	1,315
Interest cost	2,629	2,434
Expected return on plan assets	– 1.938	– 2,122
Amortization	78	–
Income from plan curtailments/settlements	–	– 594
Net periodic pension cost	**2,092**	1,033

Composition of the Net Amounts Recorded in the Balance Sheets (in K €)

	2009	2008
Present value of funded benefit obligations	– 47,861	– 46,116
Present value of unfunded benefit obligations	– 718	– 757
Total present value of benefit obligations	– 48,579	– 46,873
Fair value of plan assets	44,244	42,962
Present value of net obligations	– 4,335	– 3,911
Unrecognized actuarial losses	3,189	2,389
Unrecognized past service cost	88	–
Net amount recorded in balance sheets	**– 1,058**	– 1,522
Thereof: Prepaid pension costs	420	142
Thereof: Provisions for pensions	– 1,478	– 1,664

Dec. 31

Development of Benefit Obligations (in K €)

	2009	2008
Present value of benefit obligations on January 1	46,873	45,784
Service cost	1,323	1,315
Interest cost	2,629	2,434
Actuarial gains/losses	– 142	358
Benefit payments	– 2,102	– 2,041
Past service costs	100	–
Curtailments/settlements	–	– 1,663
Obligations under new pension plan	–	512
Currency changes	– 102	174
Present value of benefit obligations on December 31	**48,579**	46,873

Development of Plan Assets (in K €)

	2009	2008
Fair value of plan assets on January 1	42,962	47,584
Expected return on plan assets	1,938	2,122
Company contributions	2,543	1,523
Benefit payments	– 2,102	– 2,041
Actuarial losses	– 1,010	– 5,173
Curtailments/settlements	–	– 1,126
Currency changes	– 87	73
Fair value of plan assets on December 31	**44,244**	42,962

The Company expects that cash contributions to plan assets in 2010 will approximate 2010's net periodic pension cost (€ 2.2 million).

The actual return on plan assets in fiscal 2009 amounted to K € 928 (2008: K € – 3,051).

Actuarial Assumptions (in %)

	2009	2008
Germany		
Discount rate	5.75	5.85
Long-term rate of increase in compensation levels	2.75	2.75
Expected long-term rate of return on assets	4.00	4.50
United States, Netherlands		
Discount rate	4.90 – 6.00	5.90 – 6.25
Long-term rate of increase in compensation levels	3.00	3.00 – 4.00
Expected long-term rate of return on assets	4.90 – 7.00	5.90 – 7.00

Dec. 31

Composition of Plan Assets

	2009 K €	**2009** %	2008 K €	2008 %
Equity securities	8,479	19.2	6,227	14.5
Fixed-income securities	12,926	29.2	28,961	67.4
Cash and cash equivalents	22,045	49.8	7,056	16.4
Other	794	1.8	718	1.7
Total	**44,244**	**100.0**	42,962	100.0

Dec. 31

Plan assets do not contain financial instruments issued by the Company or other assets owned by the Company.

Development of Benefit Obligations and Plan Assets 2005 – 2009 (in K €)

	2009	2008	2007	2006	2005
Present value of benefit obligations	48,579	46,873	45,784	50,352	50,678
Fair value of plan assets	44,244	42,962	47,584	44,917	41,595
Surplus/deficit	–4,335	–3,911	1,800	–5,435	–9,083
Experience adjustments on plan liabilities	–142	358	–5,531	–1,655	4,236
Experience adjustments on plan assets	–1,010	–5,173	–567	1,210	–356

Dec. 31

Defined contribution plans Employees of the Company in certain other countries are covered by defined contribution plans. Generally, contributions are based upon a percentage of the employee's wages or salaries. The costs of these plans charged to operations amounted to K € 3,142 (2008: K € 3,024).

25. Trade accounts payable and other payables

Trade accounts payable do not bear any interest and have maturities of less than one year. Other payables primarily consist of payroll taxes and VAT, as well as payables from social security contributions. They do not bear any interest and also have maturities of less than one year.

26. Provisions

Warranty provisions include the amounts expected due to claims in connection with product warranties. They are recorded as per the close of the fiscal year for realized revenues based on management's estimates and experience.

Composition of Provisions (in K €)

	2009	2008
Warranty provisions	3,125	3,301
Personnel provisions	5,119	6,912
Other provisions	656	560
Total	**8,900**	10,773

Dec. 31

Development of Provisions (in K €)

	Warranty	Personnel	Other	**Total**
Balance on January 1	3,301	6,912	560	10,773
Currency changes	–5	15	11	21
Additions	1,371	4,970	480	6,821
Utilization	–593	–6,336	–330	–7,259
Releases	–949	–442	–65	–1,456
Balance on December 31, 2009	**3,125**	**5,119**	**656**	**8,900**

Provisions for employee-related expenses primarily include provisions for profit-sharing obligations, bonuses and service anniversary awards.

The decrease in personnel provisions was mainly attributable to reduced employee bonuses as a consequence of the Group's somewhat weaker economic development.

27. Commitments and other financial obligations

The Company has entered into leases and maintenance agreements which expire on various dates, some of which are renewable. The tables below present the maximum amount of the contractual commitments as at year end, classified by the periods in which the contingent liabilities or commitments will expire.

Contractual Obligations as at December 31, 2009 (in K €)

		Payments Due by Period			
	Total	< 1 Year	1 – 3 Years	3 – 5 Years	> 5 Years
Operating leases	1,710	755	763	167	25
Purchase obligations	3,548	2,634	914	–	–
Repair and maintenance	961	667	264	20	10
Total	**6,219**	**4,056**	**1,941**	**187**	**35**

Contractual Obligations as at December 31, 2008 (in K €)

		Payments Due by Period			
	Total	< 1 Year	1 – 3 Years	3 – 5 Years	> 5 Years
Operating leases	1,964	826	832	198	108
Purchase obligations	5,805	5,465	340	–	–
Repair and maintenance	381	343	38	–	–
Total	**8,150**	**6,634**	**1,210**	**198**	**108**

Purchase obligations include long-term arrangements for future supplies of materials. Rental expenses amounted to € 1.0 million for fiscal 2009 and € 0.9 million for fiscal 2008. The Company did not have any capital lease obligations in fiscal 2009 and 2008.

28. Segment reporting

The Company's business operations include the development, manufacture, sale and service of vacuum pumps, vacuum components and instruments, as well as vacuum systems. The subsidiaries in the individual countries are independent legal entities with their own management, which distribute products and provide services. The entire product portfolio is offered by all sales subsidiaries.

Controlling of business development by corporate management is carried out on the level of the legal entities. Accordingly, the Company identifies its primary operating segments by legal entity. Due to the similarity of their economic characteristics, including nature of products sold, type of customers, methods of product distribution and economic environment, the Company aggregates its European subsidiaries outside Germany into one reporting segment, "Europe (excluding Germany)." All information is based upon the geographic location of the Group company in question.

Transactions between segments are based upon the arm's length principle. The internal reporting on which the disclosures are based is IFRS. Segment sales and segment results in the primary reporting format initially include the effects of inter-segment transactions. These effects are eliminated in connection with the consolidation process.

Segment Reporting as at December 31, 2009 (in K €)

	Germany	Europe (Excluding Germany	United States	Rest of World	Other/ Consolidation	**Group**
Net sales	156,271	41,253	37,531	6,141	–59,195	182,001
Third party	98,961	40,433	37,384	5,223	–	182,001
Intercompany	57,310	820	147	918	–59,195	–
Operating profit	32,689	3,481	1,494	802	– 692	37,774
Financial income	–	–	–	–	654	654
Earnings before taxes	32,689	3,481	1,494	802	–38	38,428
Segment assets	113,543	18,870	23,092	3,549	–	159,054
Thereof: Assets according to IFRS 8.33 (b)*	37,441	529	248	780	–	38,998
Segment liabilities	14,346	4,232	1,635	504	–	20,717
Capital expenditures:						
Property, plant and equipment**	5,186	100	75	77	–	5,438
Intangible assets	409	3	156	–	–	568
Depreciation**	3,232	201	44	68	–	3,545
Amortization	131	7	30	–	–	168

* Non-current assets other than financial instruments, deferred tax assets and prepaid pension cost
** Including investment properties

Segment Reporting as at December 31, 2008 (in K €)

	Germany	Europe (Excluding Germany	United States	Rest of World	Other/ Consolidation	**Group**
Net sales	173,699	45,076	40,756	5,721	–67,192	198,060
Third party	107,797	44,919	40,687	4,657	–	198,060
Intercompany	65,902	157	69	1,064	–67,192	–
Operating profit	46,185	4,600	1,730	687	– 307	52,895
Financial income	–	–	–	–	1,248	1,248
Earnings before taxes	46,185	4,600	1,730	687	941	54,143
Segment assets	123,442	19,132	24,154	3,408	–	170,136
Thereof: Assets according to IFRS 8.33 (b)*	35,363	627	91	785	–	36,866
Segment liabilities	25,347	4,849	1,805	323	–	32,324
Capital expenditures:						
Property, plant and equipment**	10,053	227	–	93	–	10,373
Intangible assets	321	8	–	–	–	329
Depreciation**	2,971	236	49	91	–	3,347
Amortization	156	11	–	–	–	167

* Non-current assets other than financial instruments, deferred tax assets and prepaid pension cost
** Including investment properties

Aside from directly allocatable assets, the "Other" segment contains all assets that can not be allocated on a reasonable basis (e.g. securities, deferred tax assets). Sales revenues with major customers (> 10 % of total sales) in the Germany segment amounted to K € 25,418. In 2009, financial income in the "Other" segment included impairment losses for available-for-sale securities totaling K € 188 (2008: K € 1,457). Due to the rebound in stock exchange trading prices during the further course of 2009, increases in fair value of K € 1,293 were recorded directly in equity.

Sales by Product (in K €)

	Turbo-pumps	Measurement and Analysis Equipment	Systems	Backing Pumps	Service	Other	**Group**
2009	68,794	38,940	29,978	25,490	18,748	51	**182,001**
2008	79,656	47,060	15,153	32,112	23,631	448	198,060

29. Financial instruments

Fair value The net book value of financial instruments (e.g. cash and cash equivalents, trade accounts receivable and trade accounts payable, available-for-sale securities) essentially equals their fair value. In variance thereto, differences between net book value and fair value exist with regard to those securities held-to-maturity.

Interest rate risks The interest-bearing portion of cash and cash equivalents, as well as those securities held-to-maturity, involve interest rate risks. All investment forms have variable interest rates and are – with the exception of held-to-maturity securities – invested on a short-term basis. There are no further investment forms that result in interest rate risks within the PFEIFFER VACUUM Group.

Due to the short investment period for cash and cash equivalents, the agreed interest rate equals the market rate. Even if the market rate should change significantly, there will be no impact on the fair value of cash and cash equivalents because the interest rate can be adjusted after only a short period of time. There are no changes in the net book value of the held-to-maturity securities due to changing interest rates because these investments are valued at amortized cost, and interest-based changes in their fair value will therefore not affect their net book value.

All interest-sensitive financial assets as at December 31, 2009, and 2008, respectively, are categorized as held-to-maturity financial instruments. Accordingly, a hypothetical change in the interest rates on the balance sheet dates will not result in any changes in net income or shareholders' equity due to these securities. As a result of cash and cash equivalents on December 31, 2009, an increase (decrease) in interest rate by 50 basis points would increase (decrease) earnings by K € 310 (2008: increase/decrease by K € 342).

Credit risks Due to the Company's heterogeneous customer structure and the fact that fundamentally no single end customer accounts for more than 10 % of total sales, there are no material credit risk concentrations within the Group. Credit risks are additionally minimized through rigorous accounts receivable management and by monitoring our customers' payment patterns. Furthermore, deliveries to new customers are essentially made only after credit assessment, against payment in advance or credit limit. As a result, PFEIFFER VACUUM is able to keep the level of its allowance for doubtful accounts low, even in difficult economic times. One customer accounts for more than 10 % of total sales. Due to its payment history and the project's development, we do not see any material credit risk here, either. The purchased securities consist predominantly of bank or corporate bonds of very good creditworthiness, making the credit risk minimal here as well. The maximum credit risk is determined by the net book value of the financial assets (including derivatives with positive fair values) recorded in the balance sheet.

Liquidity risks Due to the above-average level of cash and cash equivalents, no liquidity risks can be identified.

Foreign exchange rate risks Approximately 34 % of the Company's net sales continue to be denominated in currencies other than the euro, primarily in US dollars. The Company enters into foreign currency forward contracts and options to hedge the exposure of its forecast sales against currency fluctuations. All derivative financial instruments are entered into only within this scope. Due to the very volatile development of the US dollar exchange rate and the related high hedging expenses, no new hedging transactions were executed in 2009. Accordingly, there were no derivatives as at December 31, 2009.

The derivatives that qualify for cash flow hedges under IAS 39 are recognized either as assets or liabilities at their fair values. Changes in the values of these cash flow hedges are recorded in equity under other equity components, net of applicable taxes. These amounts are subsequently reclassified as earnings (foreign exchange gains/losses) in the same period as the underlying transactions affect operating income. For the fiscal years ended December 31, 2009, and 2008, there were no gains or losses that were recognized in earnings due to hedge ineffectiveness. For the same periods, no gains or losses had to be reclassified to earnings from other equity components as a result of the discontinuance of cash flow hedges. If derivatives are kept, these derivatives are marked to market at period end using quoted forward rates. The negative fair values recorded under other payables for the period ended December 31, 2008, totaled K € 568. Because the changes in fair value for cash flow hedges are recorded directly in equity, other equity components decreased by K € 404, net of taxes of K € 164. The Company does not engage in speculative hedging for investment purposes. As at December 31, 2008, no contracts held by the Company had a maturity date greater than one year.

As at December 31, 2009, no cash flows in foreign currency were hedged by foreign currency forward contracts and options; in 2008, the notional amounts of the US dollar forward contracts were € 3.1 million. The Company performs ongoing credit evaluations of the parties to these contracts and enters into contracts only with well-established financial institutions. Currency risks as defined by IFRS 7 arise as a result of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration. Relevant risk variables are generally all non-functional currencies in which PFEIFFER VACUUM has entered into financial instruments. The vast majority of non-derivative monetary financial instruments within the PFEIFFER VACUUM Group are directly denominated in functional currency. In variance thereto, exchange rate risks arise from the securities available-for-sale, from a portion of trade accounts receivable and from derivative financial instruments. If derivative financial instruments classify as cash flow hedges, changes in the exchange rate do not impact the income statement but are recorded directly in equity. Exchange rate-based changes in securities available-for-sale are also recorded directly in equity.

Had the euro lost 10 % against the currencies involved in the Consolidated Financial Statements as at December 31, 2009, net income would have been K € 348 higher and total equity would have been K € 832 higher (K € 484 thereof being due to the Swiss franc and K € 348 to the US dollar). A 10 % gain in the euro as at December 31, 2009, would have decreased net income by K € 284 and total equity by K € 680 (K € –396 thereof being due to the Swiss franc and K € –284 to the US dollar). A 10 % loss in the euro as at December 31, 2008, would have led to a K € 766 increase in net income and a K € 779 increase in total equity (K € 293 thereof being due to the Swiss franc and K € 486 to the US dollar). A 10 % gain in the euro as at that balance sheet date would have decreased net income by K € 729 and total equity by K € 775 (K € – 291 thereof being due to the Swiss franc and K € – 484 to the US dollar). In all cases, net income was affected solely by the sensitivity of the US dollar.

Composition of financial instruments The following tables show the composition of financial instruments by balance sheet line item and valuation category and fair value as well as net results by valuation category.

Composition of Financial Instruments as at December 31, 2009 (in K €)

	Category According to IAS 39	Net Book Value	Amounts Recognized According to IAS 39			Fair Value
			Amortized Cost	Fair Value Recognized in Equity	Fair Value Through Profit and Loss	
Assets						
Cash and cash equivalents	LaR	61,983	61,983	–	–	61,983
Trade accounts receivable	LaR	20,623	20,623	–	–	20,623
Receivables from construction contracts	LaR	5,775	5,775	–	–	5,775
Securities						
Held-to-Maturity	HtM	1,998	1,998	–	–	1,974
Available-for-Sale	AfS	4,355	–	4,355	–	4,355
Liabilities						
Trade accounts payable	FLAC	3,895	3,895	–	–	3,895
Payables from construction contracts	FLAC	187	187	–	–	187
Derivative financial instruments (incl. cash flow hedges)	n.a.	–	–	–	–	–
Totals by valuation categories:						
Loans and Receivables (LaR)		88,381	88,381	–	–	88,381
Held-to-Maturity-Investments (HtM)		1,998	1,998	–	–	1,974
Financial Assets Available-for-Sale (AfS)		4,355	–	4,355	–	4,355
Financial Assets Held for Trading (FAHfT)		–	–	–	–	–
Financial Liabilities Measured at Amortized Cost (FLAC)		4,082	4,082	–	–	4,082

Composition of Financial Instruments as at December 31, 2008 (in K €)

	Category According to IAS 39	Net Book Value	Amounts Recognized According to IAS 39			Fair Value
			Amortized Cost	Fair Value Recognized in Equity	Fair Value Through Profit and Loss	
Assets						
Cash and cash equivalents	LaR	68,317	68,317	–	–	68,317
Trade accounts receivable	LaR	27,513	27,513	–	–	27,513
Securities						
Held-to-Maturity	HtM	4,998	4,998	–	–	4,557
Available-for-Sale	AfS	3,250	–	3,250	–	3,250
Liabilities						
Trade accounts payable	FLAC	4,518	4,518	–	–	4,518
Payables from construction contracts	FLAC	6,179	6,179	–	–	6,179
Derivative financial instruments (incl. cash flow hedges)	n.a.	568	–	568	–	568
Totals by valuation categories:						
Loans and Receivables (LaR)		95,830	95,830	–	–	95,830
Held-to-Maturity-Investments (HtM)		4,998	4,998	–	–	4,557
Financial Assets Available-for-Sale (AfS)		3,250	–	3,250	–	3,250
Financial Assets Held for Trading (FAHfT)		–	–	–	–	–
Financial Liabilities Measured at Amortized Cost (FLAC)		10,697	10,697	–	–	10,697

Net Results by Valuation Category (in K €)

	From Interest/ Dividends	From Subsequent Valuation			From Derecognition	Net Results	
		At Fair Value	Currency Translation	Impairment/ Reversal of Impairment		**2009**	2008
Loans and Receivables (LaR)	603	107	–194	–272	–97	147	3,711
Held-to-Maturity-Investments (HtM)	148	–	–	–	–	148	151
Financial Assets Available-for-sale (AfS)	142	1,105	–	–	–	1,247	–2,635
Financial Assets Held for Trading (FAHfT)	–	–	–	–	–	–	–
Financial Liabilities Measured at Amortized Cost (FLAC)	–	–28	–	–	–	–28	28

30. Management of financial risks

With an equity ratio of 87.0 % as at December 31, 2009, PFEIFFER VACUUM has an equity base that is far above average. In past years, the equity ratio has always been higher than 80 %. Additionally, cash and cash equivalents totaled € 62.0 million as at December 31, 2009, and are invested on a short-term conservative basis.

Due to its high equity ratio and its superior liquidity, PFEIFFER VACUUM does not depend upon interest-bearing liabilities to fund its capital expenditures for replacement and expansion. Moreover, there are sufficient liquidity reserves to respond to changes in the economic situation.

31. Earnings per share

Computation of Earnings* per Share

	2009	2008
Net income (in K €)	27,596	37,967
Weighted average number of shares	8,514,248	8,702,529
Number of conversion rights	–	–
Adjusted weighted average number of shares	8,514,248	8,702,529
Earnings per share in € (basic/diluted)	3.24	4.36

* Attributable to PFEIFFER VACUUM TECHNOLOGY AG shareholders

There were no transactions with ordinary shares or ordinary shares issued during the period between the balance sheet date of December 31, 2009, and the preparation of the Consolidated Financial Statements.

Additional Notes and Supplemental Information

32. Related party disclosures

Related party transactions predominantly consist of all transactions with those companies included in the Consolidated Financial Statements. The amounts of these transactions are detailed in the segment reporting in Note 28, which also includes intercompany sales. All transactions are carried out at conditions that are usual and customary in the market and are entirely eliminated during the consolidation process. Therefore, there is no impact on financial position or results.

PFEIFFER VACUUM does not have holdings in any jointly controlled or associated entities. Furthermore, no factual control exists with respect to special purpose entities.

Please refer to Notes 36 and 37 regarding the compensation paid to members of the Management and Supervisory Boards, as well as regarding potential transactions with members of these corporate bodies. Aside from their activities on the Supervisory Board, the members of the Supervisory Board do not provide individual services for the Group or any of its companies. In contrast thereto, the employee representatives on the Supervisory Board receive salaries under the rules of the respective employment contracts for their work at the Company.

On December 31, 2009, members of the Management and Supervisory Boards held an aggregate total of 3,577 shares in the Company (December 31, 2008: 2,577 shares). The holdings of members of corporate bodies are thus negligible.

In 2009, the reimbursements from PFEIFFER VACUUM TRUST E. V. again amounted to € 2.0 million. Contributions to PFEIFFER VACUUM TRUST E. V. totaled € 2.7 million in 2009 (2008: € 1.7 million).

Neither in 2009 nor in 2008 were there any reportable transactions under IAS 24 with Arnhold and S. Bleichroeder or First Eagle Funds, whose holdings count for 24.89 % of total shares.

33. Events after the balance sheet date

Under a notarized contract dated December 2, 2009, PFEIFFER VACUUM TECHNOLOGY AG purchased all interests in Trinos Vakuum-Systeme GmbH, of Göttingen, Germany (Trinos), effective January 1, 2010. Trinos' product portfolio comprises high-quality vacuum components, chambers and systems, and thus complements the PFEIFFER VACUUM product portfolio. Additionally, these products can be sold well in the market via the worldwide PFEIFFER VACUUM sales network. The purchase price of € 10.0 million consists exclusively of a cash component.

This mid-size company, which employed a workforce of 140 people and whose sales revenues totaled some € 18.0 million in 2008 (based on accounting principles under the German Commercial Code), has not had to deal with international accounting in the past. This fact, in connection with its formerly significantly longer lead times in preparing its financial statements, means that no IFRS-compliant opening balance values for Trinos can be presented prior to the release date for issuance of PFEIFFER VACUUM's Consolidated Financial Statements. Accordingly, no information can be provided with regard to the purchase price allocation or the derivation of goodwill. Hence, a large part of the purchase price is attributable to goodwill, which will not be deductible for tax purposes. The decisive factor in connection with goodwill will be the synergies stemming from the expanded product portfolio and the possibility of distributing these products via PFEIFFER VACUUM's existing sales channels. There are no other material intangible assets that would have to be recorded in connection with the purchase price allocation.

34. Personnel expenses

Personnel Expenses (in K €)	**2009**	2008
Wages and salaries	36,862	36,079
Social security, pension and other benefit cost	9,377	7,230
Thereof for pensions	5,234	4,057
Total	**46,239**	43,309

35. Number of employees

The number of employees was as follows on December 31, 2009, and 2008:

Number of Employees	**2009**	2008
Annual average		
Male	598	586
Female	131	127
Total	**729**	713
Balance sheet date		
Male	592	597
Female	133	129
Total	**725**	726

36. Management Board

As at December 31, 2009, the Management Board of the parent company, PFEIFFER VACUUM TECHNOLOGY AG, consisted of:

- Manfred Bender (Chief Executive Officer), Diplom-Betriebswirt
- Dr. Matthias Wiemer (Member of the Management Board), Diplom-Ingenieur

The aggregate amount of compensation paid to all members of the Management Board for fiscal 2009 was € 0.9 million (2008: € 1.1 million). Pursuant to § 289, Sub-Para. 2, No. 5, German Commercial Code ("HGB"), the compensation paid to the members of the Management Board is detailed in the compensation report (an element of MD & A). Benefits to former members of the Management Board (pensions) continued to amount to € 0.2 million.

37. Supervisory Board

Pursuant to § 96, Sub-Para. 1, § 101, Sub-Para. 1, German Stock Corporation Act ("AktG"), § 4, German One-Third Participation Act ("DrittelbG") of 2004, and § 9, Sub-Para. 1, Articles of Association and Bylaws, the Supervisory Board comprises four members elected by the Annual Shareholders Meeting and two members elected by the Company's employees.

In 2009, the Supervisory Board comprised the following persons:

- Dr. Michael Oltmanns (Chairman), Attorney at Law and Tax Advisor
  Further supervisory board seats:
  – Becker Mining Systems AG, Friedrichsthal (chairman)
  – Jetter AG, Ludwigsburg, Germany (chairman)
  – Merkur Bank KGaA, Munich, Germany (chairman)
  – Scholz AG, Essingen, Germany (chairman)
- Götz Timmerbeil (Vice Chairman and Chairman of the Audit Committee), Certified Public Accountant and Tax Advisor
- Michael J. Anderson, Investment Banker
- Helmut Bernhardt (Employee Representative), Development Engineer
- Manfred Gath (Employee Representative), Chairman of the Employee Council
- Wilfried Glaum, Business Administrator

Pursuant to § 289, Sub-Para. 2, No. 5, German Commercial Code ("HGB"), the compensation paid to the members of the Supervisory Board is detailed in the compensation report (an element of MD & A).

38. Exempting provision under § 264 Sub-Para. 3, German Commercial Code ("HGB")

PFEIFFER VACUUM GmbH, Asslar, Germany, is included in the Consolidated Financial Statements of PFEIFFER VACUUM TECHNOLOGY AG. Accordingly, this company has made use of the exempting provision under § 264, Sub-Para. 3, German Commercial Code.

39. Audit fees for independent auditors

The expenses for services invoiced by the auditor of the Consolidated Financial Statements were as follows for fiscal 2009 and 2008:

Audit Fees for the Auditor of the Consolidated Financial Statements (in K €)	**2009**	2008
Fees resulting from:		
Audit services	340	295
Other certification and consulting services	–	–
Tax advisory services	45	72
Other services	–	–
Total	**385**	367

40. German Corporate Governance Code/Declaration pursuant to § 161, German Stock Corporation Act ("AktG")

Pursuant to § 161 of the German Stock Corporation Act, the Management and Supervisory Boards issued the statement of compliance for the year 2009 in December 2009 and made it permanently available for shareholders and interested parties. With the following exceptions, this statement reflects compliance with the recommendations of the German Corporate Governance Code Government Commission:

- No agreement was able to be reached in negotiations with our D & O insurance carrier to obtain a lower premium if a deductible is arranged. The Company will therefore not arrange for a deductible. A deductible would not improve the overall motivation and sense of responsibility of the Management and Supervisory Boards. Both the Management and Supervisory Boards work to the benefit of the enterprise. (Point 3.8 of the Code)
- The members of the Supervisory Board have in the past received and presently still receive fixed compensation, which does not contain any performance-related variable income elements. Their compensation is stated in the compensation report. (Point 5.4.6 of the Code)

The full text of the Code is available at the following Internet address: www.corporate-governance-code.de

41. Authorization for issuance of Consolidated Financial Statements

Through a resolution by the Management Board on February 23, 2010, the Consolidated Financial Statements were authorized for issuance.

Asslar, February 23, 2010

Management Board

M. Bender M. Wiemer

Manfred Bender Dr. Matthias Wiemer

Certification of Legal Representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Asslar, February 23, 2010

Management Board

Manfred Bender Dr. Matthias Wiemer

Independent Auditors’ Report

We have audited the consolidated financial statements prepared by PFEIFFER VACUUM TECHNOLOGY AG, Asslar, comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1 to December 31, 2009. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB are the responsibility of the parent company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.

Eschborn/Frankfurt am Main, February 24, 2010

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Klingelhöfer	Pott
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

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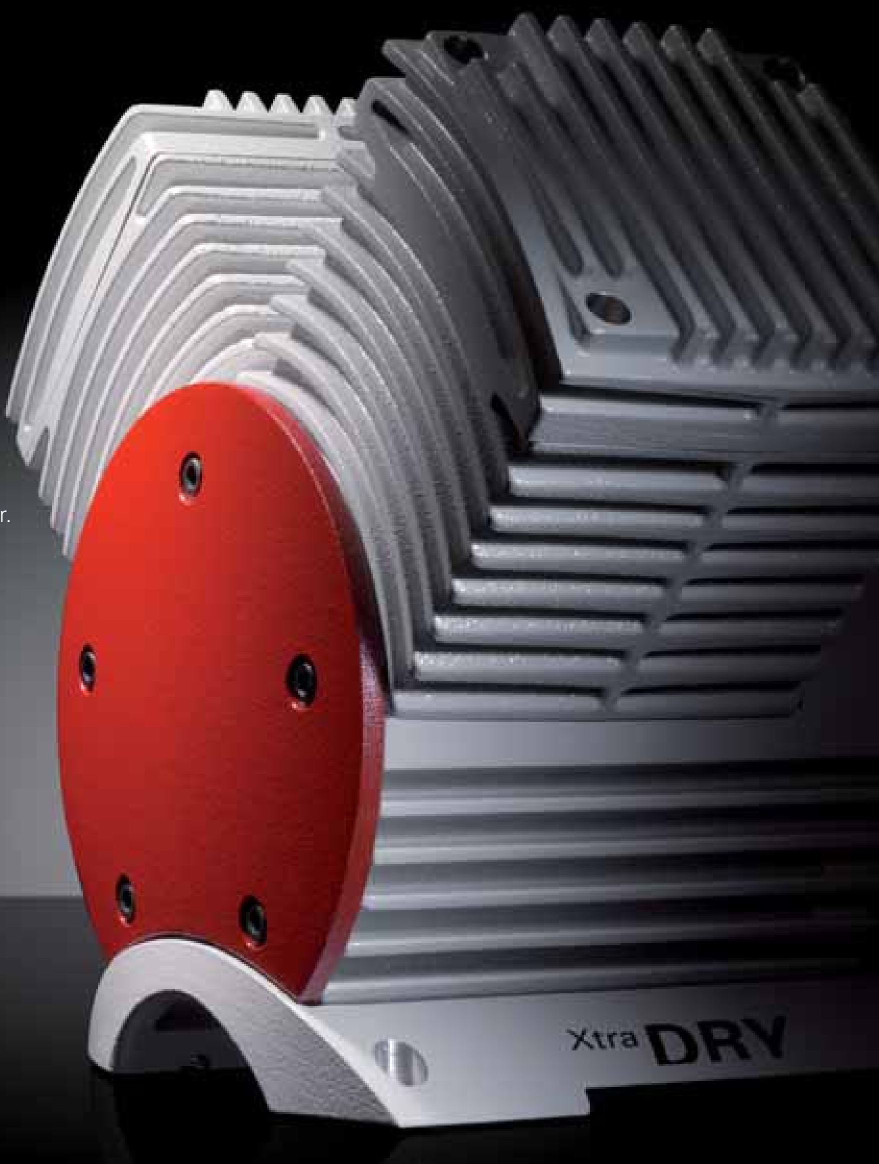
Further Information



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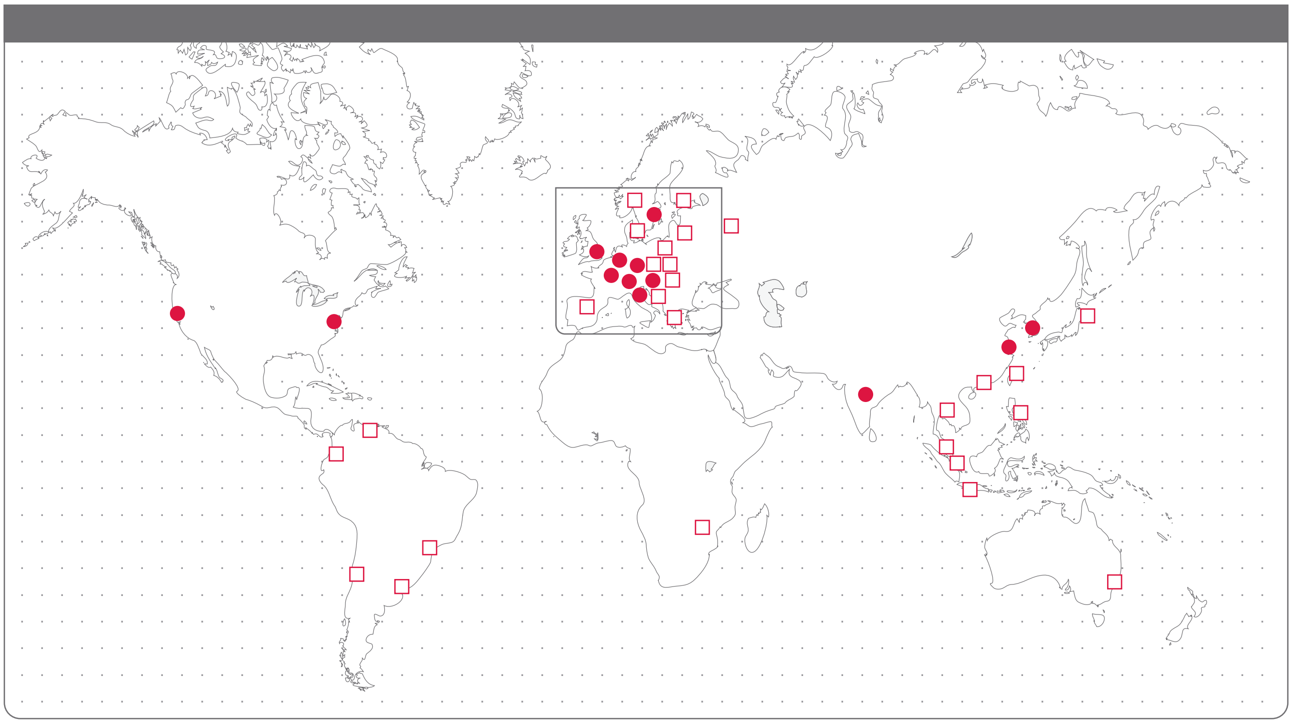

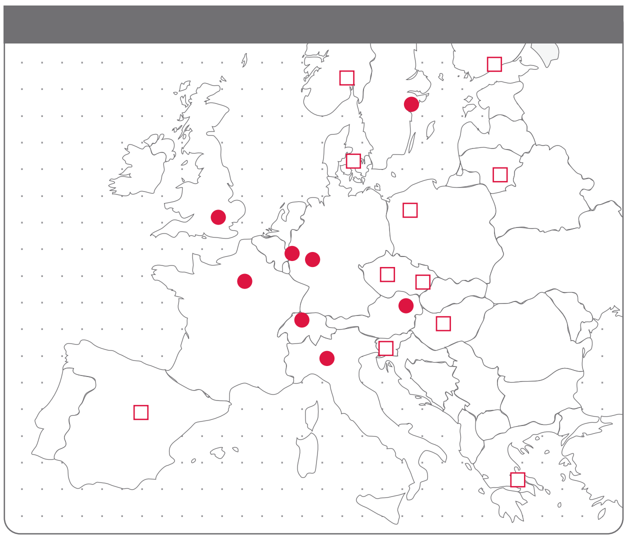

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□ Agencies

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Financial Glossary

Please unfold

In our financial glossary you will find formulas for calculating the key performance indicators and ratios, as well as definitions of financial terms.

Financial Glossary

Cash and cash equivalents
Bottom line in statement of cash flow/total liquid assets

Cash flow from investment/divestiture activities
Net cash used for/provided from investments/divestitures

Cash flow from operating activities
Net cash used/provided, not influenced by investment, divestiture or financial activities

Corporate governance
Responsible corporate management and supervision with a view to long-term economic value added (EVA)

Current assets ratio
Current Assets : Current Liabilities x 100

Dividend yield
Dividend : Trading Price at year-end x 100

Equity ratio
Shareholders' Equity : Balance Sheet Total x 100
(The higher the ratio, the lower the debt level)

Free-float
Broadly held shares

Gross profit
Net sales less cost of sales

Market capitalization
Number of Shares x Trading Price

Operating profit (EBIT)
Earnings before interest and taxes

Operating profit margin (EBIT margin)
Operating Profit : Net Sales x 100
(The higher the percentage, the higher the profitability)

Research & development expense ratio
R & D Expenses : Net Sales x 100

Return on equity
Net Income : Shareholders' Equity x 100

Return on Capital Employed (roce)
Ratio between operating profit and the total of property, plant and equipment plus current assets less current liabilities

SWOT-Analysis
Analysis of Strengths, Weaknesses, Opportunities and Threats

Financial Calendar 2010

- 2009 Annual Results
  Tuesday, March 23, 2010
- 1st Quarter 2010 Results
  Tuesday, May 4, 2010
- 2nd Quarter 2010/1st Half Year 2010 Results
  Tuesday, August 3, 2010
- 3rd Quarter 2010/9-Month 2010 Results
  Wednesday, November 3, 2010

2010 Annual Shareholders Meeting
Thursday, May 20, 2010, 2:00 pm
Stadthalle Wetzlar

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