A PASSION FOR PERFECTION

PFEIFFER VACUUM

Annual Report 2010

On the road to becoming the world leader in vacuum.

We stand for sound growth!

Corporate Profile

Pfeiffer Vacuum – a name that stands for innovative solutions, high technology and dependable products, along with first-class service. For more than 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 sites	Asslar, Germany; Göttingen, Germany; Annecy, France; Asan, Republic of Korea
Workforce	2,237 people worldwide
Export ratio	68 %
Stock exchange listing	Deutsche Börse, Prime Standard/TecDAX
Accounting	IFRS
Capital stock	€ 25,261 thousand
Cash and cash equivalents	€ 85.0 million
Equity ratio	57.1 %
Net sales	€ 220,475 thousand
Operating profit	€ 52,910 thousand

Dec. 31, 2010

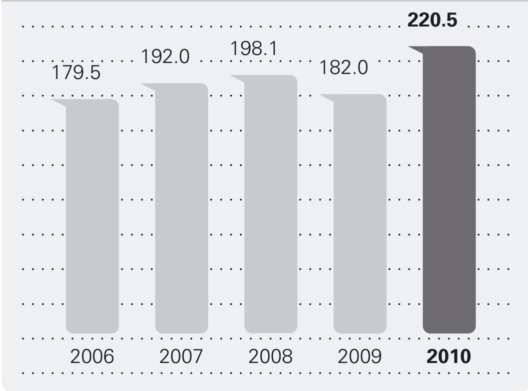
Key figures (please fold out)

Key Figures

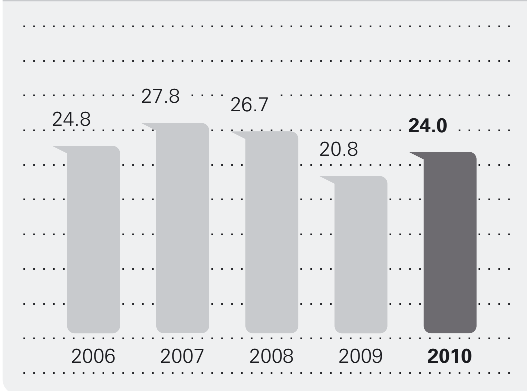
Multiple-Year Overview		2010	2009	change	2008	2007	2006
Sales and profit							
Total sales	K€	**220,475**	182,001	21.1 %	198,060	192,042	179,484
Germany	K€	**70,641**	69,059	2.3 %	69,328	59,621	50,882
Other countries	K€	**149,834**	112,942	32.7 %	128,732	132,421	128,602
Operating profit	K€	**52,910**	37,774	40.1 %	52,895	53,432	44,494
Net income	K€	**38,329**	27,693	38.4 %	38,048	37,285	29,786
Return on sales	%	**17.4**	15.2	2.2 pp	19.2	19.4	16.6
Operating cash flow	K€	**51,904**	23,428	121.5 %	43,093	28,227	31,795
Balance sheet							
Total shareholders' equity and liabilities	K€	**472,709**	159,054	197.2 %	170,136	177,430	168,670
Cash and cash equivalents	K€	**84,975**	61,983	37.1 %	68,317	83,383	75,354
Shareholders' equity	K€	**269,976**	138,337	95.2 %	137,812	149,367	138,972
Equity ratio	%	**57.1**	87.0	–29.9 pp	81.0	84.2	82.4
Return on equity	%	**14.2**	20.0	–5.8 pp	27.6	25.0	21.4
Capital expenditures	K€	**4,889**	6,006	–18.6 %	10,702	6,707	5,610
Workforce							
Workforce (average)		**1,226**	729	68.2 %	713	679	685
Germany		**715**	555	28.8 %	539	513	505
Other countries		**511**	174	193.7 %	174	166	180
Personnel cost	K€	**55,350**	46,239	19.7 %	43,309	44,694	47,245
Per employee*	K€	**62**	63	–1.6 %	61	66	69
Sales per employee*	K€	**246**	250	–1.6 %	278	283	262
Per share							
Earnings	€	**4.40**	3.24	35.8 %	4.36	4.19	3.39
Dividend	€	**2.90** **	2.45	18.4 %	3.35	3.15	2.50

* 2010 without consideration of adixen workforce.
** Subject to the consent of the Annual Shareholders Meeting.

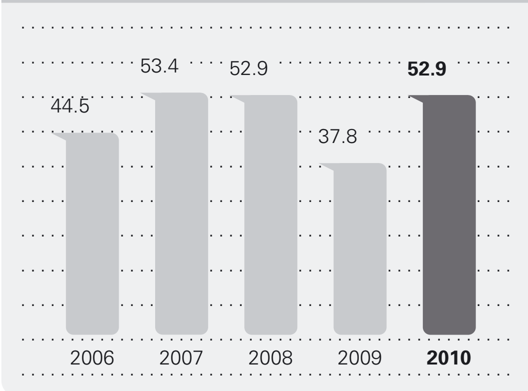
Net sales (in € millions)



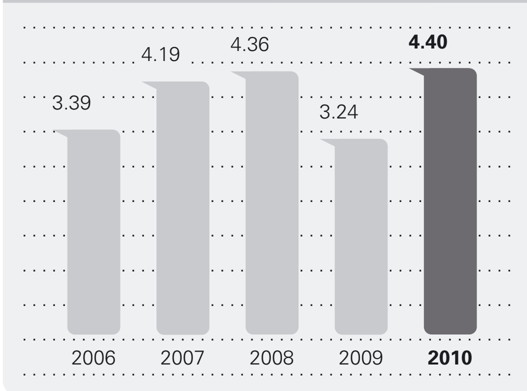
EBIT margin (in %)



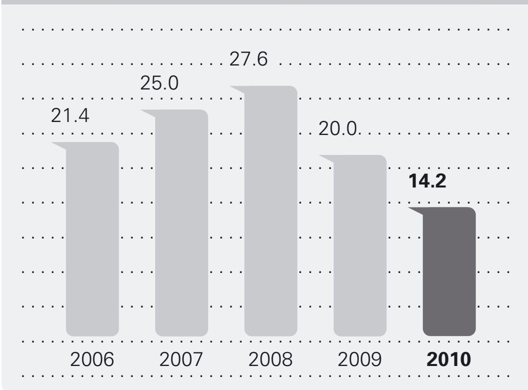
Operating profit (in € millions)



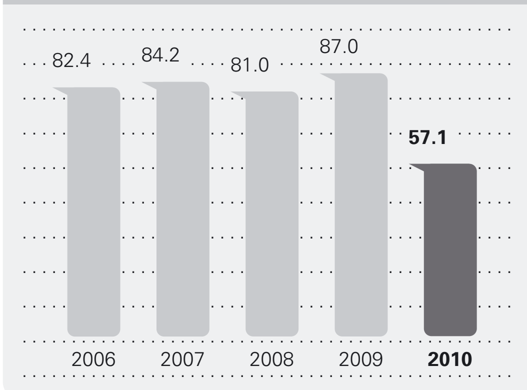
Earnings per share (in €)



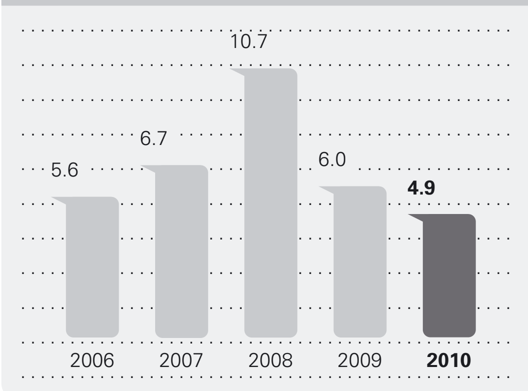
Return on shareholders' equity (in %)



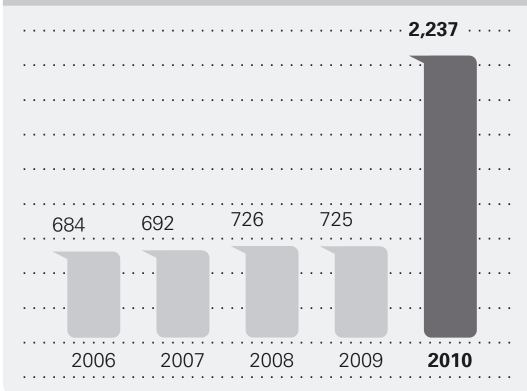
Equity ratio (in %)



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.

Content

AT A GLANCE

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)

CONSOLIDATED FINANCIAL STATEMENTS

FURTHER INFORMATION

On the road to becoming the world leader in vacuum.

In fiscal 2010, Pfeiffer Vacuum Technology AG experienced one of the most profound changes in its history: The acquisition of the Alcatel-Lucent group's "adixen" vacuum technology business unit, which is domiciled in Annecy, France. This is a company that numbers among the market leaders in vacuum technology and employs a workforce of some 1,300 people. Its product portfolio synergistically complements our existing product line in important key areas, such as in connection with backing pumps. This will enable us to be even better in serving the needs of rapidly growing markets of the future. And fast. Because we want to become the Number One worldwide!

We already are the Number Two on the world market. The acquisition of adixen and the acquisition of vacuum chamber manufacturer Trinos, which was also executed in fiscal 2010, increased the workforce of the Pfeiffer Vacuum Group from 725 to 2,237 within the space of a single year. adixen's global sales and service network will further improve our worldwide presence – especially in the boom markets of Asia. Making for even greater customer intimacy around the globe.

It is with good reason that our motto for the 2010 Annual Report is: "On the road to becoming the world leader in vacuum." The road to the top is not long any more. And we are going to travel it. With our passion for perfection. And with staff and colleagues who bring with them a very high level of competence and motivation. We have asked some of them to say a few words on the following pages. So it will be clear to see that, in spite of our technology advantage, people are still responsible for Pfeiffer Vacuum's success.

On the road to becoming the world leader in vacuum.

We're way ahead in the solar market. Whether in connection with the production and quality assurance of parabolic trough power plants or the manufacture of photovoltaic systems in silicon or thin layer technology – none of this would be possible without vacuum. Together with adixen and Trinos, we supply everything that's needed. Together, we already hold a high market share today, which we intend to further expand in the coming years.

Anke Teeuwsen, Industry Market Segment

The Year 2010

January

Pfeiffer Vacuum acquires Trinos Vakuum-Systeme GmbH
Pfeiffer Vacuum acquires Göttingen-based Trinos Vakuum-Systeme GmbH effective January 1, 2010. By broadening the product portfolio to include high quality vacuum components, chambers and systems, it is now possible to offer even more extensive vacuum solutions worldwide. The know-how enjoyed by the two companies is also complementary in developing and designing new technologies.

February

Reliable Duo 125 and Duo 255 rotary vane pumps
With the Duo 125 and Duo 255 models, Pfeiffer Vacuum brings two further two-stage rotary vane pumps to market. These pumps are suitable for employment in combination with turbopumps in high vacuum pumping stations or as backing pumps for Roots pumps. Typical industrial applications in low and medium vacuum include vacuum drying, metallurgy or coating.

March

Outstanding profitability in spite of economic crisis
Pfeiffer Vacuum announces total sales revenues of € 182.0 million for fiscal 2009. Given the most serious economic crisis in the history of the Federal Republic of Germany, the EBIT margin of 20.8 % was very noteworthy.

Award-winning Pfeiffer Vacuum catalog
Pfeiffer Vacuum takes 1st place in the 2009 "INKA" competition for the best product catalog in the print category. The jury voices particular praise for its perfect organization and impressive appendix. A total of some 100 catalogs had been submitted for the competition.

April

Pfeiffer Vacuum 120 years old
On April 7, 2010, mechanical engineering company Pfeiffer Vacuum turns 120 years old. Founded by Arthur Pfeiffer as a fine mechanical workshop, Pfeiffer Vacuum can look back upon a long tradition in the development of innovative technologies.

May

New HiPace™ M magnetically levitated turbopumps
Pfeiffer Vacuum brings to market a new series of magnetically levitated turbopumps with pumping speeds of 300, 700 and 800 liters per second. These maintenance-free pumps feature an integrated electronic drive unit and are suited perfectly for applications in analytics, coating and semiconductor technology as well as in the fields of research & development and industry.

Dividend continuity
As in the year before, Pfeiffer Vacuum again maintains a distribution rate to its shareholders of around 75 % of the retained earnings recorded in the Consolidated Financial Statements – in spite of the effects of the general economic crisis. The Annual Shareholders Meeting resolves a dividend payment of € 2.45 per share.

Good Investor Relations work wins award

June

Pfeiffer Vacuum takes 3rd place in "Capital" magazine's Investor Relations Award. This ranking was determined on the basis of an Europe-wide survey of analysts by the German Financial Analysis and Asset Management Association (DVFA). "Capital" awards the Investor Relations prize annually in recognition of especially credible communication with private and institutional investors.

Pfeiffer Vacuum opens subsidiary in Moscow

July

Pfeiffer Vacuum adds a new company in Moscow to its line-up. This new subsidiary will bring the Company closer to its customers in the Russian Federation and the neighboring countries. The new location will support the growing industrial development in Eastern Europe with sales and service units as well as with an inventory of products that are quickly available.

Equity investment in Dreebit GmbH

August

Pfeiffer Vacuum concludes its minority interest stake in Dresden-based Dreebit GmbH that had been announced at the Annual Shareholders Meeting in May. This company, which specializes in vacuum pump service, develops and markets equipment for micro- and nanotechnology as well as for medical particle therapy. With this move, Pfeiffer Vacuum is strengthening its service and expanding its competence in vacuum solutions for the medical sector.

New Internet presence debuts

September

The redesigned Pfeiffer Vacuum Internet website features user-friendly operation and optimum product presentations. Some of the aspects that were improved include navigation and the portrayal of points of contact worldwide. A powerful search function, an extensive scientific know-how section and a new download area round out the range of offerings.

Pfeiffer Vacuum hosts Capital Markets Day

October

Pfeiffer Vacuum presents its strategy, new products as well as interesting projects and applications to interested journalists, analysts and investors. The invited media representatives and financial market players display keen interest in the Company's growth potential and its outstanding positioning as a solutions provider.

adixen acquisition announced

November

Pfeiffer Vacuum announces its intention to acquire the vacuum technology business unit ("adixen") of the Alcatel-Lucent group, domiciled in Annecy, France. Negotiations have largely been concluded on the purchase of the companies that belong to this business unit as well as patents and licenses.

Successful increase of capital and treasury shares sold

Pfeiffer Vacuum issues 897,059 new shares at a price of € 82.50 per share. These shares are placed with institutional investors in an accelerated bookbuilding process and achieve gross placement proceeds of some € 74 million. Directly afterward, Pfeiffer Vacuum receives gross proceeds totaling some € 38.5 million through the sale of treasury shares. The average selling price achieved amounts to € 84.43.

Pfeiffer Vacuum concludes adixen acquisition

December

This acquisition gives Pfeiffer Vacuum a strategically meaningful complement to its product portfolio, especially as a result of adixen's leading market position in the field of backing pumps. The Company is able to significantly expand its sales and marketing network, to increase its market share in the worldwide market for backing pumps as well as to gain improved overall access to the fast-growing markets of Asia. The purchase price amounts to approximately € 200 million including debt redemption.

Letter from the Chief Executive Officer

Dear Shareholders,

The year 2010 ended just as it had begun, only better. That's the way the course of the year could be summarized in a nutshell. But it would be worthwhile to say a few more words about this year, the best ever in our Company's history.

At the outset of the year, we were cautiously optimistic. We had bought Göttingen-based Trinos Vakuum-Systeme GmbH, a company small in size but very big when it comes to technology and quality. We were confident that, following successful integration, Trinos would be able to make a positive contribution to the Corporate Group's profitability. Right from the very beginning, this expectation was more than fulfilled. Our plan of selling Trinos products through our distribution network without any major additional effort or expense worked as anticipated. From the very first day, our sales team began receiving inquiries for components, rotary feedthroughs, manipulators and chambers, in particular, from our new subsidiary. This company contributed a good € 17 million to our consolidated sales revenues. More than we had originally expected for the first year of this company's membership in our family. And Trinos was profitable, as well, earning net income of nearly € 2 million. This means that the new acquisition has satisfied a criterion that is very important to us: Every operation, every product, every project – or simply every activity – has to be able to earn a profit.

Aside from this acquisition, the beginning of the year was also characterized by steadily rising new orders, a trend that had already set in several months before. Initially, we were not entirely sure about this development, always waiting for a slump to put an end to this wonderful trend. Yet the trend increasingly strengthened as the year continued. The development ultimately reached its high for the moment during the final quarter, which again clearly surpassed the preceding quarters. This development of business confirmed that we had made our investments aimed at optimizing and expanding our production operations at exactly the right time during the economic slump in 2009. Since then, things have been steadily improving. So quickly, in fact, that the objective of again achieving pre-crisis levels of sales and profitability in 2010 again became realistic during the course of the year. I recall having indicated at the presentation of our financial statements in late March 2010 that reaching these levels would be a potential goal for 2011.

On the road to becoming the world leader in vacuum.

Pfeiffer Vacuum is well on its way to becoming the world market leader in vacuum technology. All of our people contributed to this in 2010. At the same time, we have paved the way for future growth. As the Management Board, we look beyond the horizon and focus on upcoming market opportunities.

Manfred Bender, Chief Executive Officer, and **Dr. Matthias Wiemer**, Member of the Management Board

In fiscal 2010, we generated sales revenues of over € 220 million, significantly more than we had been able to anticipate at the outset of the year. At € 38 million, profitability, too, is up considerably from what we had expected, and higher than ever before. Following a hiatus of only one year, we can again talk about records.

In the second half of the year the opportunity to acquire a major competitor, Alcatel-Lucent's vacuum technology business unit, was added to this development. Pfeiffer Vacuum is already the world market leader in turbopumps. With the acquisition of adixen – that's the brand name used by this business unit – we now have the opportunity of moving up to hold a leading position in the overall market for vacuum applications. What's more, together with Trinos we will now come very close to our strategic objective of becoming the world's leading provider of vacuum solutions.

The idea is simple. In addition to one or more turbopumps, every customer with a high-vacuum application additionally requires backing pumps, a vacuum chamber, installation components and measurement equipment. We are now able to offer our customers a perfect complete solution.

At first glance, adixen's product portfolio looks similar to that of Pfeiffer Vacuum. Upon closer analysis, though, it can be seen that the two companies have different focuses. Pfeiffer Vacuum, for example, is strong in turbopumps, while adixen holds a leading position in backing pumps, especially in dry backing pumps. Together, these two companies should be virtually unbeatable. adixen enjoys an outstanding position in the semiconductor market, especially in Asia. Pfeiffer Vacuum, on the other hand, is more highly diversified in other markets such as analytics, research & development and other industries. As you can see, the two companies complement one another in every respect.

The acquisition was concluded as at December 31. This means that we embark on the 2011 fiscal year from an entirely new position. The objective is clearly defined: Vacuum market leadership. "On the road to becoming the world leader in vacuum," will therefore be the motto for the time that lies ahead. The prospects of achieving this goal are good. The positive overall economic development would appear to continue. The new Pfeiffer Vacuum Group is likely to generate more than € 500 million in sales revenues in fiscal 2011.

You, our shareholders, have also recognized this potential. Through your tremendous trust, you have put us in a position to be able to finance more than one half of this acquisition through a 10-percent increase of capital and the sale of our treasury shares. Speaking also on behalf of my colleague on the Management Board, Dr. Matthias Wiemer, I would like to express my sincere thanks for this trust. During the past fiscal year, the value of Pfeiffer Vacuum Technology AG rose from around € 500 million to nearly € 900 million. And the value of your shares appreciated by 50 % in fiscal 2010.

We would also like to thank our people, without whose unbridled enthusiasm and commitment it would not have been possible to achieve our outstanding results in 2010. We, the Management Board and the entire Pfeiffer Vacuum team, have again set ourselves challenging tasks for 2011 with the integration of adixen. We look forward to mastering these tasks together with our new colleagues. And the watchword will continue to be: Every operation, every product, every region and every project has to be profitable. Every activity has to contribute to increasing the value of our Company.

Yours,

M. Bender

Manfred Bender

Report of the Supervisory Board

Dear Shareholders,

Pfeiffer Vacuum's 2010 fiscal year was characterized by a noticeable recovery in the wake of the crisis year 2009 as well as by the acquisition of the vacuum business unit of France-based competitor Alcatel-Lucent.

During the 2010 fiscal year, the Supervisory Board informed itself about the current position of the Company and the Corporate Group in eleven meetings, discussing it intensively with the Management Board. The Supervisory Board meetings took place on February 22, March 11, May 20, August 2, September 21, September 27, October 7, November 2, November 3, November 17 and November 18 in Asslar. In addition to the information provided at its meetings, all members of the Supervisory Board received detailed monthly and quarterly reports on the Company's position, with the Chairman of the Supervisory Board additionally being provided with the minutes of all Management Board meetings. Aside from the meetings of the Supervisory Board, its Chairman was constantly kept abreast of all major business matters through discussions with the Management Board. No member of the Supervisory Board attended less than half of the meetings of the Supervisory Board in the 2010 fiscal year.

The Supervisory Board has a Management Board Committee, an Administration Committee, a Nomination Committee and an Audit Committee. The Management Board and Nomination Committee met on March 11. Meetings of the Audit Committee were conducted on March 11 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.

In addition to the general development of business and the Company's strategic alignment, the Supervisory Board meetings focused on measures to be taken in order to overcome the consequences of the economic crisis, on the equity investment in Dreebit GmbH, of Dresden, the development of subsidiary Trinos Vakuum-Systeme GmbH, of Göttingen, along with the acquisition of the vacuum business unit of France-based competitor Alcatel-Lucent as well as the financing and capital measures this would involve.

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 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.

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

At the meetings of the Supervisory Board and in individual discussions, the Supervisory and Management Boards deliberated at length regarding the Company's strategic alignment and planning. The Supervisory Board then discussed the budget for the 2011 fiscal year with the Management Board and adopted it.

In accordance with the resolution adopted by the Annual Shareholders Meeting on May 20, 2010, Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, of Eschborn, Germany, was commissioned to audit the Annual Financial Statements of the Company and the Company's Consolidated Financial Statements with the latter being 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 § 315 a of the German Commercial Code ("HGB"), consolidated financial statements presented in accordance with the rules of the German Commercial Code were not prepared. The focuses of the audit defined by the Audit Committee with the independent auditor included certain line items in the balance sheet (the values of accounts receivable and inventories, the completeness and valuation of provisions, in particular warrantee provisions, capitalization of development costs in accordance with IAS 38, deferred taxes, pensions, in particular the changeover to satisfy the requirements of the German Accounting Modernization Act), revenue recognition and periodic accruals for net sales, consolidation entries (in particular relating to the French acquisition), 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 2010 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.

The role of the Supervisory Board has undergone significant change in recent years. Many new laws and regulations govern the particular obligation of care that we have to satisfy toward the Company and its shareholders. This applies, in particular, to the corporate acquisitions during the past fiscal year. We view our primary task as being to support management in creating sustainable values.

Götz Timmerbeil (Vice Chairman), **Dr. Wolfgang Lust, Helmut Bernhardt, Dr. Michael Oltmanns** (Chairman), **Manfred Gath, Wilfried Glaum**

The Annual Financial Statements, Management's Discussion & Analysis for the Company and the Corporate Group, as well as the audit reports from the independent auditor, were submitted to all members of the Supervisory Board in a timely fashion. They were discussed in detail at the Audit Committee meeting relating to the financial statements as well as at the Supervisory Board meeting relating to the financial statements on March 17, 2011. The independent auditor attended both meetings, reported on the major findings of his audit, in particular relating to the internal controlling and risk management system, and was available to answer additional questions from the Supervisory Board. On the basis of its own thorough review, the Supervisory Board 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 eventful 2010 fiscal year.

Asslar, March 17, 2011

Michael Oltmanns

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 since its inception been included without interruption in the TecDAX, the index of the 30 most important technology issues traded on the stock exchange in Frankfurt.

All trading prices indicated in this Annual Report are Xetra trading prices.

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 2010

In spite of the surprisingly swift economic upswing in Germany, or perhaps precisely because of it, the stock market was characterized by major fluctuations in 2010. Only during the second half of the year did a relatively stable upward trend then crystallize. The steady rise in trading prices in 2009 was not able to be sustained at the outset of 2010; instead, the major indices suffered losses during the first two months of the year. In March, a recovery set in, only to break off again in April. All major indices slumped in May, and then went on to drift laterally over the summer with significant swings. The turning point did not set in until only in late August, when the certainty set in that the economic recovery was likely to be of longer duration. The positive development on equity markets that followed was punctuated only briefly in November. The DAX rose by 14 % in 2010 from 6,048.30 points at the beginning of the year to a year-end close of 6,914.19 points. Due to its numerous fluctuations over the course of the year, the TecDAX advanced by only 2 %, from 834.46 points to 850.67 points.

Pfeiffer Vacuum share performance in 2010

The final quarter of fiscal 2010 had very far-reaching consequences for Pfeiffer Vacuum shares. Until the end of August, they had tended to develop on a cautious note, reaching their low for the year of € 52.52 on May 25. Beginning in September, though, the shares began to soar, interrupted only by profit-taking in October.

On the road to becoming the world leader in vacuum.

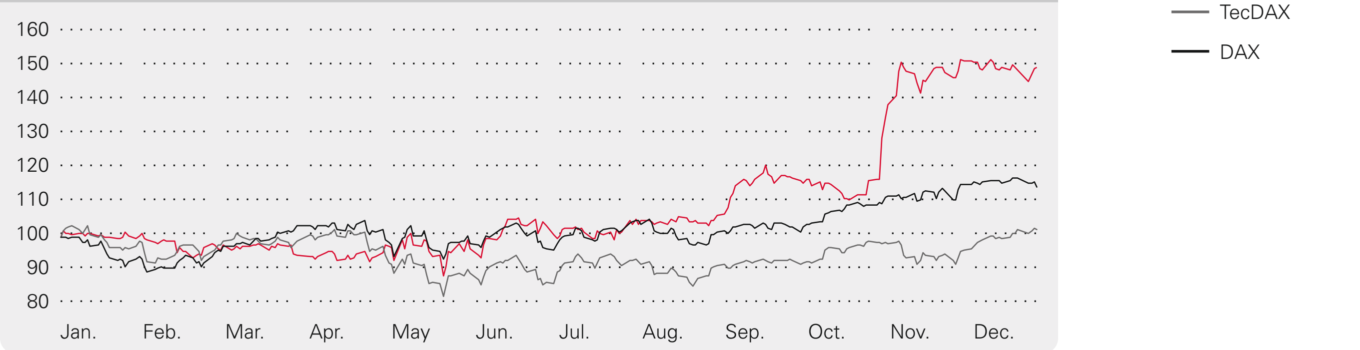
We're a family-friendly place!

I knew the acquisition of adixen was on secure footing right from the very beginning. As the head of Finance, I played a major role in the contract negotiations. And I did it as a part-time employee, you might say. Nobody believes that. But career and motherhood can very well coexist at Pfeiffer Vacuum. Our employee-friendly part-time rules also apply to me as an executive.

Nathalie Benedikt, Finance & Controlling

With the announcement of the acquisition of the Alcatel-Lucent's "adixen" vacuum technology business unit on November 3, shares surged by 28 % within the space of four days. Nor did the 10 % increase of capital and the sale of treasury shares, both occurring on November 18, dampen the rise, with Pfeiffer Vacuum shares reaching their high for year of € 90.97 on December 2. Given an opening trading price of € 58.50 at the beginning of the year and a year-end price of € 88.00, shares advanced by 50 % in fiscal 2010. Trading volumes averaged 26,178 shares per day (2009: 22,945 shares).

Relative Share Price Development of Pfeiffer Vacuum, TecDAX and DAX in 2010 (in %)



Jan. 4, 2010 (= 100)
Stock price: € 58.50

Dec. 30, 2010
Stock price: € 88.00

Relative Share Price Development of Pfeiffer Vacuum, TecDAX and DAX 2003 – 2010 (in %)

Mar. 24, 2003 (= 100)
Stock price: € 17.00

Dec. 30, 2010
Stock price: € 88.00

Shareholder structure

With the announcement of the acquisition of adixen, as well as the increase of capital and the sale of 5 % of total shares as treasury shares conducted to finance the transaction, fiscal 2010 also saw a change in our shareholder structure. Our own estimates and an analysis of voting rights notifications indicate that there has been a percentage shift away from U.S. shareholders toward more European shareholders. We estimate that more than 30 % of our shares continue to be held by U.S.-based mutual and pension funds with a long-term investment horizon. Although New York-based Arnhold and S. Bleichroeder Holdings and its First Eagle Funds pared their holdings at the time our shares had reached their trading highs, they still continued to hold over 10 % of total shares at the close of the year. A further U.S. investor is Legg Mason in Baltimore, which held more than 5 % of our shares on December 31, 2010.

We estimate that European funds, first and foremost in England and Scotland, as well as in Switzerland, France and Scandinavia, account for around 40 %. A good 3 % are held by our Japanese agency. More than 20 % are in the hands of German investment funds. One German investor is Allianz Global Investors, holding over 3 %. Private shareholdings likely amount to under 5 %.

As at December 31, 2010, the free-float was 100 %.

Overview of Holdings According to Voting Rights Notifications (As per December 31, 2010)

Arnhold and S. Bleichroeder, New York	14.95 %
Legg Mason, Baltimore	5.02 %
Allianz Global Investors, Frankfurt	3.49 %
Hakuto – Agency, Tokyo	3.48 %

Earnings per share

The above-mentioned 10 % increase of capital on November 18, 2010, influenced earnings per share, as the new shares are entitled to receive dividends effective January 1, 2010. Pfeiffer Vacuum is convinced that the development of future consolidated net income stemming from the adixen acquisition will more than offset this effect.

Earnings per share

Net income*	K € 38,144
Number of shares (weighted average)	8,667,075
Earnings per share	€ 4.40

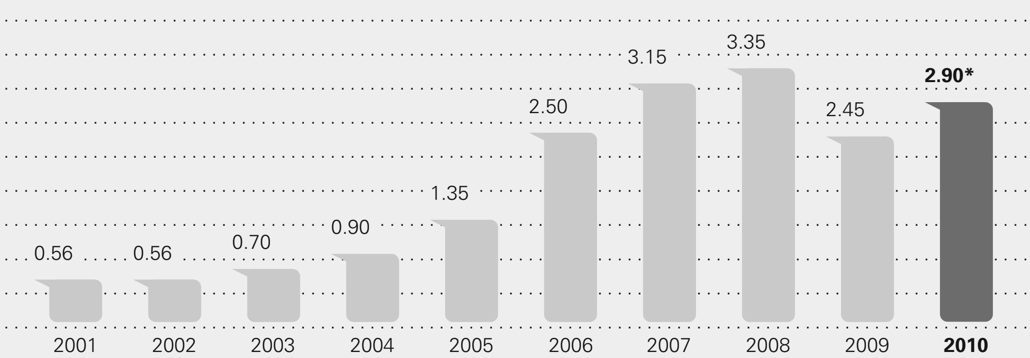
* attributable to shareholders of Pfeiffer Vacuum Technology AG

Dividend

For over ten 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 the development of profitability. This tradition will again be maintained for the 2010 fiscal year, in which financing of the adixen acquisition occurred.

The Management and Supervisory Boards will propose to the Annual Shareholders Meeting on May 26, 2011, that a dividend be distributed for fiscal 2010 in the amount of € 2.90 per share of no-par stock entitled to receive dividends. This again represents a total distribution rate of 75 % of consolidated net income and a total distribution amount of € 28.6 million. Subject to the consent of the Annual Shareholders Meeting and on the basis of the year-end closing price on December 30, 2010, this represents a dividend yield of 3.3 % (2009: 4.2 %).

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



* Subject to the consent of the Annual Shareholders Meeting.

Investor relations

We view our investor relations work as providing competent, prompt, open and reliable information relating to the position of the Company. The successful increase of capital on November 18 as well as the smooth sale of treasury shares immediately thereafter are an outstanding demonstration of the trust the capital market places in Pfeiffer Vacuum. In addition, we won either first or at least front-running places in various studies. In June, Pfeiffer Vacuum won 3rd place in the Investor Relations Prize. "Capital" magazine awarded this prize on the basis of an Europe-wide survey of analysts conducted by the German Financial Analysis and Asset Management Association ("DVFA").

The most important innovation in connection with our investor relations work was to host a Capital Markets Day on October 5. The objective of this event was to inform interested media representatives, analysts and investors about Pfeiffer Vacuum's growth potential. With some 20 journalists and around 30 financial market players participating, this event met with strong resonance.

At 18 roadshows (2009: 18) 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 8 investor conferences (2009: 11). We see increasing interest in having our Company presenting at so-called sustainability conferences. Further activities included tradeshow visits with investor groups and presentations for private shareholders. Numerous institutional investors and analysts visited our corporate Headquarters in Asslar. A press and analyst conference on our financial numbers, four conference calls relating to announcements of our financial results, along with any number of telephone conversations with analysts, institutional investors and private shareholders, round out our investor relations work.

Over 20 analysts regularly follow our Company. We were aware of 11 "Buy" recommendations and 4 "Hold" recommendations at year-end 2010.

Last year's Annual Shareholders Meeting was attended by around 400 shareholders and guests. Shareholder presence was 59 %, by comparison with 57 % the year before. The shareholders adopted all items on the agenda with sweeping majorities. Prior to that, the shareholders had been able to download all relevant documents, as well as a newly designed ballot sheet, from the significantly broadened information offerings on the Internet at www.pfeiffer-vacuum.com/shareholders_meeting.

Pfeiffer Vacuum Share Highlights

		2010	2009	2008	2007	2006
Share capital	€ mill.	**25.3**	23.0	23.0	23.0	23.0
Number of shares issued		**9,867,659**	8,970,600	8,970,600	8,970,600	8,970,600
Highest trading price	€	**90.97**	60.59	68.78	78.00	66.60
Lowest trading price	€	**52.52**	36.11	38.14	51.30	44.45
Trading price at year-end	€	**88.00**	58.50	46.93	55.00	64.40
Market capitalization* at year-end	€ mill.	**868**	498	294	493	578
Dividend per share	€	**2.90 ** **	2.45	3.35	3.15	2.50
Dividend yield	%	**3.3 ** **	4.2	7.1	5.7	3.9
Earnigs per share	€	**4.40**	3.24	4.36	4.19	3.39
Price/earnings ratio		**20.0**	18.1	10.8	13.1	19.0
Free-float*	%	**100.0**	94.91	69.87	100.0	100.0

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

We like advantages that are hard as steel!

It begins with the material. Stainless steel, brass, aluminum. We love these materials. However the crucial factor for our success is the renowned Pfeiffer Vacuum quality. Plus the mature technology from adixen now, the newest member of our Corporate Group. adixen backing pumps, for example, enjoy the reputation of offering the utmost quality, and their steadily rising sales curve will make a noticeable contribution toward our joint growth. It's an advantage for all of us that's hard as steel!

Marko Will and **Marco Antonacci,** Turbopump Development

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 optimum 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 and the specifics of the system as well as to the materials and products being used or processed. The process conditions, too, play a major role in selecting the suitable equipment, which is why we work together with our customers to develop custom-tailored vacuum solutions. With the product portfolio from adixen, we can now perfectly equip an even more extensive number of processes. We roughly categorize our customers on the basis of various market segments, depending upon the application in question.

Products

The Pfeiffer Vacuum product portfolio comprises standard products. It contains a great number of different pumps, measurement equipment and components for various requirements and applications. If necessary, our products are adapted to reflect special customer needs. We also design vacuum systems for specific applications. In addition, we offer the appropriate service for all of our products.

Turbopumps

Our most prominent 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. Pfeiffer Vacuum has a broad selection of turbopumps in its line: 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 their 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. The latest generation of our turbopumps features an integrated drive electronics that eliminates the need for costly and cumbersome cabling. This generation is additionally characterized by extremely low vibration and quiet operation. Effective immediately, numerous turbopumps from adixen are being added to our product offerings. Magnetically levitated turbopumps, in particular, enjoy strong popularity in the market. This high-quality bearing technology achieves optimum long-term stability and reliability combined with highly quiet operation.

The ATH M and ATP M series from adixen satisfy the highest demands in both semiconductor production and in coating and dry-etching plasma processes, as well as in numerous industrial and research applications.

Pumping stations
Optimally intercoordinated combinations of backing pump and turbopump are termed "pumping stations," and represent a reliable and cost-effective complete solution. Pumping stations which can be of either stationary or mobile design minimize installation effort and expense and are able to be put into operation quickly. With its HiCube™ turbopumping stations, Pfeiffer Vacuum offers its 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. With its CombiLine™ products, Pfeiffer Vacuum also offers a wide variety of Roots pumping stations that feature differing backing pumps, sizes and accessories for challenging processes, such as electron beam welding, freeze-drying and simulation chambers. Any number of pumping stations from adixen will now be added to those from Pfeiffer Vacuum.

Backing pumps
These types of vacuum pumps operate in the pressure range between atmospheric pressure and around 0.0001 mbar. They are employed in conjunction with either one or more turbopumps, as no turbopump is able to operate without a backing pump. However they can also perform an independent function of their own – depending upon the application in question. The generic term "backing pump" includes numerous technologies:

- Rotary vane pumps can be employed universally throughout the entire low and medium vacuum ranges. The PentaLine™ is a single-stage model of this type. Applications include mass spectrometry, electron microscopy, freeze-drying and metallurgy.
- Diaphragm pumps are displacement pumps that are especially suitable for use as backing pumps in turbopumping stations or for employment in analytical equipment or leak detectors. Diaphragm pumps generate a dry, oil-free vacuum which is why they number among the dry-compressing pumps.
- Piston pumps operate 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. The dry-compressing XtraDry™ piston pump has a higher pumping speed than a diaphragm pump and is employed where clean, hydrocarbon-free vacuum is required such as in the analytical industry or in the research & development market segment.

- 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 number among the dry-running rotational displacement pumps. They are offered in various sizes and versions; for example as a standard pump either with or without magnetic coupling 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 an additional 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.

The adixen product portfolio includes solutions for numerous applications, especially in connection with backing pumps. The single- and two-stage rotary vane pumps from adixen, for example, have earned an outstanding reputation over the decades for their robustness and reliable long-term stability.

Available in five different versions, they have any number of applications in backing and medium vacuum. The oil-free, dry-compressing vacuum pumps from adixen are available in compact, air-cooled design. The compact class is complemented by powerful, water-cooled solutions for high gas throughputs or ultra-short pumpdown times. Large dry-compressing pumps are employed primarily in large-volume load-locks in the semiconductor or solar industries as well as in the production of flat screens and displays for mobile devices. Process pumps are a further important product group from adixen; they were specially developed for the harsh production conditions in semiconductor technology and the solar industry.

Vacuum measurement and analysis equipment

Many vacuum applications necessitate a clearly defined 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, Pfeiffer Vacuum offers three different series of equipment for total pressure measurement. In addition, we also supply a broad selection of mass spectrometers ranging all the way to high-performance devices for plasma analysis. With the aid of a mass spectrometer, it is possible, among other things, to analyze the composition of a gas in a production system. Our helium leak detectors are suitable for identifying leaks in products or in manufacturing and 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 collectors for solar thermal applications. adixen is the sole provider of solutions for highly sensitive leak detection and leak testing with the two test gases helium and hydrogen.

Vacuum chambers

Regardless of their design, vacuum pumps are capable of removing air or gases only from hermetically sealed vessels. Trinos develops and manufactures a broad selection of vacuum chambers fabricated from all potential materials. In this connection, the design and dimensioning of the chambers are governed by the requirements of our customers. Trinos has already manufactured recipients having a diameter of 2.5 m and a length of 11 m, for example.

Components

In order to interconnect or cut off the various elements of a vacuum solution, Pfeiffer Vacuum, Trinos and adixen supply a broad selection of installation elements such as flanges, fasteners, tubing components, feedthroughs, seals and valves. Manipulators for handling and moving a substrate in the vacuum chamber round out the line.

Service

Regular service and maintenance are required in order to assure the high quality of our products. Our service offerings also include supplying replacement parts, swapping out defective units, as well as training in order to prevent outages. The harsh production conditions in semiconductor technology necessitate a greater degree of maintenance intensity for the pumps that are employed there. This is why adixen contributes an even more extensive service program to Pfeiffer Vacuum.

Systems

Pfeiffer Vacuum develops and manufactures complete vacuum systems for customer-specific processes such as leak-testing fuel tanks for the automotive industry. The same process principle is employed, among other things, in testing pressure vessels and for quality assurance in the food industry. Fully automated measurement methods minimize testing times and operating costs in this connection. The multi-stage vacuum process is a different kind of system. Together with die casting specialists, Pfeiffer Vacuum has made a crucial advance in die casting technology thanks to the Vacu² multi-stage vacuum process. In this connection, a given volume of air is very quickly evacuated from the mold cavity and the shot sleeve in order to produce high-quality, inclusion-free die castings.

Markets

Products from Pfeiffer Vacuum, Trinos and adixen are employed in numerous markets. Over 14,000 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. In this connection, general social megatrends are increasingly impacting the markets in which we are active. Strong advances in people's personal and professional communication patterns, for example, are bringing forth ever-more new technologies in the semiconductor industry. The rising demand for energy coupled with the need to conserve resources is leading to more and more new developments in the field of energy supply. These and further socio-industrial trends are typically producing new challenges for and new vacuum solutions from Pfeiffer Vacuum. Our strengths include the ability to serve all markets which makes us largely independent of developments in individual market segments.

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. Complex analytical devices such as scanning electron microscopes are primarily employed for industrial quality control. This industry is characterized in particular by such megatrends as Life Science, Biotechnology and Security. Ever-smaller and lighter portable analyzers are required in environmental technology, in security technology or for doping analyses. The analytical industry therefore typically requires small and medium-size turbopumps 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.

Industrial applications

We define this market as a heterogeneous category of industrial customers who require our vacuum technology for specific production steps. Industrial trends such as quality improvement, energy supply and conservation, mobility or environmental protection are currently leading to new fields of application here. Application examples include metallurgy, lamp and tube production as well as air conditioning and refrigeration technology. We provide the automotive supplier industry with leak detection systems for fully automated quality assurance in the production of fuel tanks, aluminum rims, airbag cartridges or air conditioning lines, for example. One new application is solar thermal energy. This technology requires that absorber tubes are both evacuated by means of our pumping stations and continuously tested for leaks by means of our measurement equipment. Our customers in the industrial segment come primarily from Germany and Europe, and increasingly from Eastern Europe and the United States.

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 arise continuously in connection with such issues as for example energy supply or healthcare technology.

Coating industry

Without vacuum, many things 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 high-quality 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. One significant megatrend in this segment is the attention that is paid to regenerative energies, such as solar energy, for example. What is predominantly required in the coating industry are medium-size and large turbopumps as well as backing pumps, measurement equipment and complete vacuum systems. Our customers are located in all industrialized nations.

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. The semiconductor industry itself was born from the revolutionary changes in communication technology. New fields of application for vacuum take shape, for example, in nanotechnology and from the development of organic light emitting diodes (OLEDs). Our customers are located primarily in the United States and Asia.

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, 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.

M D & A

On the road to becoming the world leader in vacuum.

We’re part of the progress in medical technology. Innovations from Pfeiffer Vacuum can be found in the accelerator systems of modern therapeutic medtech, for example. One of them is particle therapy to combat cancers. This therapy accelerates protons or carbon ions to high speeds and applies them precisely to the tumor where they destroy the cancer cells. We’re going to sustain our strong commitment to medical technology.

Heinz Barfuss, Industry Market Segment

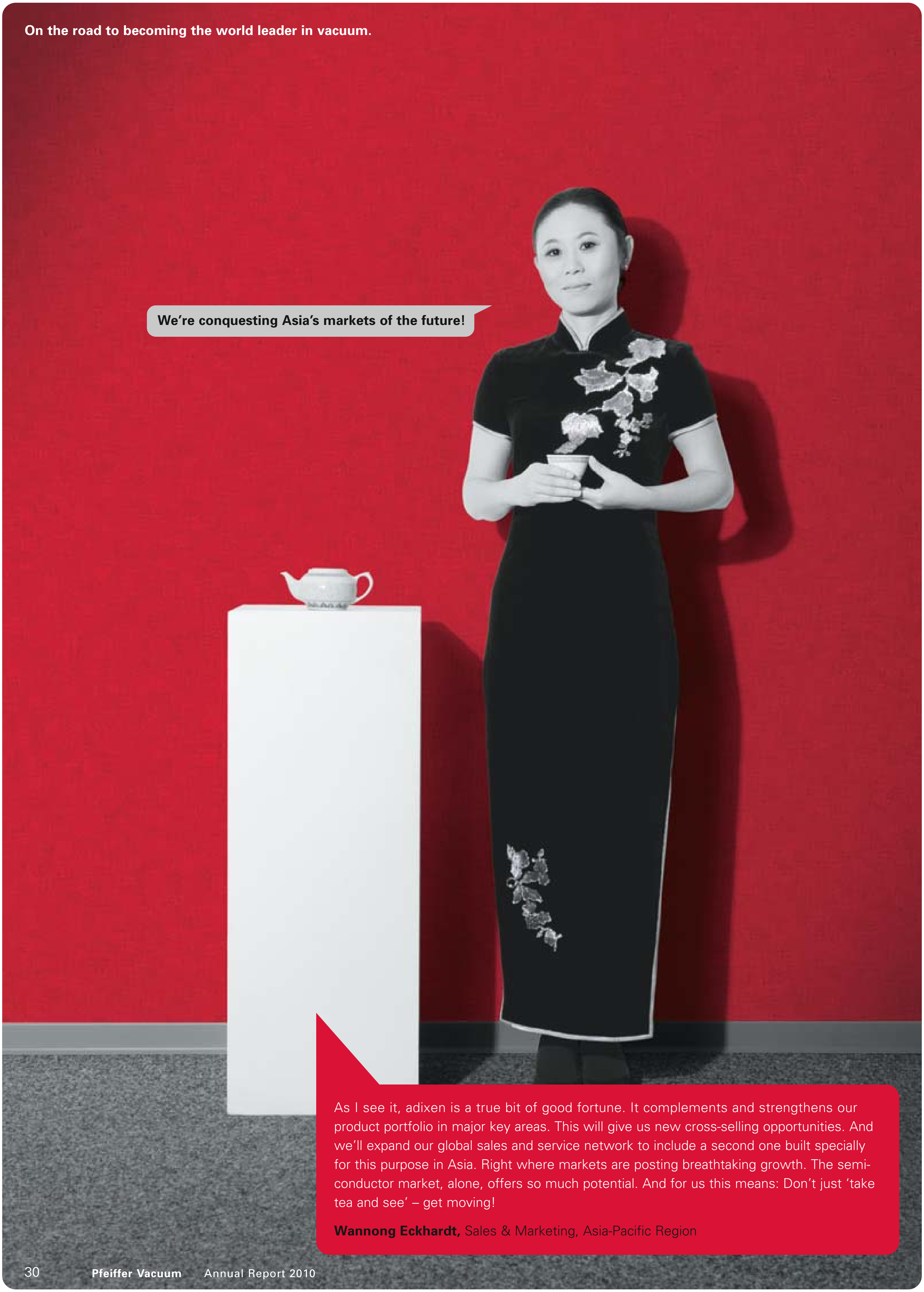
Overview of Sales Revenues, Profitability and Financial Position

The 2010 fiscal year was characterized by two major circumstances. On the one hand, Pfeiffer Vacuum returned to its accustomed economic strength. Sales revenues of € 220.5 million in 2010 significantly exceeded sales in 2009 (€ 182.0 million), and even the previous record of € 198.1 million for 2008. With an operating profit (EBIT) of € 52.9 million and an EBIT margin of 24.0 %, profitability, too, was back at its pre-crisis level (2009: € 37.8 million with a 20.8 % EBIT margin). As a result of significantly better financial income (€ + 1.0 million) and a consistently low tax ratio of 29.7 %, the Company achieved net income of € 38.3 million, the best in its history (2009: € 27.7 million). Earnings per share, the ratio between consolidated net income attributable to shareholders of Pfeiffer Vacuum Technology AG and the weighted average number of shares, has never been higher: standing at € 4.40, it was up significantly from its level in fiscal 2009 (€ 3.24) and even higher than in the 2008 fiscal year (€ 4.36). The acquisition of Trinos Vakuum-Systeme GmbH effective January 1, 2010, additionally contributed to this highly positive development in fiscal 2010.

The second major circumstance in fiscal 2010 was the acquisition of the Alcatel-Lucent group's adixen vacuum technology business unit, which was concluded on December 31, 2010. This acquisition consisted of a worldwide network totaling 14 production, distribution and service companies and serves as a nearly perfect complement to Pfeiffer Vacuum's previous business activities because there are very few technology and regional overlaps. Due to the effective date of the acquisition, December 31, 2010, it has already had a very significant impact on the consolidated balance sheet as per the close of the fiscal year. As a result of the transfer of the shares effective year-end, adixen's business activities in 2010 were not attributable to the Pfeiffer Vacuum Group, which means that the acquisition did not directly influence the development of the 2010 Income Statement. However the expenses for consulting services in connection with the acquisition, which in accordance with international accounting standards must be charged to the Income Statement, have already burdened the Company's profitability during fiscal 2010, which means that operative business in fact developed even better than had been discussed above.

As already mentioned, the acquisition of the adixen business unit had a considerable impact on the Company's balance sheet for the year ended December 31, 2010. Virtually all line items on the Assets and Liabilities sides of the balance sheet have been affected, in particular trade accounts receivable and payable as well as inventories. The acquisition of Trinos additionally impacted the Company's financial position, however to a much lesser extent than was the case in connection with the adixen acquisition. A balance sheet total of € 472.7 million and shareholders' equity of € 270.0 million as at December 31, 2010, represent an equity ratio of 57.1 %. As at December 31, 2009, the equity ratio had stood at 87.0 % on a balance sheet total of € 159.1 million and shareholders' equity of € 138.3 million. Major factors in the development of shareholders' equity were the increase of share capital conducted in conjunction with financing of the purchase price of the adixen acquisition, the sale of treasury shares on the stock market, the dividend payment to the shareholders of Pfeiffer Vacuum Technology AG and the Company's outstanding net income. In spite of a loan in the amount of € 68.1 million at the close of the fiscal year and the existing financial liabilities of the adixen business unit (€ 10.6 million), the Pfeiffer Vacuum Group recorded no net indebtedness at the close of the past fiscal year, with cash and cash equivalents totaling € 85.0 million.

With a very good 2010 fiscal year, a sound liquidity position and an absolutely viable financing concept, the Pfeiffer Vacuum Group is outstandingly positioned to swiftly and efficiently integrate the adixen business unit. In 2010, we put in place all of the prerequisites that are needed so that we can develop into the leading provider of vacuum solutions worldwide. And we are already hard at work on transforming this vision into reality to the benefit of our shareholders.



As I see it, adixen is a true bit of good fortune. It complements and strengthens our product portfolio in major key areas. This will give us new cross-selling opportunities. And we’ll expand our global sales and service network to include a second one built specially for this purpose in Asia. Right where markets are posting breathtaking growth. The semiconductor market, alone, offers so much potential. And for us this means: Don’t just ‘take tea and see’ – get moving!

Wannong Eckhardt, Sales & Marketing, Asia-Pacific Region

Overall Economic Environment

World economy

In the wake of the serious economic crisis in 2009 that saw world economic output decline by 1.1 %, the world economy very quickly returned to its growth path in 2010. In this connection, the rise in gross domestic product (GDP) to 4.9 % was essentially attributable to the economies of Asia, although the United States and Germany, as leading industrial nations, posted very sound growth rates.

United States

Following a 2.4 % decline in GDP in 2009, the United States achieved overall economic growth of 2.9 % in 2010. High consumer household spending for the full 2010 year remained unchanged from the close of the previous year. The reasons for this were, on the one hand, the extension of existing tax reliefs through 2012 and, on the other, an interest rate level that continues to be very low. In spite of the considerably improved economic environment, the U.S. Federal Reserve Bank let no doubt arise that it would be continuing its previous monetary policy.

Europe

In spite of the unseasonable early onset of winter, economic development in Europe was relatively positive, with GDP rising by 1.8 % (2009: Minus 4.1 %). However it should be noted in this connection that developments differed greatly from country to country. It is well known that the economic environments in Greece, Ireland and Portugal are desolate. Though this tended to be of only subordinate importance for the development of the European economies on the whole in 2010. Growth in Europe was predominantly driven by the large economies of the United Kingdom, France and Germany. Growth rates in the UK and France were just under the European average of 1.8 %; the year before, these economies had contracted by 4.8 % and 2.2 %, respectively. Yet, the development in Germany was the most important aspect of the economic situation in Europe in 2010. The historic slump in economic output in the year 2009 (which saw GDP decline by 5.0 %) was followed by an increase of 3.6 % in 2010. In this connection, the highly export-oriented German economy benefited in particular from the swift economic recovery worldwide. In addition, following the often panicky draw-downs of inventories during the crisis year 2009, it again became necessary to return inventories to their pre-crisis levels worldwide. This, too, provided a considerable volume of new orders for German companies with their high quality products.

As a result of the strong demand for German products, it was additionally necessary to create new jobs, since unemployment had already risen only slightly in 2009. This offset declines in personal consumption following the elimination of the German car scrappage scheme.

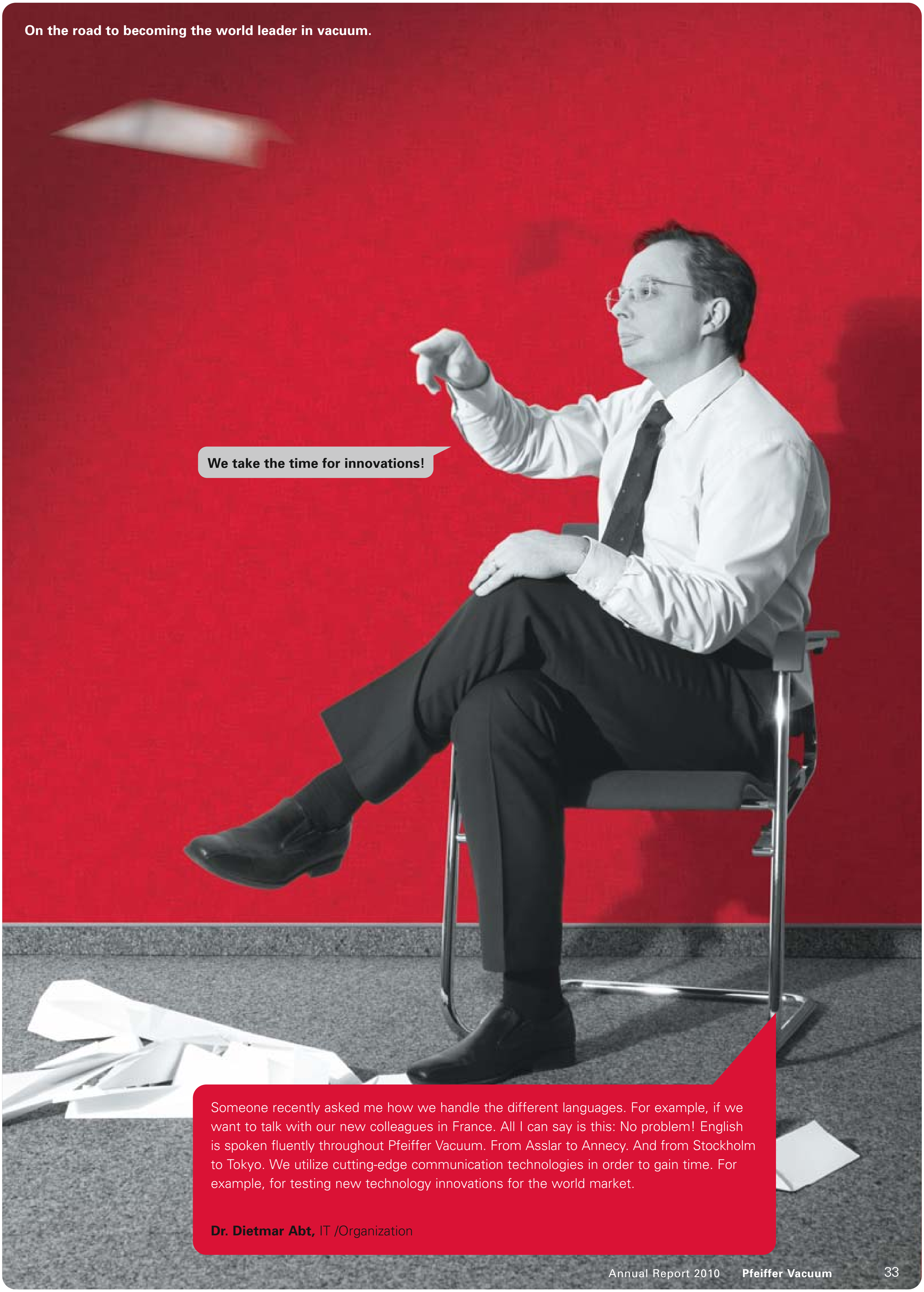
Asia

After the world economic crisis in 2009 in the Asian region had especially hard hit the Japanese economy (with economic output declining by 5.2 %), this county saw GDP rise just as significantly by 4.3 % in 2010. Japanese companies' high percentage of exports and their alignment toward the capital goods industry were the major drivers in this development. Economic development in China and India continues unabated. After recording outstanding growth rates of 8.7 % and 6.9 %, respectively, in the crisis year 2009, their growth rates in 2010 were again enormous in 2010 at 10.3 % and 9.0 %.

Vacuum industry

Vacuum technology is used in very many industries. Accordingly, the vacuum industry benefited from the worldwide economic development, with all market segments posting positive developments. Especially noteworthy was the development in the highly cyclical semiconductor industry. After seeing all expansion investments stopped, and even a reduction in production capacities in 2009, considerable growth rates were seen in 2010. The coating market, too, again developed on a better note than in the preceding fiscal year. The situation in the research & development market segment continues to be positive. The numerous government economic stimulus programs that still exist for public- and semi-public-sector research institutions are continuing to spark strong demand for vacuum solutions and components.

On the road to becoming the world leader in vacuum.



Someone recently asked me how we handle the different languages. For example, if we want to talk with our new colleagues in France. All I can say is this: No problem! English is spoken fluently throughout Pfeiffer Vacuum. From Asslar to Annecy. And from Stockholm to Tokyo. We utilize cutting-edge communication technologies in order to gain time. For example, for testing new technology innovations for the world market.

Dr. Dietmar Abt, IT /Organization

Profitability, Financial Position and Liquidity

Analysis of sales revenues

Presented below are the net sales that we recorded in fiscal 2010 by segment, by region, by product and by market. Building upon a very good baseline of € 182.0 million in the crisis year 2009, Pfeiffer Vacuum succeeded in reaching sales revenues of € 220.5 million in fiscal 2010, the highest in the Company's history. This represents an increase of € 38.5 million, or 21.1 %, and also significantly outpaced the Company's sales revenue target of € 210 million. 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 recorded 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 U.S.A. region and the U.S.A. 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 € 220.5 million (2009: € 182.0 million) break down as follows among the various segments:

Sales by Segment

	2010	2009	Change	
	€ mill.	€ mill.	€ mill.	%
Germany	113.5	99.0	14.5	14.6
United States	53.0	37.4	15.6	41.9
Europe*	46.4	40.4	6.0	14.7
Asia	7.6	5.2	2.4	45.4
Total	**220.5**	182.0	38.5	21.1

* Excluding Germany

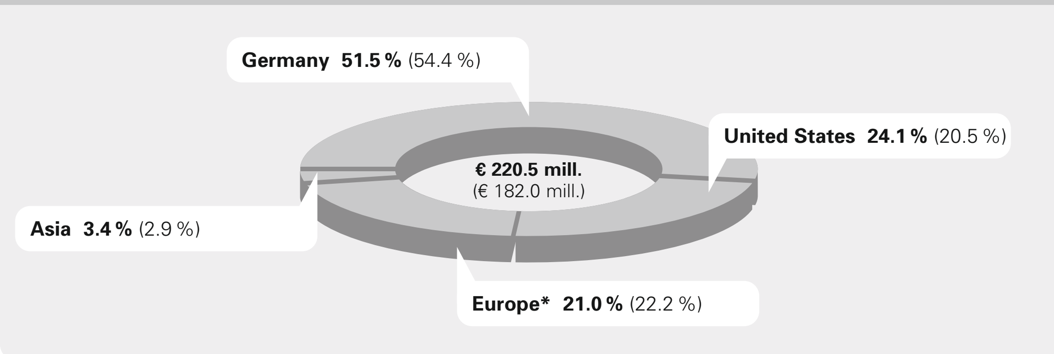
Germany After having suffered very high declines in sales revenues the year before, the development in Germany was very satisfactory in fiscal 2010. Not just because outstanding growth was able to be achieved with an increase of € 14.5 million, or 14.6 %. The fact should also be taken into consideration that high sales revenues had been achieved in fiscal 2009 in conjunction with a major contract from the solar industry and that these sales revenues declined significantly in 2010, as had been expected. Adjusted for this special effect, revenue growth in the Company's actual core business was all the brighter. Also contributing to this, of course, were the sales revenues generated by Trinos Vakuum-Systeme GmbH (Trinos), which has been included in the Consolidated Financial Statements since January 1, 2010, and are attributable to the Germany segment. However the development of business with our customers was even more significant, especially in Germany and Japan.

United States With sales revenues rising by € 15.6 million, or 41.9 %, the United States recorded the strongest sales revenue growth in absolute terms. The major reasons for this development were the strong rise in demand from the semiconductor industry, which enabled the U.S. sales subsidiary to record far and away the highest sales revenues in its history in fiscal 2010. While the weak sales revenue baseline in fiscal 2009 was a factor in this strong growth, 2010 sales revenues also clearly surpassed the previous record year 2008. The development of the exchange rate parity of the U.S. dollar had a positive impact of € 2.5 million on sales revenues.

Europe Sales revenues rose at essentially all European sales subsidiaries in fiscal 2010. Only in Italy was there a modest decline in sales revenues as a result of the country's difficult economic environment. On the other hand, there was especially strong growth in Austria (€ + 2.5 million) and in Switzerland (€ + 1.6 million). In Switzerland, the development of exchange rate parities had a positive impact of € 0.6 million on the development of sales revenues. In Sweden, too, the development of exchange rate parities had a positive influence on the country's sales growth of 17.3 %. The positive impact of exchange rate parities totaled € 1.6 million for the European sales companies.

Asia In the Asia segment, we report on our three subsidiaries in China, India and Korea. Against the backdrop of an economic development that continues to be strong, Pfeiffer Vacuum again improved its market position in China, nearly doubling the sales revenues of its Chinese sales subsidiary. Sales revenues in Korea were able to be increased by € 1.1 million, while India saw moderate growth of € 0.3 million. While exchange rate parities played virtually no role in China, the positive effect in Korea amounted to € 0.7 million.

Sales by Segment 2010 (2009)



* Excluding Germany

Sales by region

Sales by Region

	2010 € mill.	2009 € mill.	Change € mill.	%
Germany	70.7	69.1	1.6	2.3
Europe*	57.0	49.0	8.0	16.4
United States	53.4	37.2	16.2	43.2
Asia	37.3	24.2	13.1	54.3
Rest of World	2.1	2.5	–0.4	–15.4
Total	**220.5**	182.0	38.5	21.1

* Excluding Germany

Germany The rise in sales revenues in Germany was relatively moderate by comparison with the other regions, even though the vast majority of Trinos' sales revenues were attributable to this region. This was attributable to the share of total sales revenues that had been generated the year before under a major contract from the solar industry, while only a small portion of this contact's sales revenues were included in fiscal 2010, as had been expected. In addition to the effects stemming from the initial consolidation of Trinos, higher sales revenues with our German customers were able to more than compensate for the decline in sales revenues.

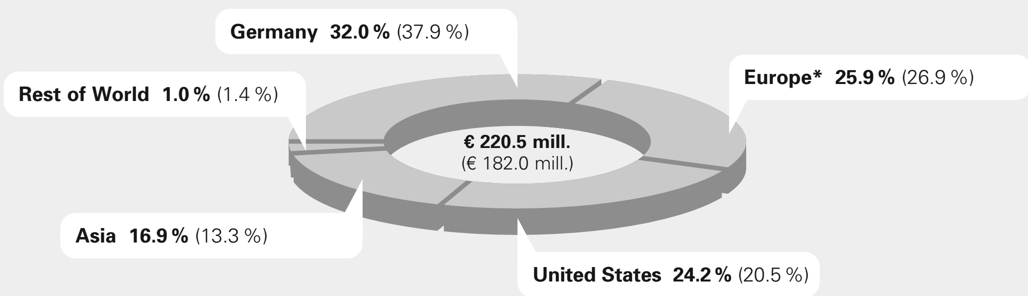
Europe After having recorded the greatest decline in sales the year before, Europe again posted sales revenue growth in fiscal 2010. New customers in the Analytical and Industrial market segments contributed to this rise, which was also retarded by the unsatisfactory situation in the Netherlands.

United States As already discussed in the analysis of sales revenues by segment, the sales revenues of our U.S. sales company developed on a highly satisfactory note. Very good growth rates in the Semiconductor, Analytical Industry and other Industrial market segments increased sales revenues from € 37.2 million to € 53.4 million. Exchange rate parity effects totaling € 2.5 million contributed to this improvement.

Asia It was predominately growth in the Analytical Industry and R & D market segments, which are strong in Japan, that drove the development of sales revenues in this country, which is so important to us. After recording € 9.2 million here the year before, sales revenues in fiscal 2010 totaled € 13.6 million. By again generating strong sales revenue growth, the China region developed into the most important Asian region after Japan, thus ranking it ahead of Korea and India, where good growth was also achieved.

Rest of World This region includes Central and South America, South Africa and Australia. Fiscal 2010 saw moderate declines in sales revenues overall here. During the 2010 fiscal year, we responded to the growing importance of the South American markets, in particular, by establishing a sales company in Brazil, from where all customers in this region are supported.

Sales by Region 2010 (2009)



* 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

	2010	2009	Change	
	€ mill.	€ mill.	€ mill.	%
Turbopumps	92.4	68.8	23.6	34.2
Measurement and analysis equipment, components	69.2	38.9	30.3	77.6
Backing pumps	28.7	25.5	3.2	12.4
Service	23.1	18.8	4.3	23.5
Systems	7.1	30.0	– 22.9	– 76.2
Total	**220.5**	182.0	38.5	21.1

Turbopumps Turbopumps have thus far been the Corporate Group's most important product category. This is why it is all the more positive that sales revenues with this product rose very sharply by € 23.6 million, or 34.2 %, to € 92.4 million during the 2010 fiscal year. One of the reasons for this can be found in developments in the analytical and semiconductor industries. Just how important turbopumps were for the Pfeiffer Vacuum Group in fiscal 2010 is clear to see with a view to their 41.9 % relative share of total sales revenues (2009: 37.8 %).

Measurement and analysis equipment, components The products in the Measurement and Analysis Equipment segment cover a broad spectrum that was significantly expanded in fiscal 2010 to include the Trinos product portfolio, i.e. essentially high quality vacuum components and chambers. The strong € 30.3 million, or 77.6 %, rise in revenues was attributable to this, on the one hand. On the other, the former measurement and analysis line of business developed on a thoroughly positive note. Especially noteworthy were sales revenues for pressure measurement equipment and leak detectors. This product group's 31.4 % share of total revenues continues to rank it second in the Corporate Group (2009: 21.4 %).

Backing pumps Sales revenues in the Backing Pumps product category rose by € 3.2 million to € 28.7 million. This development was fueled by sales of our dry, oil-free sealed pumps, whose design enables them to generate especially clean vacuum. This is a factor that is taking on increasing importance in connection with the steadily rising demands of our customers' processes. Sales revenue growth was also recorded in rotary vane pumps, while sales revenues with Roots pumps stood at their 2009 level.

Service Ongoing improvements in product quality and longer scheduled service intervals are fundamentally burdening sales revenue potential in our Service operations. However the economic recovery in fiscal 2010 initially prompted our customers to catch up on the maintenance and service work they had put off the year before – if they were not asking for entirely new vacuum solutions. Overall, sales revenues in Service rose by € 4.3 million.

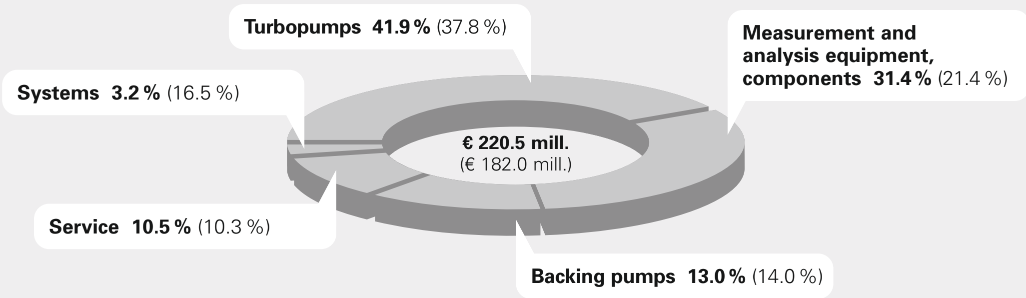
Systems As expected, sales revenues in Systems business declined sharply from € 30.0 million to € 7.1 million. This was attributable to the fact that the above-mentioned major contact from the solar industry had largely been concluded in fiscal 2009 and therefore made only a modest contribution to total sales revenues in fiscal 2010. The share of total sales revenues accounted for by Systems during the 2010 fiscal year was therefore 3.2 %, as opposed to 16.5 % the year before.

On the road to becoming the world leader in vacuum.

Our global growth strategy is producing tremendous successes. However this does not relieve us of the task of continuously securing and expanding our technology edge. And doing it at a high level. But that doesn't mean doing without human factor quality in the production process. Or do you think you'll find team spirit, motivation and a good mood in a robot?

Jens Keller, Manufacturing

Sales by Product 2010 (2009)



Sales by market
The following section details the development of sales revenues in the individual markets in 2010 relative to the year before.

Sales by Market

	2010 € mill.	2009 € mill.	Change € mill.	Change %
Analytical Industry	63.3	45.1	18.2	40.5
Industrial	48.6	36.4	12.2	33.3
Research & Development	42.9	34.9	8.0	23.0
Coating	32.1	47.3	–15.2	–32.2
Semiconductors	23.8	10.7	13.1	121.9
Chemical and Process Technology	9.8	7.6	2.2	29.0
Total	**220.5**	182.0	38.5	21.1

Analytical Industry The positive development in the analytical market, which was up by 40.5 % in fiscal 2010, corresponded to the good regional developments in the United States and Japan, where demand on the part of the major OEM manufacturers for vacuum solutions from Pfeiffer Vacuum again rose, following a decline in fiscal 2009. Accounting for 28.7 % of total sales (2009: 24.8 %), the Analytical Industry is the strongest market segment in the Corporate Group.

Industrial Fueled by the swift recovery of the mechanical engineering sector, this heterogeneous market segment saw good development in fiscal 2010. The decline in the crisis year 2009 was more than compensated by a € 12.2 million rise in 2010, with sales revenues that were even higher than their 2008 level. The Trinos sales revenues also played a major role in the growth of sales in 2010.

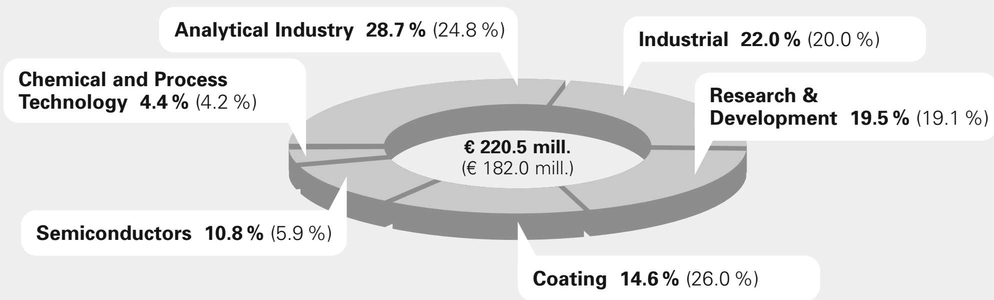
Research & Development The positive development of sales revenues in the Research & Development segment is especially noteworthy, because the 23.0 % increase in fiscal 2010 had already been preceded by sales growth of 10.5 % in 2009. We – in contrast to many of our competitors – have always been consistent in intensively serving this market segment. The market continues to be characterized by numerous government stimulus programs for public- and semipublic-sector research institutions. As a result of our longstanding customer relationships, Pfeiffer Vacuum is well positioned. This market accounted for 19.5 % of total sales revenues (2009: 19.1 %).

Coating The Coating market segment was the only segment to record negative development in fiscal 2010. The previous year's sales revenues had been characterized by a major contact for construction of systems for the production of thin layer solar cells. This contract had largely been concluded in fiscal 2009, and therefore made only a minor contribution to total sales revenues in fiscal 2010. Adjusted for this special effect, though, the solar subsegment did see positive development (+ 37.5 %), as did the glass coating subsegment (+ 67.9 %). After being Pfeiffer Vacuum's largest market in fiscal 2009 (26.0 % of sales revenues), it was relativized in fiscal 2010, where this segment accounted for 14.6 % of total sales revenues. The relative importance of the solar industry for the Corporate Group has declined overall, as well. As opposed to 19.1 % of total sales revenues the year before, this segment accounted for only 6.4 % in fiscal 2010.

Semiconductors The semiconductor industry posted a strong upswing in fiscal 2010, which also impacted the development of this market segment at Pfeiffer Vacuum. We observed especially strong demand from the United States and Taiwan in this market segment. With a growth rate of 121.9 %, sales revenues here more than doubled to stand at € 23.8 million, up sharply from the good years 2007 and 2006. This segment now accounts for 10.8 % of total sales revenues, as opposed to 5.9 % the year before.

Chemical and Process Technology Sales revenue growth in the Corporate Group's smallest market segment (accounting for 4.4 % of total sales revenues in fiscal 2010) was moderately better than for the Corporate Group as a whole. Growth here stemmed predominantly from medical technology.

Sales by Market 2010 (2009)



New orders and orders on hand

Following a relatively weak volume of new orders in the amount of € 161.2 million in 2009, this metric stood at an outstanding € 223.7 million in fiscal 2010. This represents an increase of € 62.5 million, or 38.8 %, nearly matching the record new order volume of € 225.3 million in 2008. In comparing fiscal 2010 with the year 2008, it should be noted that the major contract from the solar industry had a significant positive impact on new orders that year. On the other hand, the level of new orders in fiscal 2010 includes the effects of the initial inclusion of Trinos in the Consolidated Financial Statements. If these two special effects were left out of consideration, there would have been a significant improvement over the pre-crisis volume of new orders in fiscal 2008. This relates predominantly to the field of turbopumps, where there was a significant improvement in the development of new orders by comparison with 2009 (+ 46.5 %), as well as by comparison with 2008 (+19.6 %). Trinos' business operations have also considerably increased the volume of new orders in component business. As opposed to a book to bill ratio – the quotient between new orders and sales – that had stood below 1 in fiscal 2009, at 0.89, fiscal 2010 saw a ratio of 1.01.

The value of orders on hand on December 31, 2010, totaled € 45.0 million. Orders on hand at the companies of the adixen business unit, which was acquired as of December 31, have not been considered herein. As a result, the volume of orders on hand was up € 4.8 million from the previous year's level of € 40.2 million. The Company's well-filled order books as at December 31, 2010, provide us with planning predictability for the initial months of the 2011 fiscal year.

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

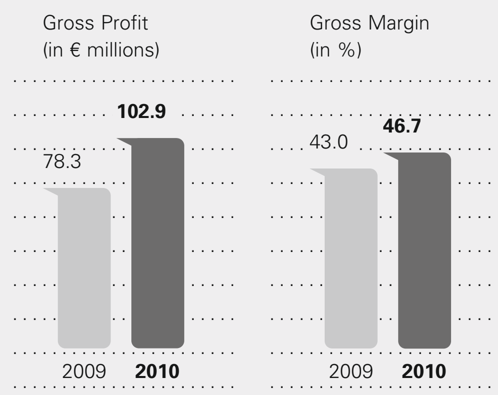
* with no consideration being given to the adixen orders on hand

Earnings development

Cost of sales and gross profit

Cost of sales in fiscal 2010 totaled to € 117.6 million, up € 13.9 million from the previous year's level of € 103.7 million. This represents an increase of 13.4 %, which was predominantly attributable to the development of sales revenues. In addition, the previous year's cost of sales had been impacted by extensive modernization, renovation and reorganization expenses. Within the framework of that project, all turbopump manufacturing processes were reorganized in fiscal 2009. This included optimizing the process steps, themselves, aligning the flow of materials so as to reduce transport distances, as well as the thoroughgoing renovation of the production buildings. As a result, in fiscal 2010 we were able to generate higher sales revenues at lower relative costs and raise gross profit significantly by € 24.6 million, from € 78.3 million to € 102.9 million. In this connection, there was also a significant improvement in gross margin, the ratio between gross profit and sales revenues. As opposed to 43.0 % in 2009, an outstanding 46.7 % was achieved during the year under review. Another factor that also had a positive influence, in addition to efficiency gains, was the product mix, i.e. in concrete terms a greater percentage of products with higher margins.

Gross Profit and Gross Margin



Selling, general and administrative expenses

Selling, general and administrative expenses totaled € 42.7 million in fiscal 2010. As opposed to € 33.6 million the year before, this represents a significant rise of € 9.1 million, or 27.2 %, which was recorded in connection with both selling and marketing expenses as well as with general and administrative expenses. The rise in selling and marketing expenses was attributable to heightened selling activities in conjunction with the development of sales revenues and the initial inclusion of Trinos in the Consolidated Financial Statements. There was also a rise in general and administrative expenses (€ + 5.9 million). Here, too, the development was impacted by the costs incurred at Trinos. Plus the expenses for consulting services in conjunction with the acquisition of the adixen business unit. In spite of the high absolute changes in selling and administrative expenses, their share of total sales revenues rose only modestly from 18.5 % the year before to 19.4 % for the 2010 fiscal year.

Research and development expenses

As opposed to € 7.2 million the year before, research and development expenses declined moderately to € 7.0 million in fiscal 2010. The share of total sales revenues accounted for by research and development expenses declined from 3.9 % in 2009 to 3.2 % for the fiscal year under review.

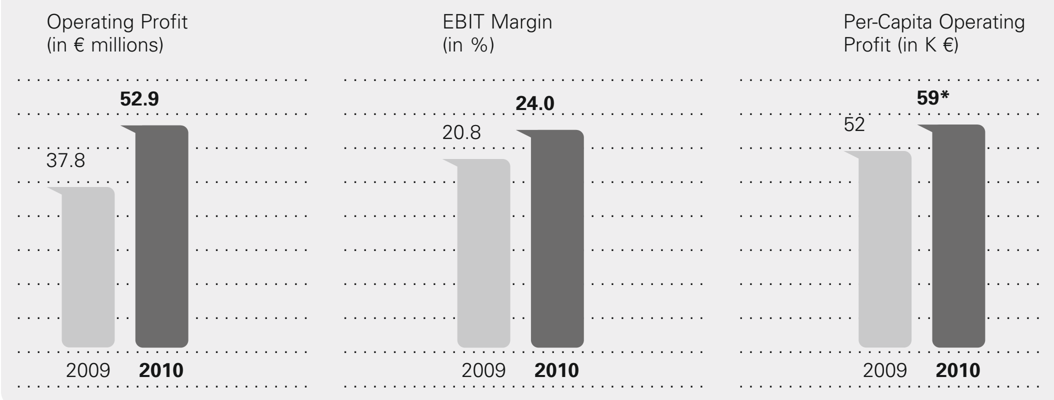
Other operating income and other operating expenses

The other operating income and other operating expenses line items predominantly record exchange rate gains and losses within the Corporate Group. All foreign-currency transactions upon which these line items are based are attributable to operating activities and are therefore recorded under operating profit. The balance of other operating income and other operating expenses declined from € 0.2 million to € – 0.3 million. Essentially, the development of the U.S. dollar was the major factor in this connection.

Operating profit

At € 52.9 million, operating profit for fiscal 2010 was up by € 15.1 million, or 40.1 %, from the previous year's level of € 37.8 million. This was attributable to the development of sales revenues and the relatively lower rate of cost increases in operational areas. Following a respectable 20.8 % in the crisis year 2009, the EBIT margin, the ratio between operating profit and net sales, stood at an outstanding 24.0 %, and thus within the corridor of our guidance ("more than 23 %"). This margin would have again been higher if not for the non-recurring expenses in connection with the acquisition of the adixen business unit.

Operating Profit, EBIT Margin and Per-Capita Operating Profit



* with no consideration being given to the number of adixen employees

Financial income

Financial expenses increased from € 0.2 million to € 1.8 million, especially in connection with the financing of the adixen acquisition. As a result of realized capital gains on the sale of securities, financial income in fiscal 2010 totaled € 3.4 million (2009: € 0.9 million). On balance, the Company's financial position thus rose from € + 0.7 million to € + 1.6 million in fiscal 2010.

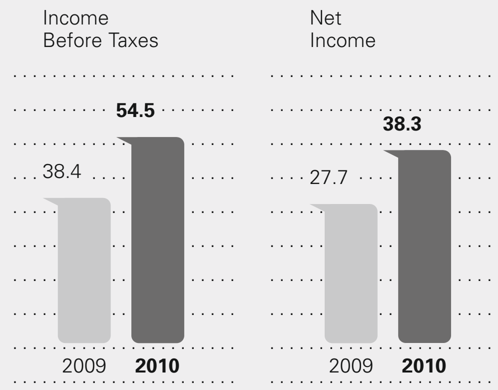
Income taxes

Due to the Company's significantly higher income before taxes, which rose by € 16.1 million, there was also a significant € 5.5 million rise in tax expenses for fiscal 2010 to a total of € 16.2 million. However the tax ratio for the Consolidated Group stood at 29.7 %, up only moderately from the previous year's level (27.9 %), which means that there was virtually no rise in the relative burden.

Net income

With net income totaling € 38.3 million, Pfeiffer Vacuum achieved the highest result in the Company's history. This clearly surpassed the previous year's level of € 27.7 million by € 10.6 million, or 38.4 %, as well as the former record that had been set in fiscal 2008 (€ 38.0 million). The after-tax return on sales rose from 15.2 % the year before to a far-above-average 17.4 %. This was attributable first and foremost to the good development of the Company's operative business and was enhanced by the capital gains realized on the sale of securities. This again puts us in one of the top-ranking positions by international comparison.

Income Before Taxes and Net Income (in € millions)



Earnings per share

At € 4.40 (2009: € 3.24), earnings per share, too, set a new record. However the growth rate of 35.8 % was slightly lower than that of net income. This was attributable to the fact that the average number of shares outstanding must be taken into consideration in calculating earnings per share. As a result of the 10 % increase of capital and the sale of treasury shares (5.1 % of the previous share capital) in November 2010, this metric rose moderately by comparison with the year before. As in the year before, there continued to be no dilutive effects in fiscal 2010.

Financial position

There was a significant change in the financial position of the Pfeiffer Vacuum Group as a result of the acquisition of adixen as at December 31, 2010. The balance sheet total of € 472.7 million at the close of the 2010 fiscal year has nearly tripled from its level of € 159.1 million as at December 31, 2009. The initial consolidation of the adixen companies in the Consolidated Financial Statements impacted virtually all line items in the balance sheet. The table below shows the portions of the full Consolidated Group that were accounted for by the adixen operations as at December 31, 2010:

Composition of Assets and Liabilities (in K €)

	Consolidated Group	Thereof: adixen Operations	Thereof: Former Pfeiffer Vacuum Operations
Intangible assets	93,565	83,832	9,733
Property, plant and equipment	80,582	38,377	42,205
Other non-current assets	12,316	2,685	9,631
Assets	**186,463**	**124,894**	**61,569**
Inventories	104,511	79,963	24,548
Trade accounts receivable	85,551	58,163	27,388
Cash and cash equivalents	84,975	26,917	58,058
Other current assets	11,209	8,779	2,430
Current assets	**286,246**	**173,822**	**112,424**
Total assets	**472,709**	**298,716**	**173,993**
Financial liabilities	75,487	7,034	68,453
Other non-current liabilities	7,299	5,107	2,192
Non-current liabilities	**82,786**	**12,141**	**70,645**
Trade accounts payable	54,262	45,487	8,775
Financial liabilities	3,170	2,938	232
Other current liabilities	62,515	39,514	23,001
Current liabilities	**119,947**	**87,939**	**32,008**
Total liabilities	**202,733**	**100,080**	**102,653**

December 31, 2010

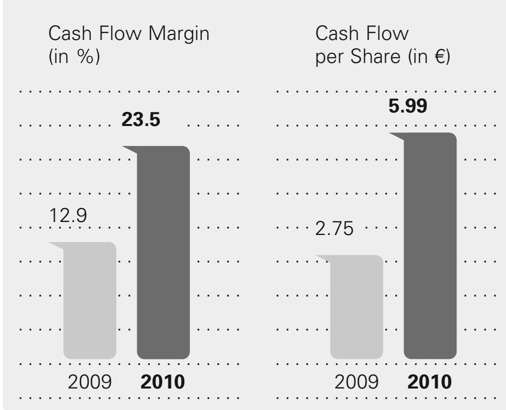
What has changed on the Assets side of the balance sheet, in particular, is the total change of € 91.2 million in the level of goodwill, which is recorded under intangible assets, stemming from the acquisitions of adixen (€ 83.0 million, preliminary) and Trinos (€ 8.2 million). Inventories rose by € 87.0 million to € 104.5 million. Further major changes related to trade accounts receivable (€ + 64.9 million) and property, plant and equipment (€ + 44.5 million). In spite of the considerable volumes of cash flow that were used in conjunction with the corporate acquisitions of Trinos and adixen (including the repayment of financial liabilities this involves), the level of cash and cash equivalents rose from € 62.0 million as at December 31, 2009, to € 85.0 million at the close of the 2010 fiscal year. A detailed analysis on the development of this line item is contained in the following section entitled "Liquidity and cash flow."

The development of the line items on the Liabilities side of the balance sheet, too, was characterized substantially by the acquisition of adixen, which predominantly impacted trade accounts payable and other payables. Moreover, the financing of the acquisition by means of an increase of capital, the sale of treasury shares and the new bank loan, considerably altered the balance sheet ratios. Because although equity nearly doubled by comparison with the year before (€ 138.3 million) to stand at € 270.0 million as at December 31, 2010, the equity ratio declined from 87.0 % to 57.1 %. But this means that Pfeiffer Vacuum continues to possess above-average equity; and with cash and cash equivalents totaling € 85.0 million and financial liabilities totaling € 78.7 million, the Company shows no net indebtedness.

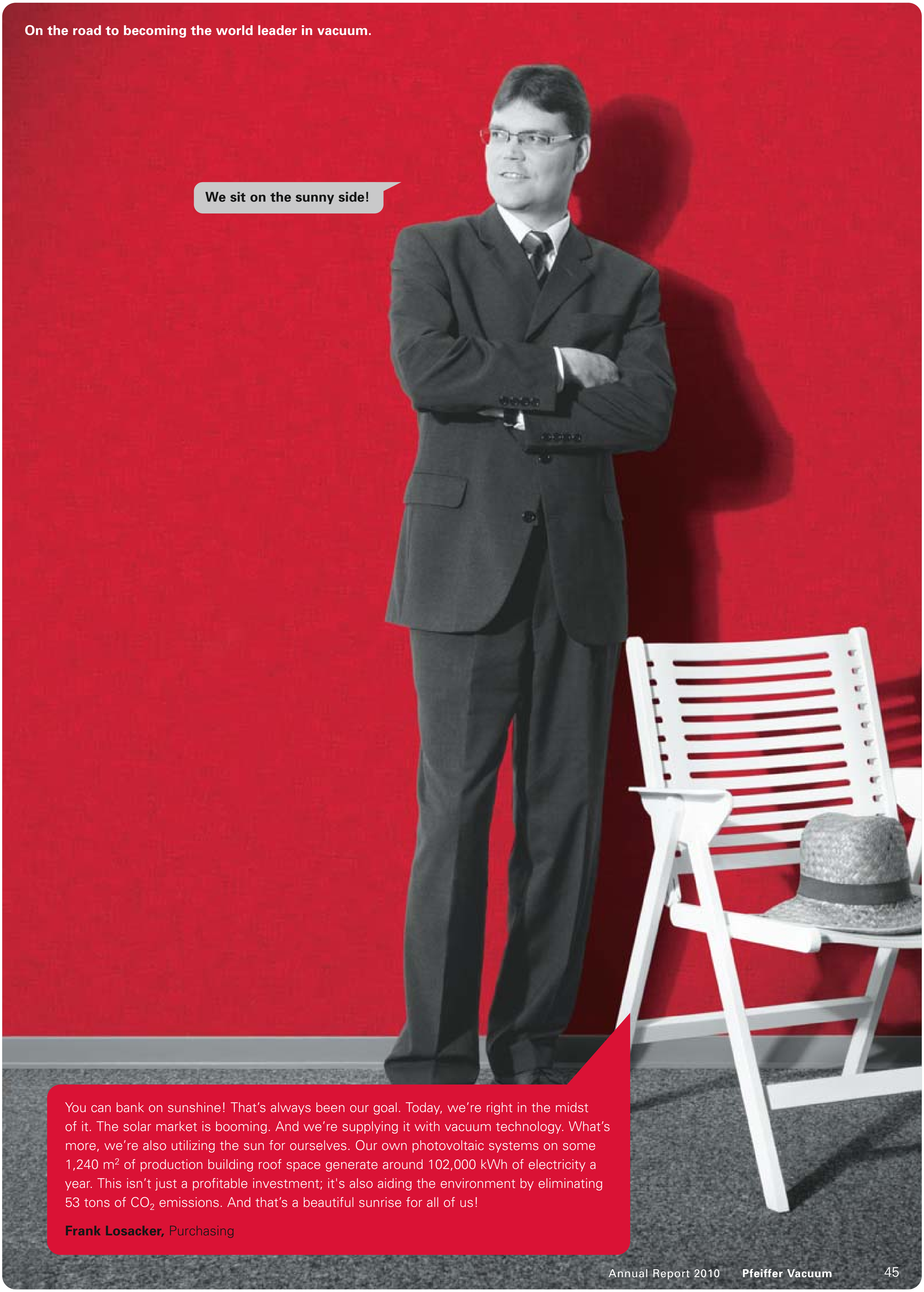
Liquidity and cash flow

Following the relatively low operating cash flow of € 23.4 million the year before, net cash provided by operating activities improved significantly to € 51.9 million in fiscal 2010, going hand in hand with the better earnings position. This correlates to a significant rise of € 28.5 million, or 121.5 %, which was primarily attributable to the Company's improved income before taxes (€ + 16.1 million) and tax payments that were € 7.0 million lower in fiscal 2010. Moreover, the development of liabilities in fiscal 2010 generated net cash of € 3.4 million (2009: Net cash used € 5.4 million). On the other hand, the rise in inventories reduced net cash provided by € 4.3 million, as opposed to a moderately positive effect in the amount of € 0.7 million the year before. As a result of the significantly higher operating cash flow, the cash flow margin (the ratio between operating cash flow and sales revenues) and cash flow per share were higher in fiscal 2010 than ever before in the Company's history.

Cash Flow Marge and Cash Flow per Share



On the road to becoming the world leader in vacuum.



You can bank on sunshine! That's always been our goal. Today, we're right in the midst of it. The solar market is booming. And we're supplying it with vacuum technology. What's more, we're also utilizing the sun for ourselves. Our own photovoltaic systems on some 1,240 m^2 of production building roof space generate around 102,000 kWh of electricity a year. This isn't just a profitable investment; it's also aiding the environment by eliminating 53 tons of CO_2 emissions. And that's a beautiful sunrise for all of us!

Frank Losacker, Purchasing

Cash flow from investing activities in fiscal 2010 was determined very significantly by the acquisition of the adixen vacuum technology business unit from the Alcatel-Lucent group and the acquisition of Trinos (€ 85.0 million and € 9.9 million, respectively, totaling € 94.9 million). Moreover, € 2.5 million was spent on the acquisition of a further equity investment. Totaling € 4.9 million, considerable capital investments in buildings, for production and manufacturing systems, as well as for software, were again made in fiscal 2010, although they were not quite as extensive as they had been the year before (€ 6.0 million). Detailed comments on the composition of the capital investment volume are contained in the following section entitled "Capital expenditures and financing." Net cash provided in conjunction with the sale and redemption of financial assets totaled € 7.7 million in fiscal 2010, as opposed to € 3.0 million the year before. Taking into consideration the net cash provided from the sale of property, plant and equipment (€ 0.1 million) and the payments made for the acquisition of non-controlling interests (€ 0.2 million), net cash used in investing activities thus totaled € 94.7 million (2009: € 2.9 million).

After always having been able to finance necessary capital expenditures from available liquidity in the past, including the acquisition of Trinos, it was necessary to obtain funding from external sources in conjunction with the acquisition of the adixen vacuum technology business unit in fiscal 2010. Consequently, the net proceeds from the increase of capital (€ 73.0 million), the cash flows generated from the sale of treasury shares (€ 38.5 million) and a new bank loan in the amount of € 67.0 million were recorded within the framework of financing activities. During the year covered by this Report, a total of € 21.0 million of cash flow was used for dividend payments (including € 20.9 million for the shareholders of Pfeiffer Vacuum Technology AG). The redemption of debt at the companies acquired in fiscal 2010 led to € 93.0 million in further net cash flows used. Overall, the Company received net cash flows of € 64.5 million from financing activities. The year before, the dividend payments in the amount of € 28.6 million had been the sole parameter in determining cash flow from financing activities.

As opposed to € 62.0 million as at December 31, 2009, cash and cash equivalents totaled € 85.0 million at the close of the 2010 fiscal year, representing an increase of € 23.0 million, or 37.1 %. In spite of the high level of borrowed capital in fiscal 2010, there were no net financing liabilities, even taking into consideration financial liabilities in the amount of € 78.7 million. Moreover, the Corporate Group enjoys access to free lines of credit totaling € 17.3 million (2009: € 12.3 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 in Asslar 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 financial institutions, 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.

The new loan in conjunction with the acquisition of the adixen business unit was taken out by the parent corporation. Both liquidity management as well as steering of the interest-rate change risk are thus effected at corporate Headquarters, taking into consideration all relevant matters within the Corporate Group.

Capital expenditures and financing

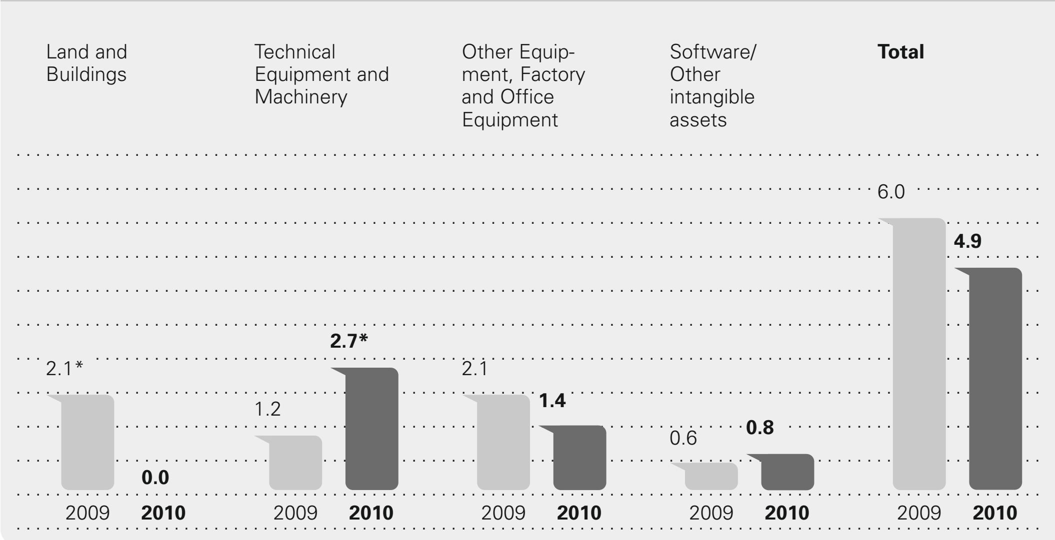
The area of capital expenditures and financing was characterized very significantly by the acquisition of the adixen vacuum technology business unit from the Alcatel-Lucent group. Within the framework of this debt-free acquisition, a total of € 196.9 million was remitted to the seller on December 31, 2010. This amount consists of the redemption of debt in the amount of € 85.0 million and the purchase price for the equity investments in the amount of € 111.9 million, and is detailed in Note 6 to the Consolidated Financial Statements.

To finance the purchase price and the redemption of debt, in November 2010 Pfeiffer Vacuum Technology AG issued a total of 897,059 new shares at a computed par value of € 2.56 per share within the framework of a 10 % increase of capital excluding the right of subscription, thereby recording gross placement proceeds totaling € 74.0 million. Moreover, 456,352 treasury shares were sold on the stock market for total proceeds of € 38.5 million. In addition, a € 67.0 million bank loan was taken out at the close of the fiscal year. The shortfall of € 17.4 million needed to pay the entire purchase price was financed through free Corporate Group liquidity.

All shares of Trinos Vakuum-Systeme GmbH (Trinos) had already been acquired as of January 1, 2010. The € 10.0 million purchase price for these shares and the funds required for debt redemption (€ 8.0 million) were financed entirely through available Corporate Group liquidity. A detailed presentation of the assets and liabilities acquired in conjunction with the acquisition of Trinos is also contained in Note 6 to the Consolidated Financial statements.

The composition of capital expenditures (€ 4.9 million, 2009: € 6.0 million) that are not related to an equity investment can be seen from the following graphic:

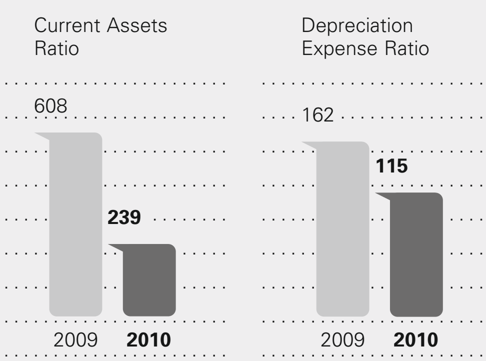
Capital Expenditures (in € millions)



* Including construction in progress (€ 0.7 million; 2009: € 0.7 million)

After having expended considerable sums in fiscal 2008 and 2009 for the new Logistics Center and for expanding the production buildings, there were no additions to land and buildings in 2010. Capital expenditures for technical equipment and machinery, on the other hand, were up in fiscal 2010 by comparison with 2009. There was also a rise in expenses in the field of intangible assets, which in fiscal 2010 amounted to € 0.4 million each for software and other intangible assets (2009: € 0.6 million for software).

Current Assets Ratio and Depreciation Expense Ratio (in %)



In spite of the borrowed capital taken out at the close of the 2010 fiscal year, the equity ratio amounted to a far-above-average 57.1 % (87.0 % as at December 31, 2009). Including cash and cash equivalents, the Corporate Group did not record any net financial liabilities as at December 31, 2010. The current assets ratio, the quotient between current assets and current liabilities, amounted to 239 % (2009: 608 %) and, in spite of the far-reaching changes in financial position as a result of the corporate acquisitions, continues to symbolize our sound financing concept and our high credit rating.

Given the above-mentioned capital expenditures of € 4.9 million (excluding corporate acquisitions) and a depreciation expense volume of € 4.2 million in fiscal 2010, the depreciation expense ratio (the ratio between capital expenditures and depreciation expense) totaled 115 %. This means that new capital expenditures in fiscal 2010 were once again greater than the loss of value on existing fixed assets (2009: 162 %).

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

* Adjusted ROCE, with no consideration being given to the effects on the balance sheet stemming from the acquisition of adixen
** Subject to the consent of the Annual Shareholders Meeting

Pfeiffer Vacuum has very quickly moved on from the crisis, which had affected the Company to only a minor extent, anyway, and significantly improved all of the above-mentioned indicators by comparison with fiscal 2009. In connection with ROCE, it should be noted that this was calculated on the basis of the balance sheet values, with no consideration being given to the acquisition of adixen. This was necessary in order to correct the distortion of this key performance indicator as a result of the fact that the acquisition was recorded only in the balance sheet line items and not in the income statement. Given the good development of business in fiscal 2010, the Management and Supervisory Boards will propose that the Annual Shareholders Meeting resolve a dividend of € 2.90 per share. This means that the previous distribution rate of 75 % of the net income attributable to the shareholders of Pfeiffer Vacuum Technology AG will remain constant, in spite of the acquisition of adixen.

General comments on the course of business

In fiscal 2010, Pfeiffer Vacuum returned to its accustomed profitability – and more. Never before had the Corporate Group recorded higher sales revenues, and never before had earnings per share been as high. All this was accomplished against the backdrop of integrating Trinos into the Pfeiffer Vacuum Group and the resulting considerable burdens on profitability in conjunction with the acquisition of adixen. Financing of the acquisition through an increase of capital, the sale of treasury shares and the assumption of bank liabilities has not changed Pfeiffer Vacuum's rock solid financial position. The Corporate Group has no net financial liabilities and its liquidity position continues to be comfortable. Yet even though we are more than satisfied with the Company's development in fiscal 2010, we cannot and will not be satisfied with this for 2011. The integration of adixen into the Pfeiffer Vacuum Group will be the major challenge facing us in the near future. And we are dedicating all of our energy to this task, with the objective of becoming the world market leader in vacuum solutions, without losing sight of the business activities of the former Corporate Group. With united forces, we are working to sustain Pfeiffer Vacuum's past track record of success to the benefit of our shareholders.

The Corporate Group

Corporate structure

The number of companies belonging to the Pfeiffer Vacuum Group rose from 13 to a total of 30 companies as at December 31. This was essentially attributable to the acquisition of the Alcatel-Lucent group's adixen vacuum business unit, which added 14 new companies to the Corporate Group. Moreover, Trinos Vakuum-Systeme GmbH was acquired on January 1, 2010. Additionally formed in fiscal 2010 were Pfeiffer Vacuum Brasil in Brazil and Pfeiffer Vacuum RUS in Russia.

The parent corporation of the Corporate Group is Pfeiffer Vacuum Technology AG, in Asslar, Germany, which is publicly traded on the Deutsche Börse Stock Exchange in Frankfurt am Main.

The entire corporate structure was as follows as at December 31, 2010:

Pfeiffer Vacuum Technology AG Germany

Pfeiffer Vacuum GmbH Germany	100 %
Pfeiffer Vacuum Austria GmbH Austria	100 %
Pfeiffer Vacuum (Schweiz) AG Switzerland	99,4 %
Pfeiffer Vacuum (Shanghai) Co., Ltd. China	100 %
Pfeiffer Vacuum France SAS France	100 %
Pfeiffer Vacuum Ltd. United Kingdom	100 %
Pfeiffer Vacuum Scandinavia AB Sweden	100 %
Pfeiffer Vacuum Inc. USA	100 %
Pfeiffer Vacuum Rus OOO Russia	100 %
Pfeiffer Vacuum Brasil Ltda. Brazil	100 %

27 %

Pfeiffer Vacuum Holding B.V. The Netherlands	100 %
Pfeiffer Vacuum Italia S.p.A. Italy	100 %
Pfeiffer Vacuum (India) Ltd. India	73 %
Pfeiffer Vacuum Korea Ltd. Republic of Korea	75,5 %

Trinos Vakuum-Systeme GmbH Germany	100 %

Alcatel Vacuum Technology France SAS France	100 %
adixen Singapore Ltd. Singapore	100 %
adixen Scandinavia AB Sweden	100 %
Alcatel Vacuum Technology (Shanghai) Co., Ltd. China	100 %
Alcatel Vacuum Technology Taiwan Ltd. Taiwan	100 %
adixen Manufacturing Korea Co., Ltd. Republic of Korea	100 %
Teknovid S.r.l. Romania	72 %
Alcatel Vacuum Technology India Ltd. India	100 %

Alcatel Vacuum Products Inc. USA	100 %
Alcatel Vacuum Technology Korea Co., Ltd. Republic of Korea	90 %
Alcatel Hochvakuumtechnik GmbH Germany	100 %
Alcatel Vacuum Technology Ltd. United Kingdom	100 %
Alcatel Vacuum Systems S.p.A. Italy	100 %
adixen Japan Ltd. Japan	100 %

On the road to becoming the world leader in vacuum.

It is with pride that we look back at 40 years of vacuum technology and look forward to a joint future with Pfeiffer Vacuum. Our know-how and our product portfolios make for a perfect fit. Also advantageous is our technology leadership in the segments of backing pumps and leak detection technology. In addition, we also bring on board a highly qualified workforce under the leadership of seasoned managers. “En route pour une coopération fructueuse,” as we say here in France.

Silvano Bertolo, President Global Sales, and **Eric Taberlet,** COO and General Manager, adixen

The Pfeiffer Vacuum Group has held a 24.9 % equity investment in Dreebit GmbH, of Dresden, Germany since August 2010. The field of activities of Dreebit GmbH includes the development, production, sales and service of vacuum components and accessories for micro- and nanotechnology systems that are based upon electron- and ion-beam technology.

The Pfeiffer Vacuum Group does not have any special-purpose entities or joint ventures.

Organizational structure and corporate steering

Organizational structure

Pfeiffer Vacuum GmbH, in Asslar, Germany, plays a key role in the Corporate Group. Manufacturing operations for all Pfeiffer Vacuum products, for sales and distribution operations for Germany and the Benelux countries as well as central equity investment management for the Corporate Group are organized within this company. As at December 31, 2010, this company employed a total of 580 people. Alcatel Vacuum Technology France, in Annecy, France, will also assume a significant role within the Pfeiffer Vacuum Group. At year-end, this company employed 545 people and is the central production facility for the new acquisition and responsible for sales and marketing operations in France. With a total of 1,125 employees between them, these two companies employ the lion's share of the people who work for the Corporate Group (2.237 at year-end 2010).

The further members of the Corporate Group are legally autonomous corporations which are predominantly responsible for sales and marketing activities. Moreover, Trinos Vakuum-Systeme GmbH, adixen Scandinavia AB, adixen Manufacturing Korea Co., Ltd., Alcatel Vacuum Technology Korea Co., Ltd. and Teknovid S.r.l. in Romania are responsible for assembly of various products. Essentially, all of 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).

Corporate steering

The Management Board of Pfeiffer Vacuum Technology AG is responsible for the strategic leadership of all companies and its members also serve as the managing directors of Pfeiffer Vacuum GmbH. All further 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, EBIT margin and earnings before tax). The supervisory bodies of the subsidiaries whose composition also includes members of the Management Board of Pfeiffer Vacuum Technology AG, or Headquarters in Asslar, Germany, 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 lower maintenance and repair costs, longer service lives and lower energy consumption by comparison with competition products.

Remaining true to these standards is of tremendous importance to Pfeiffer Vacuum, and was a factor that was also taken into consideration in connection with the acquisition of the Alcatel vacuum business unit. This company's products which are marketed under the "adixen" name satisfy our high demands. We are convinced that we can become the world market leader in vacuum solutions through the union of the two brands, Pfeiffer Vacuum and adixen.

A further strategic objective is to always be close to the customer. We live up to this objective through our worldwide presence, and we assure that everything we do always focuses squarely on our customers. "A Passion for Perfection" is our promise to our customers.

Steering instruments

All subsidiaries are steered from corporate Headquarters in Asslar through the stipulation of annual sales and profitability targets (“Management by Objectives”).

Achievement of these targets is monitored by means of detailed target/actual comparisons and variance analyses within the framework of monthly reporting. This assures that undesirable trends can be identified and corrected early on. Monthly conference calls with the management of the subsidiaries additionally assure that all business development questions are discussed.

Moreover, 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 consists of the variable compensation element of the local managements of the non-German subsidiaries and of the German sales staff. The variable compensation element is contingent, in particular, upon the sales revenues and operating profits achieved. In addition, 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 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 outstanding engineering art, 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 chambers, 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.

The acquisition of the Alcatel-Lucent group’s vacuum technology business unit (“adixen”) is significantly expanding the Pfeiffer Vacuum product portfolio. In addition to leak detectors, the adixen product line also includes vacuum pumps for a wide range of applications as well as a series of vacuum measurement equipment, valves and vacuum components. Although Pfeiffer Vacuum and adixen were direct competitors, their product portfolios differ so greatly in terms of technology and size class that there are virtually no product overlaps. This underscores the acquisition’s strategic importance.

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 2010, research and development expenditures totaled € 7.0 million (2009: € 7.2 million); development costs thus accounted for 3.2 % of total sales revenues (2009: 3.9 %).

A total of 79 engineers, physicists and technicians in the Development Department at Germany-based Pfeiffer Vacuum GmbH (2009: 75) 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. 10 new patent applications were filed during the year under review (2009: 9).

Through the acquisition of adixen, there has been a significant rise in the total number of patents held. We now hold numerous fundamental patents and patent families worldwide.

The sharp rise in patents stemming from the acquisition shows that research & development work plays a central role for adixen, as well. A total of 97 employees at the development location in Annecy, France, are responsible for research & development.

Purchasing

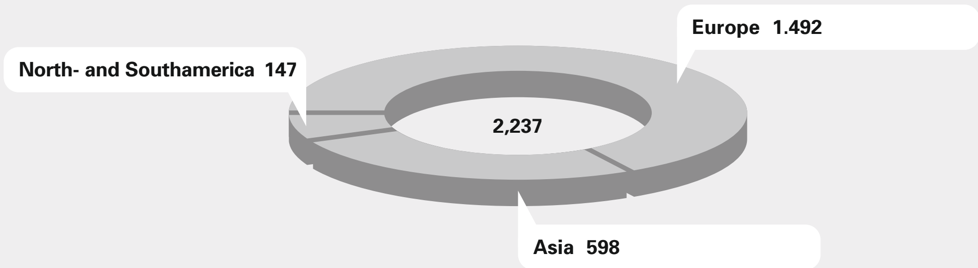
Generally speaking, efficient and cost-effective sourcing of goods and services is a key basis for a company’s profitability. Our activities here are characterized by ongoing optimization of our purchasing processes, access to new sources of supply and achieving the best possible prices combined with 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. 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. This has enabled Pfeiffer Vacuum to achieve 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, 2010, Pfeiffer Vacuum concluded the acquisition of adixen and included this company in its Consolidated Financial Statements. Consequently, the workforce stood at 2,237 people on that day, of which 924 were related to the existing Pfeiffer Vacuum Group (2009: 725). This strong rise was attributable to the acquisition of Trinos Vacuum-Systeme GmbH in January 2010. 1,313 people from the entire adixen group are added to the total.

Composition of Workforce by Regions (December 31, 2010)



Diversity

Pfeiffer Vacuum is globally aligned and unites any number of people of different origin beneath its roof. The acquisition of adixen has made us even more international. Our people are proud of the way in which our large community, made up of different cultural and national backgrounds, is interacting successfully also at our Headquarters in Asslar. In July 2010, Pfeiffer Vacuum joined the "Diversity Charta," a German government initiative. The "Diversity Charta" is a fundamental commitment to fairness and esteem for the people who work in companies. Of our 2,237 employees, 391 are female and 1,846 male. Vacuum technology represents a special field of mechanical engineering in which it is difficult to recruit qualified young females. No females are represented on either the Management or Supervisory Boards. On the other hand, several key positions on the second-tier level and below are staffed with female managers in the fields of Finance, Communications, Sales and Marketing.

Initial and continuing training and education

To a large extent, Pfeiffer Vacuum's success is based upon the knowledge, loyalty and strong motivation of our people. In particular, the professional knowledge possessed by our Sales staff, typically engineers or physicists, enjoys high priority in collaborating with our customers. They benefit from the long years of experience upon which our experts can draw with respect to the physical and chemical reactions of a wide range of molecules and substances under vacuum conditions. Our customers develop most of their projects in collaboration with our Sales and Marketing teams which in turn can involve the appropriate specialists from Research & Development as well as Production if necessary. The professional skills of our people are also of major significance in manufacturing and assembling our products. The ultimate objective is to offer every customer a perfect vacuum solution for the application in question.

The people of adixen bring with them the same competence. They, too, are fascinated first and foremost by what happens in processes under vacuum conditions. And they, too, possess outstanding training and education. This is why we are convinced that together we will be able to achieve world market leadership in vacuum solutions.

Fostering new blood enjoys high priority at both Pfeiffer Vacuum as well as adixen. In this connection, we offer in-company vocational training as industrial mechanics and white-collar workers. In fiscal 2010, Pfeiffer Vacuum provided a total of 35 training slots (2009: 34). At adixen, 17 employees had a training status last year. This number can be viewed as relatively high given differing international tabulation practices as well as the possibility that in-company vocational training might play a different role in the way young people plan for their futures outside Germany. In addition to in-company vocational training, Pfeiffer Vacuum has 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 how we assure a fresh supply of business and mechanical engineers.

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 for all employees, regardless of their age. 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. Foremen and group leaders are trained in communication and leadership techniques. Participation in language courses and individual continuing education such as courses that accompany our people's professional and vocational lives, are supported within the framework of targeted personnel development measures.

Professional and Vocational Qualifications

	2010	2009
Development and Manufacturing, total	**1,548**	380
College and university graduates	411	64
Employees with specialized training	926	260
Employees without specialized training	162	38
Apprentices	49	18
Administration, Sales and Marketing, total	**689**	345
College and university graduates	375	157
Employees with specialized training	281	160
Employees without specialized training	15	12
Apprentices	18	16

Dec. 31

Performance-based pay

In fiscal 2010, our employees again shared in the Company's successful business development in the crisis year 2009 in the form of an annual bonus. Employees in sales received additional incentives through an individual bonus system that is based upon sales revenue growth and profitability. Personnel expense in fiscal 2010 totaled € 55.4 million, as opposed to € 46.2 million in 2009. The higher expense essentially stemmed from initial consolidation of Trinos Vacuum-Systeme GmbH.

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 wanted to grow. We did too. So we both had the same interest. Our product line is now affording greater diversification at Pfeiffer Vacuum. And greater market penetration. Because our core business is the design and fabrication of high vacuum and ultra high vacuum chambers. We're extremely well known for our high quality craftsmanship. And this is what we're now bringing on board. I think that's reason enough for us to be very proud.

Marilisa L'Abbate, International Sales Support, Trinos, Göttingen

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 28 to the Consolidated Financial Statements.

Age Structure of the Company

	2010		2009	
Under 30	577	26 %	111	(15 %)
30 to 50	1,209	54 %	381	(53 %)
Over 50	451	20 %	233	(32 %)
Total	**2,237**	**100 %**	725	(100 %)

Dec. 31

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 4.7 %, our absenteeism rate is lower than the industry average of 5.2 %. An attrition rate of 4.2 % illustrates our attractiveness as an employer and the sense of responsibility we exercise in dealing with our employees.

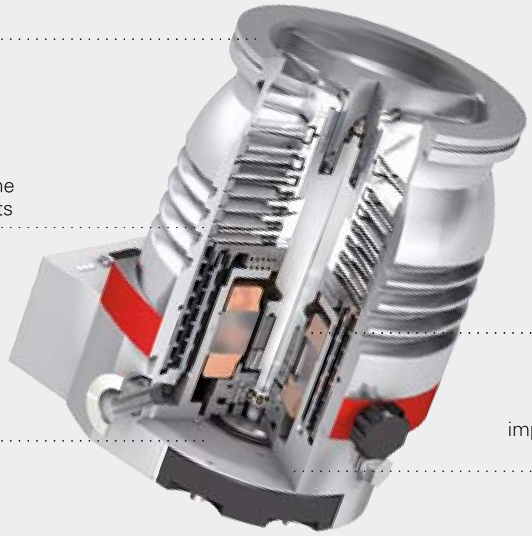
Sustainability

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, prudent 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.com 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, to energy-efficient start-up of our pumps at our customers. Our employees in Development as well as in Production and Sales and Marketing continuously review existing products with regard to potential modifications relating to their efficiency and environmental compatibility.

A good example of our accomplishments in this regard is our top-selling turbopump product, the HiPace™ product line. The magnetically levitated version of this pump, the HiPace^{TM} M, was brought to market in fiscal 2010. Its reduced power consumption and shorter runup times produce an especially energy-saving effect.

Sectional view of a HiPace turbopump



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. This also applies immediately with respect to newly added corporate units. Pfeiffer Vacuum acquired Trinos Vacuum-Systeme GmbH effective January 1, 2010. Its numbers are contained in the following information relating to water, electricity and gas consumption, as well as to CO_2 emissions. This is why a comparison with the previous year would be distorted. The acquisition of adixen did not become effective until December 31, 2010, which is why its operating business and the resulting consumption of resources was not included in the 2010 fiscal year.

During the year under review, water consumption declined by 6.8 % from 17,190 m^3 in fiscal 2009 to 16,018 m^3 in 2010. Electrical consumption increased by 16.5 % from 8,850 KkWh to 10,308 KkWh. Gas consumption rose by 11.5 % in the 2010 fiscal year from 5,762 KkWh to 6,423 KkWh. On the basis of electricity and gas consumption, CO_2 emissions in fiscal 2010 totaled 6,614 t (2009: 5,727 t). For the year under review, the identifiable fuel consumption for the corporate vehicle fleet attributable to Pfeiffer Vacuum amounted to 176,855 l of diesel fuel and 103,039 l of gasoline (2009: 114,408 l of diesel fuel). This correlates to 702 t of CO_2 emissions (2009: 303 t). This figure includes the fuel consumption of company vehicles at nearly all subsidiaries of Pfeiffer Vacuum worldwide which were not yet included in the information for the previous year.

In fiscal 2009, 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 system generated approximately 61,986 kWh in fiscal 2010, plus around 40,251 kWh from an existing system. The electricity that is generated is fed into the local energy grid, resulting in annual emissions savings of around 53 t of CO_2.

During the course of the fiscal year, 10 internal environmental audits were conducted (2009: 15). 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 August 2010. All audits were passed without any variances. 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 in paperless form. This endeavor is supported by a 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 August 2010 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 August 2013. Within the framework of our quality management system, all business processes are continuously scrutinized and enhanced. Eleven internal quality audits were conducted in 2010 for this purpose (2009: 11), 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. Ongoing 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. This is how we are continuously improving both the quality of our products as well as their service life.

Job safety and working conditions
An external expert worked approximately 800 hours for us in fiscal 2010 in conjunction with job safety issues; one of the focuses was on air handling in the new production buildings. A total of four meetings of the Job Safety Committee were properly conducted in fiscal 2010 pursuant to the German Job Safety Act. There were 12 reportable on-the-job accidents in fiscal 2010 (2009: 15). No technical deficiencies or lack of safeguards were identified as the cause of any on-the-job accident. With a mathematical level of 25.7 reportable accidents per 1,000 employees, Pfeiffer Vacuum is below the 32.1 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 relating to 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 discussed with a view to the consolidated 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 – enable consolidated financial statements be prepared in accordance with applicable standards. The Management Board bears overall responsibility for the internal control and risk management system with a view to the consolidated accounting process. 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 consolidated 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 consolidated accounting process, we consider those characteristics of the internal control and risk management system to be major in nature that can have a decisive influence on consolidated accounting and on the overall view presented in 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 consolidated accounting process;
- Monitoring controls for enabling the consolidated 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 consolidated accounting

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

The subscribed capital of Pfeiffer Vacuum Technology AG totaled K€ 25,261 as at December 31, 2010, and comprised a total of 9,867,659 shares of no-par stock (December 31, 2009: K€ 22,965; 8,970,600). 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, 2010, New York-based Arnhold and Bleichroeder Holdings, including the First Eagle Funds, held 14.95 % of the voting rights in the Company (December 31, 2009: 24.89 %). To the best of our knowledge, no further shareholders held more than 10 % of the Company's shares as at December 31, 2010, or 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, 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 May 20, 2010, the Management Board is authorized to increase subscribed capital by € 11,482,368.00, or 4,485,300 shares, against contributions in cash and/or kind (authorized capital). This authorization is valid through May 19, 2015, and requires the consent of the Supervisory Board. Under the 897,059-share increase of capital having a mathematical par value of K€ 2,296, the remaining authorized capital totaled K€ 9,186 as at December 31, 2010.

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 ten 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 20, 2010, 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 May, 19, 2015.

In conjunction with financing of the acquisition of the Alcatel-Lucent group's "adixen" vacuum technology business unit, the entire portfolio of treasury shares that had been held by the Company as at December 31, 2009 (456,352 no-par shares, 5.1 % of the Company's share capital) was sold off.

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

On the road to becoming the world leader in vacuum.

Привет, всем! If you want to be the world market leader, you need a global presence. In service, sales and logistics, for example. It's a good thing that we already have 29 subsidiaries and numerous agencies around the globe. As well as 14 additional adixen locations in America, Europe and Asia since 2010. The latest example of Pfeiffer Vacuum's true closeness to the customer is our new subsidiary in Moscow, where everything makes for a perfect fit.

Igor Novikov, Pfeiffer Vacuum Russia

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 our 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 2010, 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 has been made permanently available to shareholders on the Company's Internet website (www.pfeiffer-vacuum.com).

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

- The German Corporate Governance Code recommends that females be given appropriate consideration and involvement in connection with the staffing of executive, Management Board and Supervisory Board positions. The Management and Supervisory Boards do not view belonging to a particular gender as being a characteristic that would particularly qualify a candidate for a given position. (Points 4.1.5, 5.1.2 and 5.4.1 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).

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 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. The agenda and remarks relating to the conditions of participation and shareholder rights are typically announced one and a half months prior to the date of the Annual Shareholders Meeting. All documents and information relating to the Annual Shareholders Meeting are available on our website. Moreover, it is also possible, among other things, to electronically submit questions to the staff of our Investor Relations Department. 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, announcements and events. In addition, we maintain close ties to our shareholders through our active Investor Relations activities. Moreover, it is also possible to contact the Company with questions at any time.

Management Board

In fiscal 2010, 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	Research & Development
IT / Organization / Logistics	Marketing
Purchasing	Production
Investor Relations	Training & Service
Human Resources	Sales and Marketing

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 are kept of these meetings, 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, as well as a seat on the supervisory board of Volksbank Heuchelheim eG, in Heuchelheim, Germany, since 2010.

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.

In fiscal 2010, the Supervisory Board comprised the following members:
- Dr. Michael Oltmanns (Chairman), Attorney at Law and Tax Advisor
- Götz Timmerbeil (Vice Chairman), Certified Public Accountant and Tax Advisor
- Michael Anderson, Investment Banker (through May 20, 2010)
- Helmut Bernhardt (Employee Representative), Development Engineer
- Manfred Gath (Employee Representative), Chairman of the Employee Council
- Wilfried Glaum, Business Administrator
- Dr. Wolfgang Lust, Entrepreneur (from May 20, 2010)

The last elections 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. 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.

The Supervisory Board has defined the following as concrete targets for its composition: Professional diversity (at least from the fields of business, technology and law), internationality through professional experience gained abroad, avoidance of potential conflicts of interest through the exclusion of close relationships to competitors, as well as an age limit at the beginning of the term of office that is the same as the statutory retirement age. These objectives have thus far been taken into consideration, and this is also intended in connection with future nominations.

During the period under review, no remunerations or advantages for personal services provided, in particular consulting and intermediary services, were paid or granted. There were no conflicts of interest between members of the Management and Supervisory Boards, which must immediately be disclosed to the Supervisory Board. And, finally, the Rules of Procedure for the Management Board provide that the Supervisory Board must grant its consent to all major business transactions.

In accordance with the recommendations of the German Corporate Governance Code, no more than two former members of the Management Board should hold seats on the Supervisory Board of Pfeiffer Vacuum. Moreover, the Supervisory Board reviews the independence of its members. To do this, it has defined principles for assessing their independence, which are oriented to the Code, in particular. Under these principles, the majority of the present members of the Supervisory Board are viewed as being independent, thus assuring independent advice to and monitoring of the Management Board.

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 the compensation paid 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:

Composition of the Supervisory Board Committees

	Nomination Committee	Audit Committee	Management Committee	Administration Committee
Dr. Michael Oltmanns	Chairman	Yes	Chairman	Chairman
Götz Timmerbeil	Yes	Chairman	Yes	Yes
Helmut Bernhardt	–	–	–	Yes
Manfred Gath	–	–	–	–
Wilfried Glaum	Yes	Yes	Yes	–
Dr. Wolfgang Lust	–	–	–	–

The following members held seats on further supervisory Boards:
- Dr. Michael Oltmanns: Becker Mining Systems AG, Friedrichsthal, Germany (chairman), Jetter AG, Ludwigsburg, Germany (chairman), Merkur Bank KGaA, Munich, Germany (chairman) and Scholz AG, Essingen, Germany (chairman)
- Götz Timmerbeil: VfL Handball Gummersbach GmbH (chairman), Arena Gummersbach GmbH & Co. KG (vice chairman)

The Company has taken out liability insurance (so-called D&O insurance) for the members of the Management and Supervisory Boards.

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, at which the members of the Management Board report in detail on the course of operative business. If necessary, further executives also comment on current issues in their respective areas of responsibility. If necessary, additional special meetings are conducted. 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.

Compensation report

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

Compensation paid to members of the Management Board
The compensation paid to members of the Management Board was 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.

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

	Fixed Element	Variable Element	Non-Monetary Compensation	**Total 2010**	Total 2009
Manfred Bender	240	603	13	**856**	508
Dr. Matthias Wiemer	190	402	11	**603**	357
Total	430	1,005	24	**1,459**	865

The variable element comprises a bonus, which the Supervisory Board stipulates at its own discretion. In the past, the Supervisory Board has been guided by the development of the Corporate Group in terms of sales revenues, earnings before taxes and interest, as well as net income, in exercising its discretion.

In the future, as in the past, the discretion of the Supervisory Board will prevent extraordinary developments from leading to inappropriate peaks in the variable compensation element in connection with new employment contracts for members of the Management Board or extensions of these contracts. As in the past, the development of the bonus will be geared toward the development of the Corporate Group's success, now being defined as before-tax profitability. However the bonuses will be subjected to a sustainability proviso. This means the following: Should the success of the Corporate Group during the year being measured be higher than the average of the two previous years, the success in the year being measured will be proven to be sustainable only in the amount of this average of the two preceding years, so that the bonus will be considered to have been earned, due and payable. However the sustainability has not yet been proven for the amount of the portion in excess thereof. Consequently, to the extent that the bonus is based upon the surplus element, only a smaller portion thereof will be due and payable upon adoption of the annual financial statements for the year being measured (a so-called short-term incentive). The larger portion (the so-called long-term incentive), on the other hand, will not be due and payable until two years later, and then only in the full amount if the average success of these two subsequent years is at least as high as the average success of the two preceding years. Should it be lower, the long-term incentive will be appropriately reduced. The purpose of this sustainability proviso is to avoid rewarding so-called "straw fires" at the expense of sustainable profitability.

Manfred Bender and Dr. Matthias Wiemer have received pension commitments in the amount of 20 % of their last fixed salary elements. In this connection, net pension expenses under IFRS in the amount of K € 28 and K € 60, respectively, were recorded in the Income Statement in fiscal 2010 (2009: K € 21 and K € 31, respectively). 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 € 129 (2009: K € 86). Following K € 138 in fiscal 2009, a total contribution in the amount of K € 217 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 € 130 is predominantly attributable to former members of the Management Board (2009: K € 132). Current pensions in fiscal 2010 amounted to a total of K € 329, as opposed to K € 231 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 €)

	2010	2009
Dr. Michael Oltmanns	45	45
Götz Timmerbeil	30	30
Michael Anderson	6	15
Helmut Bernhardt	15	15
Manfred Gath	15	15
Wilfried Glaum	15	15
Dr. Wolfgang Lust	9	–
Total	**135**	135

Should members of the Supervisory Board be newly elected or retire during the course of a fiscal year, their compensation is paid on a pro rata basis.

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 immediately and on a pan-European basis, as well as on the Internet pages at www.pfeiffer-vacuum.com. There were no such purchases or sales in fiscal 2010.

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). The Annual Financial Statements of Pfeiffer Vacuum Technology AG, the parent corporation, are compiled in accordance with the regulations of the German Commercial Code ("HGB").

Pursuant to a resolution by the Annual Shareholders Meeting on May 20, 2010, the Consolidated Financial Statements were audited by 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").

Report on Risks and Opportunities

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 optimize the relationship between risks and opportunities with a view to sustainable business success. To assure this, we use and evolve suitable instruments, such as an appropriate handbook and/or a risk inventory, to identify, analyze, assess and control opportunities and risks.

Risk management system

The Pfeiffer Vacuum risk management system includes all levels of the Corporate Group. The system is described in a risk handbook that is available to all employees and updated on an as-needed basis. Our flat hierarchy and fast communication channels aid in swiftly identifying risks at every level of the Company and using suitable measures to combat them. The risk coordinators, who have been in place since 2002, monitor proper execution of risk management and the complete risk inventory. The risk inventory is performed by the department heads at corporate Headquarters and by the managing directors of the subsidiaries. Consolidating all inventories at an aggregate level produces a differentiated overall picture of the Corporate Group's risk position.

The risk inventories are updated quarterly; what we define, in addition to a concrete description of the risks, are the potential quantitative impact on gross profit, the likelihood of occurrence and suitable countermeasures. At year end, the individual reports are consolidated into a complete risk report, which is reviewed by both the risk coordinator as well as the Management Board. In addition, we have defined the areas of risk management within the individual market segments and have put in place the necessary processes as well as early-warning and monitoring systems. The monthly Corporate Group reporting supports the risk management process with a variety of parameters and reports that serve as a major foundation for the Management and Supervisory Boards to regularly deliberate on current business. The monthly meetings of senior executives and conference calls, too, are firmly established institutions that enable the department heads and our subsidiaries to share with the Management Board information relating to risk potentials and how to handle them.

In addition to monthly reporting, our internal controlling system (ICS) helps us to identify risks in daily processes and thus avoid potential errors. What are reviewed first and foremost in this connection are processes that have a major impact on Pfeiffer Vacuum's profitability, financial position and liquidity. Regularly conducted inspections protect against human mistakes, system errors and breaches of internal regulations.

Risk management as it relates to consolidated accounting

In addition to general risk management, the ICS also supports risk management as it relates to consolidated accounting, in particular. In order to assure proper accounting, internal regulations and organizational procedures are in place at Pfeiffer Vacuum that are employed throughout the entire Corporate Group and are regularly updated. To assure that the regulations are always in conformity with current legislation and official ordinances, our internal experts also collaborate with external counterparts on a case-by-case basis. This enables us to assure that our accounting is in compliance with IFRS accounting and valuation regulations.

Our ICS identifies all processes that have a major influence on consolidated accounting, with the risks involved in these processes being identified and assessed. Moreover, suitable measures are defined for avoiding mistakes, and appropriate monitoring is put in place. This includes, for example, the four-eyes principle, or the assurance of optimal data quality through the employment of a consistent consolidation tool.

Opportunity management system

The Pfeiffer Vacuum opportunity management system is closely linked with the risk management system, as many risks also offer opportunities that should be utilized. This is why the risks identified in the risk inventory are simultaneously examined with a view to potential opportunities, which produces a correlation. In extensive decision-making processes, we analyze the question of whether the potential opportunities or risks predominate, which means that we only engage in risks that appear to be manageable and are compensated for by the opportunities they offer.

We conduct market and competition analyses in order to be able to explicitly make optimum use of industry and overall economic opportunities. This provides us with a good overview that helps us further broaden our market share by specifically utilizing our potentials. Close contact with our customers additionally aids us in identifying trends early on, thus enabling us to actively shape changes in the marketplace.

With variance analyses and development forecasts, our highly refined reporting system, too, identifies opportunities in our regional structure. Our close-knit sales and marketing network enables us to swiftly and purposefully take advantage of these opportunities.

Risks

Overall economy

As a globally operating Company, we are dependent upon global economic developments. Nor can Pfeiffer Vacuum avoid the effects of a decline in world economic growth, and would have to expect to see a direct impact on our sales revenues and profitability. However the regional and market-segment mix of sales revenues is very balanced at Pfeiffer Vacuum, and its overall structure compensates for revenues in economically weak and economically growing markets and industries. Because it is seldom that all regions and market segments would be equally affected by a deteriorating economic development. Managing the economic risk essentially involves steering capacities and costs. Flexible working time models enable us to swiftly and simply adapt production capacities to reflect the development of the order situation. We therefore assess the impact of this risk on the future profitability of our Company as being low.

Market segments
Sales revenues in Pfeiffer Vacuum's individual market segments and product categories are closely linked to global economic developments. The research & development market, for example, is dependent upon government spending and focuses in connection with research projects. The semiconductor market follows its own cycles, which offers enormous opportunities during boom phases and involves major risks during phases of weakness. The coating market is closely linked to developments in the photovoltaic industry, and so on. And development work in the product categories goes hand in hand with the trends in the individual market segments. This means that smaller turbopumps and analysis instruments, for example, are more likely to be required in the analytical industry, which tends to respond on an early-cyclical basis. Large quantities of backing pumps are employed in the semiconductor market and in other industries whose developments generally conform to those in mechanical engineering.

In order to combat the risks stemming from dependence upon individual market segments and products, Pfeiffer Vacuum places a great deal of value on its broad-based alignment. This is one of the major reasons that spoke in favor of the acquisition of the Alcatel-Lucent group's vacuum technology business unit. Because adixen has a far higher share of sales revenues in the semiconductor industry, which presents both an opportunity as well as a risk due to the cyclical nature of this industry's development. Pfeiffer Vacuum's strategy for lowering this risk is to also increasingly market products from adixen in other industries through our distribution channels, thus lowering the share of total revenues accounted for by the semiconductor industry. Moreover, we estimate that the semiconductor market will grow faster overall in the future than it will decline during phases of weakness. This is why the opportunities clearly outweigh the risks for us. We classify the impact of this risk on the future profitability of our Company as being medium in nature.

Acquisitions
Acquiring and integrating companies into the Corporate Group always poses a special challenge. This also applies to Pfeiffer Vacuum with respect to the acquisition of the Alcatel-Lucent group's vacuum business unit, or adixen for short, effective December 31, 2010.

We can underscore this statement, even through the acquired company is larger in size than Pfeiffer Vacuum. We proceeded with the utmost caution in the acquisition process by conducting comprehensive, detailed reviews in the form of due diligence. This included the assessment of the entity to be acquired by experts from a variety of corporate operations, who contributed their wide range of perspectives to the acquisition team. In order to minimize legal and financial risks, in particular, we availed ourselves of the services of prominent law offices and auditing firms with proven long years of experience in both readying and conducting acquisitions of this magnitude as advisors. In various conversations and meetings between the management of Pfeiffer Vacuum and the management of the target company, the opportunities and risks of an acquisition were discussed, structured and consolidated. This significantly reduced the risk of unanticipated developments. However this is a risk that can never be entirely excluded, because successful integration also hinges upon numerous further factors. Overall, we view the acquisition of adixen as representing an opportunity, first and foremost. We consider the risks to be manageable.

Technology
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. As a manufacturer of high-tech products, the key risk factors for Pfeiffer Vacuum include a lack of innovative strength and the loss of quality of products and services. We combat these risks through ongoing customer contact and the resulting market intimacy. The information thus obtained about the needs of our customers 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. We will continue to combat the risk of a lack of innovation through our development investments. 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. We therefore view the likelihood of this risk occurring as being low.

Purchasing and manufacturing
The risks in the sourcing market occur, in particular, in the form of supply bottlenecks and dependency upon individual vendors. Downtimes are viewed as a key risk from a production standpoint. 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 to a low level. Regular service and preventive maintenance for our machinery and equipment also helps to avoid downtimes. As a result of the measures we have instituted, we assess this risk as being low.

Human resources
As a provider of vacuum solutions, i.e. a subset of mechanical engineering, we are dependent upon the high level of education, training and commitment of our employees. We use various measures to combat the risk of losing these people and/or insufficient recruiting possibilities for suitable new blood. An attrition rate that continues to be low, amounting to around 4.2 % in fiscal 2010, documents the acceptance of this on the part of our people. The likelihood of this potential risk occurring is therefore assessed as being low.

Information technology
Because our business processes are mapped by means of software support, Pfeiffer Vacuum's corporate data are subject to a general information technology risk. This includes, first and foremost, the risks of system outages, data losses, virus or hacker attacks that could lead to an interruption of business operations. 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 additionally uses regularly updated virus scanners and modern firewalls to protect its hardware and software against the risk of computer viruses and hacking. Due to the above-indicated measures, the likelihood of potential risks occurring is assessed as being low.

Exchange rate 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. A distinction must be made with respect to the way foreign exchange risks are controlled: The Company engages in active currency management for the (intercompany) sales revenues of Pfeiffer Vacuum GmbH with the subsidiary in the United States. The objective is to enter into options and futures contracts in order to minimize the effects of exchange rate influences on future sales revenues denominated in U.S. dollars. Moreover, there is a valuation risk at Pfeiffer Vacuum GmbH at the close of the fiscal year that stems from intercompany accounts receivable denominated in foreign currencies. Both gains and losses from realized options and futures contracts, as well as the valuation results stemming from accounts receivable denominated in foreign currencies, are subject to taxation to a certain extent. This manifests itself in the Income Statement. Aside from the exchange rate risks stemming from the U.S. dollar, Pfeiffer Vacuum is not subject to any other material foreign exchange rate parity risks, since the vast majority of invoicing is in euros.

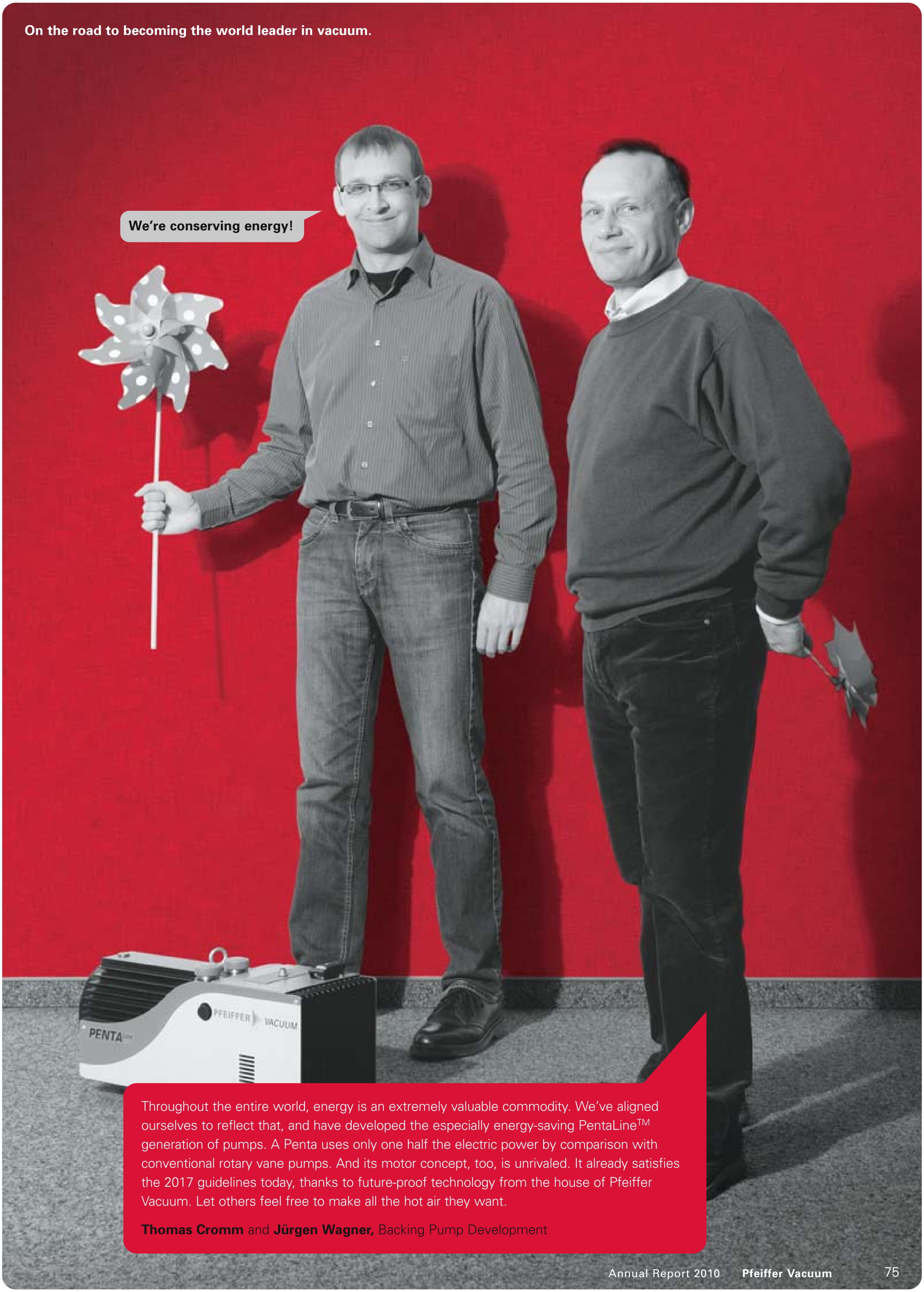
However the Consolidated Income Statement also includes the income and expenses of the non-German sales subsidiaries that do not report in euros, which therefore have to first be translated into euros. This procedure, and the resulting effects, will be portrayed below using the U.S. sales subsidiary by way of example. However these comments also apply analogously to all foreign-currency subsidiaries, such as those in the United Kingdom or South Korea. The line items in the Income Statement are translated into euros at the annual average exchange rate and then adjusted for intercompany sales and services. Leaving selling and general administrative expenses out of consideration, it is possible to achieve a correlation within the Corporate Group between sales revenues with U.S. customers and the cost of sales in Germany. In this connection, sales revenues invoiced in U.S. dollars are subject to a foreign exchange rate parity risk (conversion risk), while the cost of sales are incurred only in Germany and are not subject to any exchange rate influences. The magnitude of sales revenues and gross profit are therefore influenced directly by the exchange rate and are externally stipulated, unless hedgable. A certain degree of compensation for this effect results from the fact that the subsidiary in the United States records its own selling and general administrative costs, which change opposite sales revenues (natural hedge). In this connection – as a function of the development of the euro relative to the respective foreign currency – there can be both positive as well as negative effects on sales revenues and operating profit. The development of the U.S. dollar positively influenced consolidated net revenues and operating profit in fiscal 2009, for example, by € 2.0 million and € 1.4 million, respectively. In fiscal 2010, there were also positive effects on sales revenues and operating profit in the amount of € 2.5 million and € 1.7 million, respectively, stemming from the exchange rate of the U.S. dollar.

Liquidity position
The risk of a customer's insolvency always exists, independently of the economic situation. There are general liquidity risks of being unable to satisfied required payment obligations in a timely manner. 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. In spite of the acquisition of the Alcatel-Lucent group's vacuum business unit, there was no net indebtedness at year end, which means that there continue to be sufficient reserves to assure the survival of the Company, even in difficult economic times. Our operative business generates sufficient liquid assets to enable the Company to continue to grow from within.

Legal position
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. We therefore assess the likelihood of corresponding risks occurring as being low.

Opportunities

Acquisitions
In addition to the above-described risks, the acquisition and integration of Trinos Vakuum-Systeme GmbH, as well as the Alcatel-Lucent group's vacuum business unit, or adixen for short, also hold the promise of enormous opportunities for the continued development of our business operations. Expanding our product portfolio to include components from Trinos has not only enabled us to do a better job of satisfying the needs of our existing customers, it is also enabling us to win any number of new customers. We expect the same of the products from adixen. adixen's technology leadership in various backing pump technologies is an obvious vehicle for marketing these products, especially to our existing turbopump customers. Because no turbopump is able to operate without a backing pump. Conversely, we will also be increasingly offering our turbopumps to adixen's existing customers. Regionally speaking, adixen is especially strong in Asia. With respect to market segments, adixen has an outstanding position in the semiconductor market. We expect that we will be able to utilize major opportunities in exploiting the synergy potential, and that the resulting gains will outweigh the above-discussed risks.



Throughout the entire world, energy is an extremely valuable commodity. We've aligned ourselves to reflect that, and have developed the especially energy-saving PentaLine™ generation of pumps. A Penta uses only one half the electric power by comparison with conventional rotary vane pumps. And its motor concept, too, is unrivaled. It already satisfies the 2017 guidelines today, thanks to future-proof technology from the house of Pfeiffer Vacuum. Let others feel free to make all the hot air they want.

Thomas Cromm and **Jürgen Wagner,** Backing Pump Development

Technology
Through its long years of experience, Pfeiffer Vacuum is highly successful in developing viable, high-quality products and bringing them to market. The foundation for this consists of 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. With innovative products and by steadily broadening our product portfolio, there are opportunities for doing a better job of covering existing markets and generating opportunities for additional sales volumes by gaining market share. In fiscal 2010, we were already able to broaden our product portfolio to include innovative vacuum chambers that are designed to satisfy specific customer wishes through the acquisition of Trinos Vakuum-Systeme GmbH. This year, through the acquisition of the adixen vacuum business unit, we will be able to expand our offerings to include highly innovative backing pumps, in particular. We are confident that this will enable us to not only offer our customers a broader spectrum of products, but to also come up with further interesting product solutions as a result of the merger and the know-how possessed by these companies.

Sales and marketing
One of the Company's key competitive advantages has always been its lack of dependence upon individual regions, products or markets. We therefore view the expansion of our sales and marketing network as representing an opportunity to increase our market share. A first step had already been made during the year under review through the acquisition of Trinos Vakuum-Systeme GmbH. In this connection, we are not speaking only of sales growth stemming from this corporate acquisition. The combination of the Trinos Vakuum-Systeme GmbH product portfolio and Pfeiffer Vacuum's international sales and marketing structure results in promising sales potential. With adixen, we took the second step in acquiring a Corporate Group as of December 31, 2010, that possesses a sales and marketing structure that is similar to that of Pfeiffer Vacuum and is already very well positioned on the international market. In the future, this will enable us to benefit by increasing our market share in the global market for vacuum pumps and allow us to take advantage of improved access to the Asian market.

Production and logistics
Through the optimization of our production and logistics processes, we have laid the foundation in recent fiscal years for further improving our profitability. We therefore see this as an opportunity for being even faster in offering high-quality solutions to our customers in the future, as well. We have rigorously aligned the flows of materials in Manufacturing toward our modern Logistics Center. Reorganizing and fundamentally modernizing manufacturing operations has led to additional productivity gains. As a solutions provider, we focus squarely on the needs of our customers. And through the reorganization of our manufacturing process, we are now being 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 is increasing efficiency. We are confident that the interplay between these modernization measures will help us to reduce throughput times in the future.

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. We therefore utilize the opportunity of assuring the long-term loyalty of the Company's existing talent while simultaneously being an attractive employer for new people. Attractive pay concepts have been in place for years at Pfeiffer Vacuum. 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 in the future and to assure the loyalty of our talent to the Company – both are absolute prerequisites for the Company's successful further development.

General comments on the risk management system

We are of the opinion that the risk management system 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.

SWOT Analysis of the Pfeiffer Vacuum Group

	Strengths	Weaknesses
Company-Related	■ Technology leadership in all relevant product categories: Turbopumps, backing pumps and leak detectors ■ Highly innovative ■ Balanced market penetration by region and market, in accordance with the respective potential ■ Strong, sound balance sheet ■ Strong cash position ■ Sustained dividend history	■ In part dependent upon economic cycles ■ More strongly dependent upon the cyclical semiconductor market
Market-Related	**Opportunities**	**Risks**
	■ Further strengthening technology leadership ■ Cross-selling potential for Pfeiffer Vacuum and adixen ■ Cost-reduction potential created by the acquisition of adixen ■ Strengthening market presence in Asia ■ Advantages of a Company-owned production location in Asia	■ Volatilities in euro foreign exchange rate parities ■ Integration of the adixen group

Rating

Pfeiffer Vacuum Technology AG is not subject to any official rating under Moody's, Standard & Poor's or similar standards.

Early 2011 and Outlook

Early 2011

There have not been any material changes in the Company's position or the industry environment since the beginning of the 2011 fiscal year.

Outlook

General economic development

In fiscal 2010, the world economy recovered surprisingly swiftly from the previous year's serious crisis. It is against this backdrop that predictions should be viewed that call for the world economy to see further growth during the current fiscal year, although in somewhat weaker form. Experts estimate, for example, that world economic growth will be around 4.2 % in 2011, as opposed to 4.9 % last year. In this connection, growth will predominantly be coming from the threshold countries, while the Euro Zone will develop at a below-average pace of 1.5 %. With estimated above-average growth of 2.5 %, Germany will continue to hold a prominent position within the Euro Zone. It is expected that the economic situation in the United States will tend to improve over 2010, with this development being forecast to manifest itself in a growth rate of 3.3 %. In Asia, it is anticipated that China will post the strongest growth rate of 9.5 %, followed by India with 8.0 %. Both of these values represent a modest decline from the high growth rates that had been seen the year before. In the case of the Japanese economy, a growth rate of 1.6 % represents a significant cool-down in growth. In Russia, on the other hand, the economy would appear to be picking up speed with a growth rate of 4.2 %. In South America, Brazil is expected to see a growth rate of 4.1 % and Mexico 3.6 %, which are average for the region.

Mechanical engineering

According to information from the German Association of Machinery and Systems Manufacturers (VDMA), the situation in the mechanical engineering industry improved considerably during the past fiscal year as opposed to the year before, when production had crumbled by 24.5 %. With production output rising by around 6 % from 2009, though, this sector has still not nearly returned to its pre-crisis level. A further 8 % increase in production output is anticipated for the current year.

What has changed with respect to the regional structure is that China has since moved up to become our most important non-German market, ahead of the United States. A further change that should be noted is that the four BRIC countries (Brazil, Russia, India, China) now are major competitors to German capital goods manufacturers. Although only around one out of every twelve German mechanical engineering

When companies grow together, the communication has to be right. And that naturally also applies to the exchange of data in all areas. We at IT have been paying attention to the issue of networking early on. And we did it to assure that we’d have sufficient capacity available in the future. Centrally and decentrally. To make sure that everything works perfectly at our new locations, for example, and around the globe. Right from the very first day. Smooth as silk!

Kirsten Tunkel and **Albertine Carine Longmene,** IT / Organization companies indicates that its biggest competitor is domiciled in the BRIC countries, almost one out of every two of them believes that their biggest competitor will be coming from one of these countries within five years at the latest. For Pfeiffer Vacuum, this development means that the regional structure of its markets will be shifting away from a focus on Germany and Europe and toward stronger deliveries to the BRIC countries and further Asian nations.

Since the Company's main competitors are also located in Europe and the barriers to entry are quite high, it is initially not being assumed that increasing competitive pressure will be coming from other regions of the world. However we are constantly monitoring the situation in order to be able to respond to changes early on.

Development in the market segments
Pfeiffer Vacuum classifies its customers into the market segments of Analytical Industry, Industrial, Research & Development, Semiconductors and Chemical and Process Technology. Developments in the individual areas are dependent upon various regional and economic paradigms, which makes them difficult to predict in detail. The Analytical Industry market segment, for example, is dependent upon research and quality assurance activities in industry in general, and especially upon the semiconductor segment. General economic trends also play a role in this connection. In the Industrial market segment, new order growth is being governed first and foremost by new product developments as well as by the general trend toward resource conservation. The Research & Development market segment is dependent upon political decisions regarding support for projects and research institutions.

The Semiconductor market segment is considered to be cyclical, experiencing a boom phase during the past fiscal year that is also expected to be sustained in the current fiscal year, although in weaker form. Fundamentally, Pfeiffer Vacuum assumes that there will be general growth in the demand for products from the semiconductor industry as digitalization of everyday activities increases – although this development could be punctuated by brief setbacks in the future.

The Chemical and Process Technology market segment is subject to factors that are similar to those in the Industrial market segment. This segment is very small, and is already organizationally linked to the Industrial market segment. This is why Pfeiffer Vacuum no longer intends to report on this segment individually in the future, but to include it in the Industrial segment.

Development of sales revenues in 2011
The acquisition of the Alcatel-Lucent group's adixen vacuum technology business unit effective December 31, 2010, will more than double Pfeiffer Vacuum's sales revenues during the current 2011 fiscal year. Combining the sales revenues of € 220 million that Pfeiffer Vacuum recorded in 2010 and adixen's calculated sales revenues for 2010 in the amount of € 270 million, and assuming moderate growth in fiscal 2011, results in a sales revenue forecast of at least € 500 million for fiscal 2011. Given no change in the economic environment and assuming a constant level of demand in the vacuum industry, especially in the semiconductor sector, we also anticipate sales revenues in excess of € 500 million for the 2012 fiscal year.

What will be the decisive factor in the short- and medium-term success of this corporate acquisition will be the extent to which we will already be able to boost the sales volume of the Corporate Group in fiscal 2011 through the integration of the two sales and marketing networks. In order to achieve successes as swiftly as possible, multiple projects were launched in this connection right at the beginning of 2011. And the development thus far gives us every reason to be optimistic in viewing the future. As a result of the development of new orders, especially in the fourth quarter of 2010, we anticipate that sales revenues will develop on a positive note – from the baseline of the past fiscal year. As a result of the better overall economic development in the United States and Asia, we expect to see revenue growth in these regions, in particular.

Development of profitability
The development of profitability in fiscal 2011 will be very significantly influenced by adixen's volume of sales revenues. adixen's return on sales and EBIT margin are not on the same high level as those at Pfeiffer Vacuum. This means that there will be a decline in overall margin within the Corporate Group. Plus the fact that we will be taking scheduled depreciation/amortization on certain amounts as a result of the purchase price allocation, thus burdening profitability. The Management Board anticipates an EBIT margin of less than 20 % for fiscal 2011. It is the medium-term goal of the Management Board to increase the EBIT margin to 20 % again.

The capital expenditures that are currently planned for fiscal 2011 total around € 16 million for the entire Corporate Group. In line with our approach in the past, which we feel has proven its worth, we will provide a detailed outlook for the full 2011 fiscal year at the Annual Shareholders Meeting on May 26, 2011. The realignment of our planning that has been necessitated in conjunction with the acquisition of adixen means that it is not yet possible at the present point in time to provide a precise outlook for fiscal 2011.

Dividend
Pfeiffer Vacuum is one of the highest-dividend issues on the German equity market. Pfeiffer Vacuum Technology AG intends to remain true to this philosophy, even though some € 200 million (including redemption of debt in the amount of € 85.0 million) was invested for the acquisition of adixen. Consequently, the Management and Supervisory Boards will propose that a dividend in the amount of € 2.90 per share be distributed for the 2010 fiscal year (2009: € 2.45 per share). The distribution volume of € 28.6 million would again mean that around 75 % of consolidated net income will be paid to our shareholders.

Distribution Rate, Dividend per Share, Dividend Yield

		2010	2009
Distribution rate*	(in %)	**75.0**	75.6
Dividend per share	(in €)	**2.90** **	2.45
Dividend yield	(in %)	**3.3**	4.2

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

Forward-looking statements
The statements contained in this outlook are based upon assumptions relating to the development of both the overall economy and specific industries in the future. 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.

The 2011 fiscal year will be an especially important one in the history of Pfeiffer Vacuum. The task will be to integrate adixen's business operations into the existing Pfeiffer Vacuum Group as swiftly as possible, to realize the sales potentials anticipated in connection with the acquisition and to thus make this acquisition successful. In doing so, we intend to remain a highly profitable Company and to offer our shareholders a secure and worthwhile financial investment. And these are ambitious goals. However we are confident that, given the development of new orders at the close of the 2010 fiscal year, our strategic alignment toward clearly defined target markets and our current talks with our customers, we will be able to achieve these goals. This assumption is based upon the innovative strength of our Development Department and, last but not least, our well trained and educated, motivated people.

CONSOLIDATED FINANCIAL STATEMENTS

On the road to becoming the world leader in vacuum.

Our vacuum technology plays a major role in the semiconductor market. For example in manufacturing the LEDs that are employed in flat screens. Or in flashlights or headlights. Here, too, LEDs are gaining ever-greater acceptance as a source of illumination. Further fields of application include structural and road lighting as well as effect lighting. Together with adixen, we are satisfying the needs of this growth market with vacuum solutions for demanding semiconductor production processes.

Eileen Nennstiel, Sales & Marketing Germany

Consolidated Statements of Income Pfeiffer Vacuum Technology AG

(in K €)	Note	**2010**	2009
Net sales	34	220,475	182,001
Cost of sales	17	– 117,553	– 103,694
Gross profit		**102,922**	78,307
Selling and marketing expenses	7	– 26,211	– 22,961
General and administrative expenses	8	– 16,518	– 10,634
Research and development expenses		– 6,993	– 7,171
Other operating income	9	1,424	1,170
Other operating expenses	9	– 1,714	– 937
Operating profit	34	**52,910**	37,774
Financial expenses	10, 35	– 1,798	– 239
Financial income	10, 35	3,416	893
Earnings before taxes	34	**54,528**	38,428
Income taxes	27	– 16,199	– 10,735
Net income		**38,329**	27,693
Thereof attributable to:			
Pfeiffer Vacuum Technology AG shareholders		**38,144**	27,596
Non-controlling interests		185	97
Earnings per share (in €):			
Basic	37	4.40	3.24
Diluted	37	4.40	3.24

Consolidated Statements of Comprehensive Income Pfeiffer Vacuum Technology AG

(in K €)	Note	2010	2009
Net income		**38,329**	27,693
Other comprehensive income			
Currency changes	24	2,225	– 248
Results from cash flow hedges	24, 35	40	568
Revaluation of available-for-sale securities	15, 24, 35	– 1,293	1,293
Income tax relating to other comprehensive income	24	– 12	– 164
Other comprehensive income, net of tax		**960**	1,449
Total comprehensive income		**39,289**	29,142
Thereof attributable to:			
Pfeiffer Vacuum Technology AG shareholders		**39,041**	29,006
Non-controlling interests		248	136

Consolidated Balance Sheets Pfeiffer Vacuum Technology AG

(in K €)	Note	Dec. 31, 2010	Dec. 31, 2009
Assets			
Intangible assets	11	93,565	783
Property, plant and equipment	12	80,582	36,117
Investment properties	13	616	640
Shares in associated companies	14	2,150	–
Investment securities	15	–	4,355
Prepaid pension cost	28	554	420
Deferred tax assets	27	5,850	489
Other non-current assets		3,146	1,458
Total non-current assets		**186,463**	44,262
Inventories	17	104,511	17,546
Trade accounts receivable	18	85,551	20,623
Receivables from construction contracts	19	–	5,775
Other accounts receivable	20	9,581	5,943
Prepaid expenses		1,628	924
Investment securities	15	–	1,998
Cash and cash equivalents	21	84,975	61,983
Total current assets		**286,246**	114,792
Total assets		**472,709**	159,054
Shareholders' equity and liabilities			
Equity			
Share capital	22	25,261	22,965
Additional paid-in capital	22	98,862	13,305
Retained earnings	23	145,652	128,368
Other equity components	24	–2,160	–3,057
Treasury shares	25	–	–23,808
Equity of Pfeiffer Vacuum Technology AG shareholders		**267,615**	137,773
Non-controlling interests	6	2,361	564
Total equity		**269,976**	138,337
Financial liabilities	26	75,487	–
Provisions for pensions	28	6,298	1,478
Deferred tax liabilities	27	1,001	347
Total non-current liabilities		**82,786**	1,825
Trade accounts payable	29, 35	54,262	3,895
Liabilities from construction contracts	19, 35	–	187
Other accounts payable	30	19,120	1,415
Provisions	31	26,885	8,900
Income tax liabilities	27	11,868	1,513
Customer deposits		4,642	2,982
Financial liabilities	32	3,170	–
Total current liabilities		**119,947**	18,892
Total shareholders' equity and liabilities		**472,709**	159,054

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 Compo-nents	Treasury Shares	Total	Non-controlling Interests	**Total Equity**
Balance on January 1, 2009		**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	24, 35	–	–	–	1,410	–	1,410	39	1,449
Total comprehensive income		**–**	**–**	**27,596**	**1,410**	**–**	**29,006**	**136**	**29,142**
Dividend payment	23	–	–	–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**
Net income		–	–	38,144	–	–	38,144	185	38,329
Earnings recorded directly in equity	24, 35	–	–	–	897	–	897	63	960
Total comprehensive income		**–**	**–**	**38,144**	**897**	**–**	**39,041**	**248**	**39,289**
Dividend payment	23	–	–	–20,860	–	–	–20,860	–139	–20,999
Increase in share capital	22	2,296	70,999	–	–	–	73,295	–	73,295
Sale of treasury shares	25	–	14,722	–	–	23,808	38,530	–	38,530
Purchase of non-controlling interests	22	–	–164	–	–	–	–164	–69	–233
Changes in scope of consolidation	6	–	–	–	–	–	–	1,757	1,757
Balance on December 31, 2010		**25,261**	**98,862**	**145,652**	**–2,160**	**–**	**267,615**	**2,361**	**269,976**

Consolidated Statements of Cash Flows Pfeiffer Vacuum Technology AG

(in K €)	Note	2010	2009
Cash flow from operating activities:			
Earnings before taxes	34	54,528	38,428
Adjustment for financial income/financial expense		665	–842
Financial income received		764	803
Financial expenses paid		–172	–111
Income taxes paid		–8,149	–15,093
Depreciation/amortization	11, 12, 13, 34	4,244	3,713
Non-cash impairment losses	14	350	188
Gains from disposals of assets	15	–2,627	–8
Changes in allowances for doubtful accounts	18	172	272
Changes in inventory reserves	17	358	1,017
Effects of changes in assets and liabilities:			
Inventories		–4,327	749
Receivables and other assets		1,508	2,377
Provisions, including pension and income tax liabilities		1,190	–2,626
Payables, other liabilities		3,400	–5,439
Net cash provided by operating activities		**51,904**	23,428
Cash flow from investing activities:			
Payments for acquisitions	6	–94,878	–
Capital expenditures	11, 12, 13, 34	–4,889	–6,006
Expenditures from purchase of associated companies	14	–2,500	–
Expenditures from purchase of non-controlling interests		–225	–
Redemptions/sales of investment securities	15	7,695	3,000
Proceeds from disposals of fixed assets		138	72
Net cash used in investing activities		**–94,659**	–2,934
Cash flow from financing activities:			
Redemption of financial liabilities	6	–93,026	–
Dividend payments	23	–20,860	–28,523
Dividend payments to non-controlling interests		–139	–94
Proceeds from increase of share capital	22	73,007	–
Proceeds from increase of financial liabilities	26	67,000	–
Sale of treasury shares	25	38,530	–
Net cash provided by/used in financing activities		**64,512**	–28,617
Effects of foreign exchange rate changes on cash and cash equivalents		1,235	1,789
Net increase/decrease in cash and cash equivalents		**22,992**	–6,334
Cash and cash equivalents at beginning of period		61,983	68,317
Cash and cash equivalents at end of period	21	**84,975**	61,983

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 facilities in Asslar and Göttingen, 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, 2010, 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). 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.

Associated companies are accounted for using the equity method. Companies are considered to be associated if the Pfeiffer Vacuum Group holds an equity investment of at least 20 % and if it is possible to significantly influence operating and financial policies.

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 as at December 31, 2010, or in previous years. Nor were there any controlled entities pursuant to the rules of SIC 12, "Consolidation – Special Purpose Entities."

Consolidation of investments is effected at the acquisition date in accordance with the acquisition method. In this connection, all assets, liabilities and intangible assets that can be additionally recognized are first valued at their attributable fair values. The acquisition costs of the equity investment, i.e. the total compensation transferred, valued in accordance with attributable fair values, are then offset against the acquired, newly valued shareholders' equity. Any resulting difference is recognized as goodwill and written down only in the event of an impairment (impairment-only approach). In the case of every corporate merger, those shares that do not have a controlling influence on the acquired company (non-controlling interests) are valued either at their attributable fair value or at a corresponding percentage of the identifiable net worth of the acquired entity. Costs incurred within the framework of the corporate merger are recorded as expense.

Non-controlling 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. A change in the percentage of a subsidiary that is held without loss of control is recorded as an equity transaction.

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.

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, 2010		
IFRS 2 "Share-based Payment"	January 2008	January 1, 2010
IFRS 3 "Business combinations – 2008 revised"	January 2008	July 1, 2009
IAS 27 "Consolidated and Separate Financial Statements – amended"	January 2008	July 1, 2009
IAS 39 "Financial Instruments: Recognition and Measurement" – Eligible Hedged Items	July 2008	July 1, 2009
IASB's Annual Improvements Project 2008	May 2008	Separate transitional rules and time of coming into force in each case
IASB's Annual Improvements Project 2009	April 2009	Separate transitional rules and time of coming into force in each case
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
Voluntary applicability for fiscal years ending on or after December 31, 2010		
Changes to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures"	March 2009	July 1, 2009
IAS 24 "Related Party Disclosures"	November 2009	January 1, 2011
Changes to IAS 32 "Classification of Rights Issues"	October 2009	February 1, 2010
Changes to IFRIC 14 "Minimum Funding Requirements"	November 2009	January 1, 2011
IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"	November 2009	July 1, 2010

* 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:

Prior to the preparation of the Consolidated Financial Statements, the following standards have thus far been issued: New or amended versions of IFRS 7, "Financial Instruments: Disclosures," IFRS 9, "Financial Instrument: Classification and Measurement," IAS 12, "Deferred Tax: Recovery of Underlying Assets," and IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments," 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 2010 Annual Improvements Project. 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 at year-end.

Research and development expenses Research and 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. 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.

Once a year, the Company reviews goodwill for possible impairments. For the purpose of the impairment test, goodwill acquired within the context of a corporate merger is allocated at the acquisition date to those cash generating units of the Corporate Group that can be expected to be able to benefit from the corporate merger. 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. A reversal of goodwill impairment losses in future periods is not permissible.

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 changes in the valuation methods. 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 38 % of total consolidated sales revenues are invoiced in foreign currencies (non-euro, predominantly in U.S. 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 35 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.

Bank loans are also categorized as financial liabilities and are measured at fair value upon first recognition and in future periods at amortized costs using the effective interest method. This takes into consideration all components of the effective interest rate. Interest income and expenses resulting from the application of the effective interest rate method are shown under financial results.

Shares in associated companies Associated companies are valued in accordance with the equity method, with the book value of the company being adjusted annually by the percentage of results, dividend distributions and other changes to shareholders' equity. Any goodwill in connection with an associated company is included in the book value of the shareholdings, and is subjected to neither scheduled depreciation nor any special impairment test. If there are indications of a permanent impairment, the equity investment valuation is reduced, with the change being charged to income.

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 28.

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 measured at amortized costs. Thus, they 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 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.

Leases In accordance with IAS 17, "Leases," leasing contracts are classified as either finance or operating leases. Assets that are subject to operating leases are not capitalized. Lease payments are charged to income in the year they are incurred.

Under a finance lease, substantially all of the risks and rewards related to the leased asset are transferred. Assets that are subject to a finance lease are recorded at the present value of the minimum lease payments, with a leasing liability being recorded in the same amount. The periodic lease payments are divided into principal and interest components. While the interest component is recorded as an interest expense, the principal component reduces the outstanding liability. Assets recognized are depreciated over the useful life of the respective asset.

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, 2010, no judgment uncertainties existed that could lead to the significant risk of the need for a material adjustment of book values in the 2011 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 anticipated cash flows in connection with the goodwill impairment test 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 Scope of Consolidation

5. Composition of consolidated companies

In addition to Pfeiffer Vacuum Technology AG, three German (2009: one) and 26 foreign subsidiaries (2009: 11) are fully consolidated in the Company's Consolidated Financial Statements as at December 31, 2010.

Pfeiffer Vacuum Group on December 31, 2010

	Location	Holdings (in %)
Pfeiffer Vacuum Technology AG	Germany	
Pfeiffer Vacuum GmbH	Germany	100.0
Pfeiffer Vacuum Austria GmbH	Austria	100.0
Pfeiffer Vacuum (Schweiz) AG	Switzerland	99.4
Pfeiffer Vacuum (Shanghai) Co., Ltd.	China	100.0
Pfeiffer Vacuum France SAS	France	100.0
Pfeiffer Vacuum (India) Ltd.	India	27.0*
Pfeiffer Vacuum Ltd.	Great Britain	100.0
Pfeiffer Vacuum Scandinavia AB	Sweden	100.0
Pfeiffer Vacuum Inc.	USA	100.0
Pfeiffer Vacuum Brasil Ltda.	Brazil	100.0
Pfeiffer Vacuum Rus OOO	Russia	100.0
Pfeiffer Vacuum Holding B. V.	The Netherlands	100.0
Pfeiffer Vacuum Italia S. p. A.	Italy	100.0
Pfeiffer Vacuum (India) Ltd.	India	73.0*
Pfeiffer Vacuum Korea Ltd.	Republic of Korea	75.5
Trinos Vakuum-Systeme GmbH	Germany	100.0
Alcatel Vacuum Technology France SAS	France	100.0
adixen Singapore Ltd.	Singapore	100.0
adixen Scandinavia AB	Sweden	100.0
Alcatel Vacuum Technology (Shanghai) Co., Ltd.	China	100.0
Alcatel Vacuum Technology Taiwan Ltd.	Taiwan	100.0
adixen Manufacturing Korea Co., Ltd.	Republic of Korea	100.0
Teknovid S.r.l.	Romania	72.0
Alcatel Vacuum Technology India Ltd.	India	100.0
Alcatel Vacuum Products Inc.	USA	100.0
Alcatel Vacuum Technology Korea Ltd.	Republic of Korea	90.0
Alcatel Hochvakuumtechnik GmbH	Germany	100.0
Alcatel Vacuum Technology Ltd.	Great Britain	100.0
Alcatel Vacuum Systems S.p.A.	Italy	100.0
adixen Japan Ltd.	Japan	100.0

* Total Group holdings: 100.0 %

6. Changes in consolidated companies in 2010

Acquisition of Trinos Vakuum-Systeme GmbH Effective January 1, 2010, Pfeiffer Vacuum Technology AG acquired all shares of Trinos Vakuum-Systeme GmbH (Trinos), of Göttingen, Germany. The Trinos product portfolio comprises high-quality vacuum components, chambers and systems, and thus complements the Pfeiffer Vacuum product portfolio. Additionally, these products can be marketed well via the Pfeiffer Vacuum sales organization. The Company is therefore in an even better position to offer its customers comprehensive vacuum solutions that are geared toward their specific needs.

The fair values of the identifiable assets and liabilities on January 1, 2010 (acquisition date), are composed as follows:

Fair Value of Assets and Liabilities assumed (in K €)

	January 1, 2010
Assets	
Property, plant and equipment	6,001
Intangible assets	233
Receivables	1,974
Inventories	2,604
Cash and cash equivalents	83
Other assets	820
Total assets	**11,715**
Liabilities	
Trade accounts payable	–360
Provisions	–297
Financial liabilities	–8,591
Deferred tax liabilities	–352
Other liabilities	–344
Total liabilities	**–9,944**
Total identifiable net assets (fair value)	**1,771**
Goodwill arising on acquisition	8,229
Total consideration (purchase price)	**10,000**

The purchase price comprises only a cash component. Taking into consideration the cash and cash equivalents acquired from Trinos (K € 83), the net cash used in connection with this corporate acquisition totaled K € 9,917.

The gross amount of accounts receivable represents the attributable fair value; the entire amount was collectable.

The goodwill in the amount of € 8.2 million represents the synergy effects stemming from a broader product portfolio and the opportunity of being able to market the products from Trinos via the existing Pfeiffer Vacuum sales and marketing network. The goodwill will not be able to be applied for tax purposes and remained unchanged as at December 31, 2010.

The sales revenue and net profitability contribution from Trinos since January 1, 2010, totaled € 17.3 million and € 1.8 million, respectively. The transaction costs thus far incurred and borne by the Corporate Group in fiscal 2010 amounted to K € 7 (2009: K € 43). They were attributable to legal and expertise fees, and are included under general and administrative expenses.

Acquisition of the Alcatel-Lucent group's adixen vacuum technology business unit Pfeiffer Vacuum Technology AG acquired the Alcatel-Lucent group's vacuum technology business unit (adixen) effective December 31, 2010. adixen's business operations complement Pfeiffer Vacuum's strategic alignment as a result of the very few overlaps in terms of products and regions. The entire adixen business unit comprises 14 entities and is headquartered in France. For further details relating to the acquired companies and the equity investment ratios please refer to Note 5.

Due to the brief period of time between the acquisition and the statutory publication deadline, the initial consolidation of this business unit has been made on a preliminary basis. The IFRS book values of the assets and liabilities as at December 31, 2010 (acquisition date) served as the basis for inclusion in the Consolidated Financial Statements:

IFRS Net Book Value of Assets and Liabilities assumed (in K €)

	Dec. 31, 2010
Assets	
Property, plant and equipment	38,377
Intangible assets	888
Receivables	64,840
Inventories	79,963
Cash and cash equivalents	26,917
Other assets	4,787
Total assets	**215,772**
Liabilities	
Trade accounts payable	– 45,487
Provisions	– 15,694
Financial liabilities	– 94,972
Pension provisions	– 4,893
Other liabilities	– 24,034
Total liabilities	**– 185,080**
Total net assets (net book value)	**30,692**
Net book value of non-controlling interests	– 1,757
Preliminary goodwill arising on acquisition	82,944
Total consideration (purchase price)*	**111,879**

* With no consideration being given to the redemption of financial liabilities to the former parent corporation in the amount of K € 85,000

Because the assets and liabilities were recorded at book value, the goodwill thus determined is also preliminary in nature. The final purchase price allocation of the adixen acquisition will be made in accordance with the IFRS when all relevant information is available, at the latest after one year.

The purchase price comprises only a cash component, and was provisionally stipulated as at December 31, 2010. Final determination of the purchase price will be made in the spring of 2011. Taking into consideration the cash and cash equivalents acquired from adixen (K € 26.917), the net cash used in connection with this corporate acquisition totaled K € 84,962. In addition, the financial liabilities of the adixen entities to the former parent corporation in the amount of K € 85,000 were redeemed within the context of the acquisition.

The gross amount of receivables assumed totaled € 65.0 million. € 0.2 million will likely be uncollectable, which is why a correspondingly lower value has been recorded.

The preliminary goodwill in the amount of € 82.9 million represents the synergy effects stemming from the broader product portfolio and the opportunity of being able to market this product portfolio via the existing Pfeiffer Vacuum sales and marketing network, as well as adixen's strong market position in Asia, which will further simply market entry there. Moreover, we see additional synergy potential in connection with the development of new products. The goodwill is not expected to be able to be applied for tax purposes.

As a result of the acquisition's effective date of December 31, 2010, the transaction did not have any effect on profitability for fiscal 2010. Had the acquisition been effected at the outset of fiscal 2010, there would have been sales revenues of € 491.1 million. As a result of the short period of time between year end and the drawing up of the financial statements, information relating to the consolidated results for fiscal 2010 that takes the acquisition into consideration cannot be dependably determined. The transaction costs incurred in fiscal 2010, which are to be borne by the Corporate Group, totaled K € 2,993. They were attributable to legal and expertise fees and are included under general and administrative expenses.

New companies founded during the fiscal year The sales subsidiaries Pfeiffer Vacuum Brasil Ltda. and Pfeiffer Vacuum Rus OOO were formed in Brazil and Russia in fiscal 2010 to better reflect the growing importance of these regional markets. They did not have any major impact on the Company's net worth, financial position or profitability.

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

7. 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.).

8. 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.

9. Other operating income and other operating expense

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 17 (relating to cost of sales), to Note 28 (relating to the development of pension expenses) and to Note 40 (relating to development of personnel expenses).

10. Financial income and financial expenses

Financial income and financial expenses as recorded in 2010 and the previous year comprises as follows:

Composition of financial income and financial expenses (in K €)

	2010	2009
Interest expenses and similar	–1,448	–50
Impairment losses	–350	–189
Total financial expenses	**–1,798**	–239
Gains on disposals of financial assets	2,633	–
Interest income	526	751
Dividend income	257	142
Total financial income	**3,416**	893
Financial result	**1,618**	654

11. Intangible assets

The intangible assets item mainly includes software purchased within the consolidated Group as well as goodwill. The development of intangible assets in 2010 and 2009 was as follows:

Development of Intangible Assets in 2010 (in K €)

	Software	Other intangible assets	Goodwill	**Total**
Acquisition cost				
Balance on January 1, 2010	3,142	–	213	3,355
Currency changes	29	–	–	29
Additions	380	397	–	777
Disposals	–5	–	–	–5
Additions from acquisitions	921	200	91,173	92,294
Balance on December 31, 2010	4,467	597	91,386	96,450
Amortization				
Balance on January 1, 2010	2,572	–	–	2,572
Currency changes	18	2	–	20
Additions	231	65	–	296
Disposals	–3	–	–	–3
Balance on December 31, 2010	2,818	67	–	2,885
Net book value on December 31, 2010	**1,649**	**530**	**91,386**	**93,565**

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**

Impairment losses did not have to be recorded for intangible assets in fiscal 2010 and 2009.

The recoverable amount for goodwill stemming from the Trinos acquisition employed within the context of the impairment test (please refer also to Note 6) was determined as at December 31, 2010. The basis for this was a cash flow forecast for fiscal 2011 through 2013. The cash flows expected thereafter were extrapolated using a growth rate of 0.5 %. The pre-tax discount rate employed was 9.0 %. The determination of this value did not result in an impairment.

12. Property, plant and equipment

Development of Property, Plant and Equipment in 2010 (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, 2010	38,325	27,838	17,474	730	84,367
Currency changes	17	30	329	–	376
Additions	38	1,974	1,404	696	4,112
Disposals	–1,124	–1,605	–1,798	–	–4,527
Additions from acquisitions	15,365	19,962	4,080	4,971	44,378
Reclassifications	–	666	142	–808	–
Balance on December 31, 2010	52,621	48,865	21,631	5,589	128,706
Depreciation					
Balance on January 1, 2010	15,694	20,828	11,728	–	48,250
Currency changes	10	24	299	–	333
Additions	1,342	1,383	1,199	–	3,924
Disposals	–1,149	–1,557	–1,677	–	–4,383
Balance on December 31, 2010	15,897	20,678	11,549	–	48,124
Net book value on December 31, 2010	**36,724**	**28,187**	**10,082**	**5,589**	**80,582**

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	0
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**

For the first time in fiscal 2010, buildings and machinery having a net book value of K € 6,876 were used as collateral to secure the Group's financial liabilities.

13. Investment properties

Development of Investment Properties (in K €)

	2010	2009
Acquisition or manufacturing cost		
Balance on January 1	861	861
Additions	–	–
Disposals	–	–
Reclassifications	–	–
Balance on December 31	861	861
Depreciation		
Balance on January 1	221	197
Additions	24	24
Disposals	–	–
Reclassifications	–	–
Balance on December 31	245	221
Net book value on December 31	**616**	640

The real estate shown in this line item was rented out in fiscal 2010 and 2009. Unchanged to the previous year, rental revenues amounted to K € 51 and direct operating expenses amounted to K € 26.

Unchanged to the previous year, the fair values of investment properties totaled € 0.7 million as per December 31, 2010. 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.

14. Shares in associated companies

On August 2, 2010, Pfeiffer Vacuum acquired a total of 24.9 % of the shares of Dreebit GmbH, of Dresden, for K € 2,500. This company is active in the field of service for vacuum pumps and systems, and additionally conducts developments in the field of medical technology.

As at December 31, 2010, the proportionate shareholders' equity of Dreebit GmbH totaled K € 2,150 and consisted of assets in the amount of K € 2,487 and liabilities of K € 337. With proportionate sales revenues of K € 502, Dreebit earned a balanced bottom line. The financial expenses of the Pfeiffer Vacuum Group include K € 350 of impairment expense.

15. Investment securities

The available-for-sale financial investments recorded as at December 31, 2009, included publicly traded equities that do not have any fixed maturity date or any fixed interest rate. They were sold off entirely on the stock market in fiscal 2010. Given a book value of K € 4,355 as at December 31, 2009, and proceeds from their sale in the amount of K € 5,695, a gain of K € 1,340 was earned. In addition, K € 1,293 were reclassified from other comprehensive income to the Income Statement.

As anticipated, the held-to-maturity investment securities recorded under current assets the year before in the amount of K € 1,998 were redeemed by the issuer in fiscal 2010.

16. Other non-current assets

Other non-current assets include, among others, deposits made by an adixen entity (K € 1,450) and the non-current portion of the German corporate tax reduction claims (K € 716; 2009: K € 818).

17. Inventories

Composition of Inventories (in K €)

	2010	2009
Raw materials	43,688	8,073
Work in process	12,713	4,152
Finished products	52,169	9,119
Reserves	– 4,059	– 3,798
Total inventories, net	**104,511**	17,546

Dec. 31

Materials consumption in fiscal 2010 amounted to € 84.6 million (2009: € 74.8 million) and is included in cost of sales.

Development of Inventory Reserves (in K €)

	2010	2009
Balance on January 1	3,798	3,055
Currency changes	49	8
Additions	603	1,017
Inventory written off	– 391	– 282
Balance on December 31	**4,059**	3,798

18. 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 €)

	2010	2009
Trade accounts receivable	86,128	21,233
Allowance for doubtful accounts	– 577	– 610
Trade accounts receivable, net	**85,551**	20,623

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

	2010	2009
Balance on January 1	610	413
Currency changes	15	2
Additions	176	272
Accounts written off	– 224	– 77
Balance on December 31	**577**	610

Following improved overall economic conditions, our customers' situation has improved, as well, which means that a correspondingly lower amount of additions to the allowances needed to be recorded.

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
2010	**85,551**	71,847	8,062	2,582	793	1,006	586	142
2009	20,623	15,245	3,683	718	107	155	101	48

Dec. 31

In 2010, expenses for derecognition of receivables amounted to K € 9 (2009: K € 117). The income from cash proceeds on derecognized receivables totaled K € 24 (2009: K € 20).

19. 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 underlying construction contracts were completed in fiscal 2010 (sales volume: K € 2,461). Consequently, no receivables or payables from construction contracts needed to be shown as at December 31, 2010. The total cost incurred and recognized profits to date amount to K € 33,868 (2009: K € 29,654).

20. Other accounts receivable

This line item was significantly impacted by the acquisition of adixen. A total of K € 9,581 was recorded as at December 31, 2010, stemming mainly from VAT claims and expense subsidies. As at December 31, 2009, this line item (K € 5,943) consisted virtually exclusively of recorded tax claims for overpaid income taxes (K € 5,713).

21. 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.

22. Share capital and additional paid-in capital

In fiscal 2010, the share capital of Pfeiffer Vacuum Technology AG (parent company) was increased by K € 2,296. A total of 897,059 new no-par ordinary shares having a computed value of € 2.56 per share were issued. Thus, share capital as at December 31, 2010, consisted of 9,867,659 issued and outstanding no-par ordinary shares (December 31, 2009: 8,970,600 no-par ordinary shares issued and 8,514,248 no-par ordinary shares outstanding).

The Annual Shareholders Meeting on May 20, 2010, authorized the Management Board to increase the Company's share capital by K € 11,482, or 4,485,300 shares, in consideration for contributions in cash and/or kind. This authorization is valid through May 19, 2015, and is subject to the consent of the Supervisory Board. Following the increase of share capital by 897,059 shares having a computed nominal value of K € 2,296, the remaining authorization totaled K € 9,186 as at December 31, 2010.

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.

In fiscal 2010, the additional paid-in capital of K € 13,305 as shown on December 31, 2009, was increased by K € 71,711 in connection with the share premium resulting from the increase of share capital (897,059 shares; € 79.94 per share) and by K € 14,722 resulting from the sale of treasury shares (please refer to Note 25). Under IFRS rules, transaction costs for the increase of share capital (K € 1,000 gross, K € 712 net of tax) were deducted directly from the changes in additional paid-in capital. Moreover, the additional paid-in capital was debited by K € 164 in connection with the purchase of non-controlling interests. Thus, this line item totaled K € 98,862 as at December 31, 2010.

23. Paid and proposed dividends

The Annual Shareholders Meeting on May 20, 2010, resolved to pay a dividend of € 2.45 per share (Annual Shareholders Meeting on May 26, 2009: € 3.35 per share). The dividend payment carried out thereunder amounted to K € 20,860 in 2010 (2009: K € 28,523).

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 € 2.90 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 € 28,616 has not been recorded as a liability in the balance sheet for the fiscal year ended December 31, 2010.

24. 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, 2009	–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
Changes in fair value of cash flow hedges (net of tax)	28	–	–	28
Changes in foreign currency translation	–	2,162	–	2,162
Revaluation of securities classified as available-for-sale (net of tax)	–	–	–1,293	–1,293
Balance on December 31, 2010	**28**	**–2,188**	**–**	**–2,160**

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 of the respective years will be reclassified to the income statement the next year. The new year-end amounts result form changes during the respective year and thus not from prior years. There had been no hedging contracts on December 31, 2009.

Tax Effect on Other Comprehensive Income (in K €)

	2010			2009		
	Gross Amount	Tax Effect	Net Amount	Gross Amount	Tax Effect	Net Amount
Cash flow hedges	40	–12	28	568	–164	404
Currency changes	2,225	–	2,225	–248	–	–248
Revaluation of available-for-sale securities	–1,293	–	–1,293	1,293	–	1,293
Total other comprehensive income	**972**	**–12**	**960**	1,613	–164	1,449

25. Treasury shares

At the Annual Shareholders Meeting on May 20, 2010, 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 May 19, 2015.

Following the sale of treasury shares in 2010, the Group did not hold any treasury shares as at December 31, 2010. The year before, the portfolio of treasury shares included 456,352 shares valued at an historical cost of K € 23,808, and represented 5.1 % of total shares.

26. Long-term financial liabilities

In connection with the acquisition of the adixen entities, long-term financial liabilities having a net cash inflow of € 67.0 million were taken out. These liabilities have a Euribor-based variable interest rate and mature on November 3, 2015. Taking into account the loan costs to be recognized over the duration of the liabilities, the amount recorded in the balance sheet on December 31, 2010, stands at € 68.1 million. Guarantors of the credit agreement are Pfeiffer Vacuum Technology AG, Pfeiffer Vacuum GmbH, Trinos Vakuum-Systeme GmbH and Alcatel Vacuum Technology France SAS. Under the loan agreement, the Group has committed to comply with a determined financial ratio. It was necessary to record further long-term financial liabilities totaling € 7.1 million in connection with the initial inclusion of the adixen entities in the Consolidated Financial Statements. In addition and for the first time in 2010, financial liabilities from finance leases totaling € 0.3 million were recorded.

Pfeiffer Vacuum and its subsidiaries have various lines of credit available to them for operating purposes, totaling approximately € 17.3 million (2009: € 12,3 million).

27. 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 €)

	2010	2009
Germany	45,996	33,471
Outside Germany	8,532	4,957
Total	**54,528**	38,428

Composition of Income Tax Expense (in K €)

	2010	2009
Current taxes		
Germany	17,042	5,710
Outside Germany	2,944	1,468
	19,986	7,178
Deferred taxes		
Germany	–3,714	3,385
Outside Germany	–73	172
	–3,787	3,557
Income tax expense	**16,199**	10,735

K € 19,966 of current tax expense relate to earnings in 2010 (2009: K € 7,298). This line item additionally contains tax payments for prior years amounting to K € 20 (2009: tax refunds of K € 120).

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

	2010	2009
Earnings before taxes	54,528	38,428
Expected tax expense using a tax rate of 28.81 %	15,710	11,072
Tax free income relating to capital gains on securities sold	–533	–
Non-taxable income	–34	–71
Higher/lower foreign tax rates	311	–37
Non-deductible expenses	179	73
Effects due to dividend payments	48	–55
Tax debits/credits due to tax filings in prior years	20	–120
Effects from impairment losses for securities	–	54
Other	498	–181
Income tax expense	**16,199**	10,735

As opposed to 27.9 % the year before, the tax ratio for the Pfeiffer Vacuum Group amounted to 29.7 % in 2010. There were no significant changes.

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

	2010	2009
Deferred tax assets		
Pensions	4,313	3,269
Personnel and other provisions	1,985	445
Inventories	1,431	807
Trade accounts receivable (including allowances for doubtful accounts)	414	35
Financial liabilities	299	–
Property, plant and equipment	295	195
Intangible assets	173	259
Other	402	–
Total deferred tax assets	**9,312**	5,010
Deferred tax liabilities		
Property, plant and equipment	–3,611	–488
Tax-privileged reserves of a Swedish subsidiary	–332	–328
Receivables (including allowances for doubtful accounts)	–225	–3,844
Inventories	–153	–160
Personnel and other provisions	–58	–48
Intangible assets	–50	–
Other	–34	–
Total deferred tax liabilities	**–4,463**	–4,868
Total deferred taxes, net	**4,849**	142

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Amounts Recorded in the Balance Sheet (in K €)

	2010	2009
Deferred tax assets	5,850	489
Deferred tax liabilities	–1,001	–347
Total deferred taxes, net	**4,849**	142

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

	2010	2009
Receivables (including allowances for doubtful accounts)	–3,858	3,465
Inventories	–454	318
Financial liabilities	–299	–
Tax-privileged reserves of a Swedish subsidiary	–40	37
Property, plant and equipment	255	–71
Pensions	190	95
Personnel and other provisions	97	58
Intangible assets	76	–181
Other	246	–164
Total deferred taxes	**–3,787**	3,557

As at December 31, 2010, the total deferred income taxes recorded directly in equity include K € 12 (2009: K € –). This amount relates 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.

28. 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.

Pension obligations of € 4.9 million were transferred in connection with the acquisition of the adixen entities.

Composition of Net Periodic Pension Cost (in K €)

	2010	2009
Service cost	1,268	1,323
Interest cost	2,672	2,629
Expected return on plan assets	– 1,838	– 1,938
Amortization	42	78
Income from plan curtailments/settlements	– 204	–
Net periodic pension cost	**1,940**	2,092

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

	2010	2009
Present value of funded benefit obligations	– 51,487	– 47,861
Present value of unfunded benefit obligations	– 5,847	– 718
Total present value of benefit obligations	– 57,334	– 48,579
Fair value of plan assets	45,569	44,244
Present value of net obligations	– 11,765	– 4,335
Unrecognized actuarial losses	5,953	3,189
Unrecognized past service cost	68	88
Net amount recorded in balance sheets	**– 5,744**	– 1,058
Thereof: Prepaid pension costs	554	420
Thereof: Provisions for pensions	– 6,298	– 1,478

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Development of Benefit Obligations (in K €)

	2010	2009
Present value of benefit obligations on January 1	48,579	46,873
Service cost	1,268	1,323
Interest cost	2,672	2,629
Actuarial losses/gains	2,339	– 142
Benefit payments	– 2,234	– 2,102
Past service costs	–	100
Curtailments/settlements	– 429	–
Additions from acquisitions	4,893	–
Currency changes	246	– 102
Present value of benefit obligations on December 31	**57,334**	48,579

Development of Plan Assets (in K €)

	2010	2009
Fair value of plan assets on January 1	44,244	42,962
Expected return on plan assets	1,838	1,938
Company contributions	2,180	2,543
Benefit payments	–2,234	–2,102
Actuarial losses	–437	–1,010
Curtailments/settlements	–225	–
Currency changes	203	–87
Fair value of plan assets on December 31	**45,569**	44,244

The Company expects that cash contributions to plan assets in 2011 will be € 2.5 million.

The actual return on plan assets in fiscal 2010 amounted to K € 1,401 (2009: K € 928).

Actuarial Assumptions (in %)

	2010	2009
Germany		
Discount rate	5.30	5.75
Long-term rate of increase in compensation levels	2.75	2.75
Expected long-term rate of return on assets	3.50	4.00
United States (2009: including Netherlands)		
Discount rate	5.50	4.90 – 6.00
Long-term rate of increase in compensation levels	3.00	3.00
Expected long-term rate of return on assets	7.00	4.90 – 7.00
France, Korea		
Discount rate	4.75 – 6.30	–
Long-term rate of increase in compensation levels	2.56 – 6.00	–

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Composition of Plan Assets

	2010		2009	
	K €	%	K €	%
Equity securities	9,032	19.8	8,479	19.2
Fixed-income securities	33,326	73.2	12,926	29.2
Cash and cash equivalents	2,285	5.0	22,045	49.8
Other	926	2.0	794	1.8
Total	**45,569**	**100.0**	44,244	100.0

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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 2006 – 2010 (in K €)

	2010	2009	2008	2007	2006
Present value of benefit obligations	57,334	48,579	46,873	45,784	50,352
Fair value of plan assets	45,569	44,244	42,962	47,584	44,917
Surplus/deficit	–11,765	–4,335	–3,911	1,800	–5,435
Experience adjustments on plan liabilities	2,339	–142	358	–5,531	–1,655
Experience adjustments on plan assets	–437	–1,010	–5,173	–567	1,210

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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 € 3,771 (2009: K € 3,142).

29. Trade accounts payable

Trade accounts payable do not bear any interest and have maturities of less than one year.

30. Other payables

Other payables (€ 19.1 million as at December 31, 2010, and € 1.4 million as at December 31, 2009) were significantly impacted by the acquisition of adixen, and mainly consist of payroll taxes and VAT, as well as payables from social security contributions and legally binding participation programs. They do not bear any interest and have maturities of less than one year.

31. Provisions

Composition of Provisions (in K €)

	2010	2009
Warranty provisions	13,515	3,125
Personnel provisions	10,783	5,119
Other provisions	2,587	656
Total	**26,885**	8,900

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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.

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

Development of Provisions (in K €)

	Warranty	Personnel	Other	**Total**
Balance on January 1	3,125	5,119	656	8,900
Currency changes	53	62	40	155
Additions	193	6,807	1,183	8,183
Utilization	−382	−3,925	−311	−4,618
Releases	−695	−824	−208	−1,727
Additions from acquisitions	11,221	3,544	1,227	15,992
Balance on December 31, 2010	**13,515**	**10,783**	**2,587**	**26,885**

32. Short-term financial liabilities

Short-term financial liabilities include bank loans in the amount of € 3.0 million maturing within one year and the short-term liabilities from finance leases (€ 0.2 million). No amounts had been recorded the year before.

33. 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, 2010 (in K €)

		Payments Due by Period			
	Total	< 1 Year	1 – 3 Years	3 – 5 Years	> 5 Years
Operating leases	8,566	3,191	3,312	1,375	688
Purchase obligations	10,311	7,673	2,638	–	–
Repair and maintenance	937	552	288	87	10
Total	**19,814**	**11,416**	**6,238**	**1,462**	**698**

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**

Purchase obligations include long-term arrangements for future supplies of materials. Rental expenses amounted to € 1.3 million for fiscal 2010 and € 1.0 million for fiscal 2009.

34. 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, 2010 (in K €)

	Germany	Europe (Excluding Germany)	United States	Rest of World	Other/ Consolidation	**Group**
Net sales	189,646	46,502	53,156	9,278	–78,107	220,475
Third party	113,444	46,395	53,041	7,595	–	220,475
Intercompany	76,202	107	115	1,683	–78,107	–
Operating profit	44,231	2,728	3,853	1,894	204	52,910
Financial income	–	–	–	–	1,618	1,618
Earnings before taxes	44,231	2,728	3,853	1,894	1,822	54,528
Segment assets	130,769	123,402	38,034	97,560	82,944	472,709
Thereof: Assets according to IFRS 8.33 (b)*	52,260	26,705	735	15,265	82,944	177,909
Segment liabilities	95,519	75,351	4,767	27,096	–	202,733
Capital expenditures						
Property, plant and equipment**	3,407	375	20	310	–	4,112
Intangible assets	278	24	73	402	–	777
Depreciation**	3,616	202	46	84	–	3,948
Amortization	196	7	68	25	–	296

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

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

Due to the preliminary purchase price allocation in connection with the acquisition of adixen as at December 31, 2010, the resulting goodwill was entirely allocated to the "Other" segment. 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). In 2010, financial income in the "Other" segment included impairment losses totaling K € 350 (2009: K € 188).

Sales by Product (in K €)

	Turbopumps	Measurement and Analysis Equipment, Components	Backing Pumps	Service	Systems	**Group**
2010	92,378	69,155	28,654	23,146	7,142	**220,475**
2009	68,845	38,940	25,490	18,748	29,978	182,001

35. 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.

On December 31, 2010, there were no more interest-sensitive financial assets. All interest-sensitive financial assets as at December 31, 2009, had been 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, 2010, an increase (decrease) in interest rate by 50 basis points would increase (decrease) earnings by K € 425 (2009: increase/decrease by K € 310). As a result of financial liabilities shown for the first time on December 31, 2010, an increase (decrease) in interest rate by 50 basis points would decrease (increase) earnings by K € 393.

Credit risks Due to the Company's heterogeneous customer structure and the fact that 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. 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.
As at December, 31, 2010, the Corporate Group does no longer show any securities.

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

Foreign exchange rate risks As in the year before, approximately 38 % of the Company's net sales are denominated in currencies other than the euro, primarily in U.S. 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.

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, 2010, and 2009, 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 fair values recorded under other receivables for the period ended December 31, 2010, totaled K € 40. Because the changes in fair value for cash flow hedges are recorded directly in equity, other equity components increased by K € 28, net of taxes of K € – 12. The Company does not engage in speculative hedging for investment purposes. As at December 31, 2010, no contracts held by the Company had a maturity date greater than one year.

As at December 31, 2010, cash flows in foreign currency totaling € 5.3 million were hedged by foreign currency forward contracts and options; in 2009, there were no hedging contracts as at the balance sheet date. 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, 2010, net income would have been K € 385 higher and total equity would have been K € 346 higher (almost entirely due to the U.S. dollar). A 10 % gain in the euro as at December 31, 2010, would have decreased net income by K € 314 and total equity by K € 420 (almost entirely due to the U.S. dollar). A 10 % loss in the euro as at December 31, 2009, would have led to a K € 348 increase in net income and a K € 832 increase in total equity (K € 484 thereof being due to the Swiss franc and K € 348 to the U.S. dollar). A 10 % gain in the euro as at that balance sheet date 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 U.S. dollar). In all cases, net income was affected solely by the sensitivity of the U.S. 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, 2010 (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	
Cash and cash equivalents	LaR	84,975	84,975	–	–	84,975
Trade accounts receivable	LaR	85,551	85,551	–	–	85,551
Derivative financial instruments (incl. cash flow hedges)	n.a.	40	–	40	–	40
Liabilities						
Trade accounts payable	FLAC	54,262	54,262	–	–	54,262
Financial liabilities	FLAC	78,657	78,657	–	–	78,657
Totals by valuation categories:						
Loans and Receivables (LaR)		170,566	170,526	40	–	170,566
Held-to-Maturity-Investments (HtM)		–	–	–	–	–
Financial Assets Available-for-Sale (AfS)		–	–	–	–	–
Financial Assets Held for Trading (FAHfT)		–	–	–	–	–
Financial Liabilities Measured at Amortized Cost (FLAC)		132,919	132,919	–	–	132,919

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

Net Results by Valuation Category (in K €)

	From Interest/ Dividends	From Subsequent Valuation: At Fair Value	From Subsequent Valuation: Currency Translation	From Subsequent Valuation: Impairment/ Reversal of Impairment	From Derecognition	Net Results 2010	Net Results 2009
Loans and Receivables (LaR)	–	126	–416	–172	15	–447	147
Held-to-Maturity-Investments (HtM)	–	–	–	–	–	–	148
Financial Assets Available-for-sale (AfS)	257	–	–	–	2,633	2,890	1,247
Financial Assets Held for Trading (FAHfT)	–	–	–	–	–	–	–
Financial Liabilities Measured at Amortized Cost (FLAC)	–1,406	–	–	–	–	–1,406	–28

36. Management of financial risks

With an equity ratio of 57.1 % as at December 31, 2010, Pfeiffer Vacuum still 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 € 85.0 million as at December 31, 2010. In spite of material borrowings for funding the adixen acquisition and the financial liabilities assumed in this context, the Group did not show any net financial liabilities as at December 31, 2010. This situation provides the Group with the required liquidity range to successfully execute the adixen integration without reaching the financial limits too soon.

Liquid assets are invested on a short-term conservative basis. Due to its high equity ratio and its superior liquidity, Pfeiffer Vacuum will not depend upon interest-bearing liabilities to fund its capital expenditures for replacement and expansion or dividend payments. Moreover, there are sufficient liquidity reserves to respond to changes in the economic situation.

37. Earnings per share

Computation of Earnings* per Share

	2010	2009
Net income (in K €)	38,144	27,596
Weighted average number of shares	8,667,075	8,514,248
Number of conversion rights	–	–
Adjusted weighted average number of shares	8,667,075	8,514,248
Earnings per share in € (basic/diluted)	4.40	3.24

* 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, 2010, and the preparation of the Consolidated Financial Statements.

Additional Notes and Supplemental Information

38. 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 34, 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 entities. Furthermore, no factual control exists with respect to special purpose entities.

Following the purchase of 24.9 % of the share capital of Dreebit GmbH, of Dresden, in fiscal 2010, this company is an associated company. There were no material transactions with this company in fiscal 2010.

Please refer to Notes 42 and 43 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.

Without any change by comparison with the year before, members of the Management and Supervisory Boards held an aggregate total of 3,577 shares of the Company as at December 31, 2010. The holdings of members of corporate bodies are thus negligible.

In 2010, the reimbursements from Pfeiffer Vacuum Trust e. V. amounted to € 2.5 million (2009: € 2.0 million). Contributions to Pfeiffer Vacuum Trust e. V. totaled € 2.5 million in 2010 (2009: € 2.7 million).

Neither in 2010 nor in 2009 were there any reportable transactions under IAS 24 with Arnhold and S. Bleichroeder or First Eagle Funds, whose holdings count for 14.95 % of total shares.

The law firm of Menold Bezler was contracted on the basis of usual and customary terms and conditions, to perform consulting projects, predominantly in connection the acquisition of the adixen entities. Expenses recorded in this context totaled € 0.3 million. The Chairman of the Supervisory Board, Dr. Michael Oltmanns, is a partner in that firm.

Dr. Wolfgang Lust, who was elected a member of the Pfeiffer Vacuum Supervisory Board in fiscal 2010, is a shareholder and managing director of a mid-size Corporate group. Various companies of that group are long-standing suppliers to Pfeiffer Vacuum. Based on consistently usual and customary terms and conditions, Pfeiffer Vacuum purchased goods from these companies for a mid-range single-digit million euro amount in 2010.

39. Events after the balance sheet date

Since the beginning of the 2011 fiscal year, there have not been any significant changes in the Company's position or the industry environment.

40. Personnel expenses

Personnel Expenses (in K €)

	2010	2009
Wages and salaries	45,288	36,862
Social security, pension and other benefit cost	10,062	9,377
Thereof for pensions	5,711	5,234
Total	**55,350**	46,239

The initial inclusion of Trinos in the Consolidated Financial Statements, in particular, was the reason for the increase in personnel expenses. Moreover, personnel expenses increased in connection with the sounder economic situation of the Pfeiffer Vacuum Group.

41. Number of employees

The number of employees was as follows on December 31, 2010, and 2009:

Number of Employees

	2010	2009
Annual average		
Male	1,008	598
Female	218	131
Total	**1,226**	729
Balance sheet date		
Male	1,846	592
Female	391	133
Total	**2,237**	725

The significant increase in the number of employees was attributable virtually only to the changes in consolidated companies.

42. Management Board

As at December 31, 2010, 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 2010 was € 1.5 million (2009: € 0.9 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) amounted to € 0.3 million (2009: € 0.2 million).

43. 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 2010, 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, Germany (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
  Further supervisory board seats:
  – VfL Handball Gummersbach GmbH, Gummersbach, Germany (chairman)
  – Arena Gummersbach GmbH & Co. KG, Gummersbach, Germany (vice chairman)
- Michael J. Anderson, Investment Banker (until May 20, 2010)
- Helmut Bernhardt (Employee Representative), Development Engineer
- Manfred Gath (Employee Representative), Chairman of the Employee Council
- Wilfried Glaum, Business Administrator
- Dr. Wolfgang Lust, Entrepreneur (from May 20, 2010)

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).

44. 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.

45. Audit fees for independent auditors

The expenses for services rendered by the auditor of the Consolidated Financial Statements as recorded in the statements of income were as follows for fiscal 2010 and 2009:

Audit Fees for the Auditor of the Consolidated Financial Statements (in K €)

	2010	2009
Fees resulting from:		
Audit services	644	340
Other certification and consulting services	–	–
Tax advisory services	69	45
Other services	523	–
Total	**1,236**	385

The rise in the expense recorded for auditing of the financial statements must be viewed in conjunction with the adixen entities, which were consolidated as at December 31, 2010, and the additional auditing effort and expense this involved. The sharp increase in expenses for other services was attributable to legal consulting services provided in conjunction with the acquisition of the adixen entities.

46. 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 2010 in December 2010 and made it permanently available for shareholders and interested parties at the Company's website. With the following exceptions, this statement reflects compliance with the recommendations of the German Corporate Governance Code Government Commission as amended in May 2010:

- The members of the Supervisory Board have in the past received and presently receive a fixed compensation which does not contain any performance-related variable components. Their compensation is stated in the compensation report.

- The German Corporate Governance Code recommends an appropriate consideration or participation of women in the appointment of management, executive board or supervisory board positions. Both the Supervisory Board and Management Board of Pfeiffer Vacuum do not regard the belonging to a certain gender as an attribute which specifically qualifies a candidate for any position.

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

47. Authorization for issuance of Consolidated Financial Statements

Through a resolution by the Management Board on March 11, 2011, the Consolidated Financial Statements were authorized for issuance.

Asslar, March 11, 2011

Management Board

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, March 11, 2011

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, 2010. 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, March 14, 2011

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Jörg Karius, Sales & Marketing Germany

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Financial Glossary

Cash and cash equivalents
Indicates the cash and cash equivalents provided by the various capital flows and is the result of the cash flow accounting

Cash flow from financing activities
Indicates the balance of cash and cash equivalents provided to or used by a company in connection with transactions involving shareholders' equity or outside capital

Cash flow from investment activities
Indicates the balance of cash and cash equivalents that a company has invested or received in connection with the acquistion or sale of financial and tangible assets

Cash flow from operating activities
Indicates the change in cash and cash equivalents resulting from operative business during the period under review

Corporate governance
The organizational structure and content of the way companies are managed and controlled

Dividend yield
Indicates the ratio between a dividend and a defined share trading price – typically the year-end trading price. The dividend yield expresses the magnitude of the effective yield of the capital invested in shares.
Calculation: Dividend ÷ Trading Price x 100

Equity ratio
Describes the relationship between shareholder's equity and total capital. The more shareholders' equity that is available to a company, the better its credit rating will typically be. Calculation: Shareholders' Equity ÷ Balance Sheet Total x 100

Free-float
The free-float includes all shares that are not held by major shareholders; i.e. shares that can be acquired and traded by the general public. Under Deutsche Börse's definition, shares totaling over 5 percent of total equity or over 25 percent held by investment funds are not considered to be part of the free-float

Gross margin
Indicates the ratio between gross profit and net sales, enabling conclusions to be drawn regarding a company's production efficiency. Calculation:
Gross Profit ÷ Net Sales x 100

Gross profit
The result of net sales less cost of sales.
Calculation: Net Sales – Cost of Sales

Market capitalization
Indicates the current market value of a company's shareholders' equity on the stock exchange. Calculation: Number of Shares Outstanding x Trading Price

Operating profit (EBIT)
Operating profit (earnings) before interest and taxes. Calculation: Net Income ± Financial Income / Expenses ± Income Taxes ± Gain / Loss from Investment

Operating profit margin (EBIT margin)
The ratio between operating profit and net sales – the higher the ratio, the higher the profitability of operating activities.
Calculation: Operating Profit (EBIT) ÷ Net Sales x 100

Research and development expense ratio
Is an expression of the relationship between the volume of research and development expenses and the volume of net income generated. Is thus considered to be an indicator of a company's willingness to invest in its own innovation activities. Calculation: R & D Expenses ÷ Net Income x 100

Return on capital employed (ROCE)
Ratio between operating profit and the total capital employed during a period. Calculation: EBIT ÷ (Net) Assets + Working Capital x 100

Return on equity
Provides information about the yield on the equity provided by shareholders. Calculation: Net Income ÷ Shareholders' Equity x 100

Working capital
A liquidity parameter that indicates the surplus of a company's assets that are capable of being liquidated short term (within one year) over its short-term liabilities. Absolute calculation: Current Assets – Short-Term Borrowed Capital; Relative calculation: Current Assets ÷ Short-Term Borrowed Capital x 100

Financial Glossary

Please fold out

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

Financial Calendar 2011

- Annual Results 2010
  Tuesday, March 29, 2011
- 1st Quarter 2011 Results
  Tuesday, May 3, 2011
- 2nd Quarter 2011/1st Half Year 2011 Results
  Tuesday, August 2, 2011
- 3rd Quarter 2011/9-Month 2011 Results
  Thursday, November 3, 2011
- 2011 Annual Shareholders Meeting
  Thursday, May 26, 2011, 2:00 pm
  Stadthalle Wetzlar

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