

Remuneration Report

Remuneration of Management Board Members

The total remuneration of Management Board members includes fixed and variable components. Management Board members receive stock options in Dr. Hönle AG as a

variable remuneration component with long-term incentive effect.

The tasks of the respective Management Board member, his personal performance, as well as the economic situation, profit and future outlook of the company are some criteria used in evaluating the suitability of remuneration.

Fixed Remuneration (not based on performance)

In T€	Salary		Other Remuneration		Total	
	06/07	05/06	06/07	05/06	06/07	05/06
Norbert Haimerl	157	144	15	14	172	158
Heiko Runge	157	144	10	9	167	153
Total	314	288	25	23	339	311

Performance-Based Remuneration

In T€	Profit Sharing Bonus	
	2006/2007	2005/2006
Norbert Haimerl	55	54
Heiko Runge	55	54
Total	110	108

Pensions

In T€	Annual Remuneration Upon Reaching Pensionable Age		Addition to Pension Accruals	
	Balance 30.09.2007	Balance 30.09.2006	2006/2007	2005/2006
Norbert Haimerl	36	36	18	91
Heiko Runge	36	36	15	86
Total	72	72	33	177

Remuneration Components with Long Term Incentive Effect

Numbers	Stock Options	
	Balance: 30.09.2007	Balance: 30.09.2006
Norbert Haimerl	10,000	18,250
Heiko Runge	10,000	18,250
Total	20,000	36,500

Stock Options

As remuneration components, the Management Board members receive Dr. Hönle AG stock options with long-term incentive effect. The ability to exercise the options is linked to the achievement of specified targets. Dr. Hönle AG stock options may only be exercised when the stock price reaches a defined annual value.

Management Board members hold options from the stock option programme dated 26 February 2004. The exercise waiting period has already been completed for some of the options. These stock options, however, were not exercisable given a stock price of € 8.26 at the end of the 2006/2007 financial year. The exercise waiting period concerning the remaining part of the options has not yet been completed.

Payments upon Termination of Management Board Activity

The Supervisory Board appoints the Dr. Hönle AG Board of Management for a maximum period of office of five years, respectively.

In the event of a change in the ownership structure of Dr. Hönle AG, Management Board members are entitled to terminate their Board of Management Service Agreement within a period of three months after obtaining knowledge of the change in the ownership structure with a three month notice period, and to resign from office at that time. A change in the ownership structure is defined as any direct or indirect assumption of control over Dr. Hönle AG by a third party within the meaning of the German Securities Purchase and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetzes (WpÜG)*). In the event of resignation, the respective Management Board member is entitled to a severance payment in the amount of two annual gross salaries (including performance-based compensation), up to a maximum of T€ 400. Calculation of the annual gross salary is based on the average salary for the past three financial years prior to leaving the company.

Supervisory Board Remuneration

The total remuneration for Supervisory Board members is comprised of fixed and variable components. It is based on the tasks and responsibility of the respective Supervisory

Board member and on the economic performance of the Höhle Group.

No further compensation, e.g. for consulting or intermediary services, is granted.

Fixed Remuneration (not based on performance)

In T€	Total	
	2006/2007	2005/2006
Dr. Hans-Joachim Vits	8	8
Prof. Dr. Karl Höhle	6	6
Eckhard Pergande	4	4
Total	18	18

Performance-based Remuneration

In T€	Total	
	2006/2007	2005/2006
Dr. Hans-Joachim Vits	8	8
Prof. Dr. Karl Höhle	6	6
Eckhard Pergande	4	4
Total	18	18