

**Updating Statement by the Board of Directors  
of P&I Personal & Informatik AG according to Art. 161 (AktG)  
regarding compliance with the German Corporate Governance Code**

The Board of Directors and the Supervisory Board of P&I Personal & Informatik AG issued a declaration pursuant to § 161 AktG regarding compliance with the German Corporate Governance Code in December 2009. The Board of Directors has updated this declaration herewith.

The recommendations made by the government commission on the German Corporate Governance Code (code version issued on June 18, 2009) and published in the electronic pages of the Bundesanzeiger on August 5, 2009 have been implemented by the Company since the last Declaration of Compliance was submitted in December 2009 with the following exceptions up to June 29, 2010.

The version of the Code released on June 18, 2009 has resulted in another divergence arising, namely Code Item 7.1.2, Sentence 4, whereby an update of the declaration of compliance is required. The updating of the Declaration of Compliance was published on P&I Personal & Informatik AG's internet site during July 2010. In the meantime the government commission on the German Corporate Governance Code released a new version of the Code on May 26, 2010 (published in the electronic pages of the Bundesanzeiger on July 2, 2010), which stipulated that updating of the declaration of compliance should be based on the current version of the Code.

The version of the Code released in August 2010 has resulted in another divergence arising, namely Code Item 7.1.2, Sentence 2, whereby an update of the declaration of compliance is required.

The version of the Code released on May 26, 2010 was has been fully implemented by us since July 2, 2010 with the exception of the deviance listed below:

**Company bylaws for the Board of Directors (Code Item 4.2.1, Sentence 2)**

The company bylaws for the Board of Directors include a majority clause covering the Boards' resolutions without a regulation covering the deciding vote to be cast by the Chairman of the Board. As it would not be possible to rule in favour of one or the other of the members by majority ballot with a two-member Board of Directors, the view of the Supervisory Board is that there is no place for such a ruling given the present composition of the Board of the Company.

**Board of Directors' emoluments – Emolument structure (Code Item 4.2.3, Para. 2)**

The currently valid Board of Directors' employment contracts were agreed upon for the coming into force of the law covering the appropriateness of the Board of Director's remuneration and were last altered on September 1, 2008; they will

also remain valid until March 31, 2012 even though a member of the Board of Directors, Dr. Voß, has exercised his contractual special resignation rights and his contract of employment with the Board of Directors will end on September 30, 2010. The emolument structure still does not correspond to the regulations stipulated in the current version of the Code published on May 26, 2010 and the principles for establishing the salaries of the members of the Board of Directors in accordance with § 87 of the German Companies Act included in the version of the law covering the appropriateness of the Board of Director's remuneration. The Supervisory Board intends to bring the emolument structure into line with the stipulations listed in the Code and the German Companies Act as quickly as possible.

**Board of Directors' remuneration – No settlement cap for change of control (Code Item 4.2.3, Para. 5 in conjunction with Para. 4)**

Two members of the Board of Directors, Mr. Triadis and Dr. Voß also signed an agreement on September 1, 2008, which gave them the right to resign from their positions and their contracts of employment within a specific period in the case of a change in control. They shall then receive a settlement to the amount of the remuneration (including the variable component), which they would otherwise have received up to the end of the term of their contract. A change of control will take place as per the agreement if "a third party acquires at least 30% of the Company's voting rights through the purchase of shares or other means in compliance with §§ 39, 35 Para. 1, Sentence 1, WpÜG. § 22 Paras. 1 and 2, WpHG, have to be complied with in order to calculate the voting rights."

The Company therefore dissents from the recommendation covering a settlement cap in the case of a change of control. Hereafter any payments arising from the premature ending of Board of Directors activities that resulted from a change of control must not exceed 150 per cent of the settlement cap. Pay-outs, including fringe benefits, made in the case of premature ending of the Board of Directors activities without any other important reasons being given must not exceed a value of two years annual remuneration in accordance with the settlement cap, whereby the previous fiscal years as well as the current fiscal year, if necessary, must be used for calculating the compensation package. The existing regulations in the agreement signed on September 1, 2008 correspond to the view of the Supervisory Board that was sitting at the point in time when the contract was concluded, which was that this offer was appropriate. However, the Board of Directors now understands that the Supervisory Board will ensure that the Company will not deviate from the Code regulations covering settlement caps in the future.

**Disclosure of the remuneration of the Board of Directors in the Compensation Report (Code Item 4.2.5)**

The recommendation in the Compensation Report regarding the disclosure of the remuneration of members of the Board of Directors can only be complied

with to the extent that doing so does not conflict with the decision of the Annual General Meeting of August 29, 2006, to refrain from individual disclosure of the Board of Directors' remuneration. The Board of Directors intend to propose that the above-mentioned resolution is rescinded at the 2010 Annual General Meeting (AGM) and this will then permit individual disclosure of the remuneration paid to the members of the Board of Directors to be made. However, as the Supervisory Board have not submitted a resolution proposal covering this Agenda item, adopting this resolution at the AGM appears to be questionable. The Board of Directors have therefore decided to withdraw this resolution from the Agenda for this year's AGM. The non-disclosure of individual Board of Directors remunerations obligation runs in compliance with the resolution passed at the AGM held on August 29, 2006 and applies to both the Company's annual financial statements as well as the consolidated financial statements for and including fiscals 2006/2007 to 2010/2011, but only up to August 28, 2011 at the latest.

#### **Conflict of interest – Ancillary activities (Code Item 4.3.5)**

Code Item 4.3.5 states that: "Members of the Board of Directors should ... only accept ancillary activities ... with the approval of the Supervisory Board." This recommendation has been upheld in practice. However, the employment contracts for the members of the Board of Directors merely state that ancillary activities only require the approval of the Supervisory Board "if these activities might conflict with the Company's interests". The Supervisory Board aims to change the employment contracts as quickly as possible in order to bring them into line with the regulation stipulated in the Code and the present members of the Board of Directors have already indicated their willingness to accept this to the Supervisory Board.

#### **Formation of committees (Code Items 5.3.1 to 5.3.3)**

The Supervisory Board has not formed any committees as opposed to the recommendation listed in the Code. The Supervisory Board is comprised of only three members. The formation of committees in addition to the full Supervisory Board appear to serve no purpose, as a committee, in which at least three members would have to be present, would have to pass resolutions instead of the full Supervisory Board.

#### **Age limit for members of the Supervisory Board (Code Item 5.4.1, Para 2, Sentence 1)**

The Code recommends establishing an age limit for members of the Supervisory Board. We have not complied with this recommendation. The Company views the recommendation as an inappropriate reduction of the shareholders' right to elect suitable candidates as members of the Supervisory Board.

**Candidate proposed as Chairman of the Supervisory Board (Code Item 5.4.3, Sentence 3)**

A new Chairman of the Supervisory Board was appointed following the Supervisory Board appointments made at the AGM held on September 1, 2009. This deviates from the Code recommendation, which states that the shareholder's proposed candidates for the position of Chairman of the Supervisory Board should be announced beforehand. The reason for this was that the decision to replace the Chairman of the Supervisory Board was not actually taken until day of the AGM. This recommendation will be complied with in the future, provided that it is possible to do so.

**Results-oriented remuneration for members of the Supervisory Board (Code Item 5.4.6, Para. 2)**

Results-orientated remuneration has not been planned for the Supervisory Board as opposed to the recommendation listed in the Code. The view of the Company continues to be that this type of remuneration for the Supervisory Board would be in contradiction to its monitoring function and, given the size and structure of the Company, it would not appear to be in order either.

**Discussing the quarterly report with the Supervisory Board (Code item 7.1.2, Para. 2)**

For the first time ever the quarterly report that was published by P&I Personal & Informatik AG on August 12, 2010 was not discussed with the Supervisory Board, as opposed to the recommendation listed in Code, due to the dissension existing within the Supervisory Board and the subsequent factual incapacity that has resulted from this dissension.

**Publication of the consolidated financial settlement (Code item 7.1.2 Sentence 4)**

As opposed to the Code recommendation we are unable to publish the consolidated financial statement for fiscal 2009/2010 within 90 days from the end of the fiscal year. In fact it was actually compiled in ample time by the Board of Directors, but the Company's Supervisory Board failed to submit a resolution covering the approval or non-approval of the consolidated financial statement within the specific period and neither was a Supervisory Board report submitted to the Board of Directors, so that the annual financial statement as well as the consolidated financial statement are therefore regarded as not having been approved by the Supervisory Board (§ 171, Para. 3, Sentence 3, AktG). Consequently, the AGM is now responsible, in accordance with § 173 Para. 1, Sentences 1 and 2, AktG, for adopting the annual financial statement as well as approving the consolidated financial statement. A relevant resolution has been scheduled for the AGM to be convened at the request of a shareholder on September 2, 2010 in accordance with § 122, Para. 1 AktG.

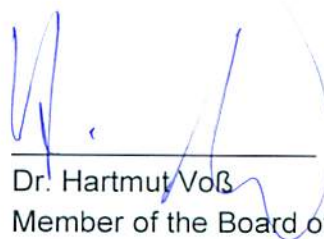
The consolidated financial statement compiled by the Board of Directors prior to the point of the publication of the convening of the AGM to be held on September 2, 2010 will not be published in order to prevent the markets from being misled.

Wiesbaden, August 2010



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Vasilios Triadis  
Chairman of the Board of Directors



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Dr. Hartmut Voß  
Member of the Board of  
Directors