

# THE GROUP

## GROUP STRUCTURE

In the fiscal year 2008, a unique business model with medium-sized businesses as the core target group and decentralised business responsibility contributed substantially to the success of Bechtle AG. The consistently strategy-focused company organisation also played a role in further strengthening Bechtle's market positions.

### Legal Structure

The parent and holding company Bechtle AG, headquartered in Neckarsulm, Germany, is responsible for strategic business planning and central duties in the fields of finance and controlling, investor relations, IT computing centre, human resources, quality management, legal and compliance plus corporate communication. The Bechtle Academy serves as the central training base for the employees. The central functions purchasing, warehouse, product management, and catalogue production are handled by Bechtle Logistik & Service GmbH, which also belongs to the holding.

#### HOLDING STRUCTURE OF BECHTLE AG



Under Bechtle AG, the group has implemented another layer of holding companies in which the business areas and brands of the two reporting segments IT system house & managed services and IT e-commerce are bundled:

- Bechtle Systemhaus Holding AG, Neckarsulm, Germany, supervises all activities of the IT system houses in the northern/eastern, central, and southern regions of Germany and in Austria;
- Bechtle Managed Services AG, Neckarsulm, Germany, supervises all outsourcing services;
- Bechtle Holding Schweiz AG, Rotkreuz, Switzerland, responsible for the activities of the Swiss IT system houses, the trading activities of the *ARP Datacon* companies, and the licensing business of the *Comsoft direct* companies; and
- Bechtle direkt Holding AG, Neckarsulm, Germany, supervises all trading activities of *Bechtle direct* companies.

The structure of Bechtle AG is consistently aligned with the strategy

The above presentation of the legal structure of Bechtle AG reflects the situation on the reporting date and differs slightly from the structure as of the balance sheet date due to name changes. As of the registration in the commercial register on 8 January 2009, PSB Aktiengesellschaft für Programmierung und Systemberatung was renamed Bechtle Managed Services AG.

The legally independent subsidiaries are arranged under the second holding level. Most of the German and Austrian subsidiaries are structured as "GmbH" or "GmbH & Co. KG", and most of the Swiss subsidiaries as "AG". The legal structure of the companies in other countries is similar to that of the "GmbH". Bechtle AG holds 100 per cent of the interests in all subsidiaries, either directly or by means of investment companies. By completing the squeeze-out procedure in August 2008, Bechtle AG acquired all interests in PSB AG. In November 2008, Bechtle AG acquired the minority interests in Buyitdirect.com N.V., which had existed in the fiscal year 2007.

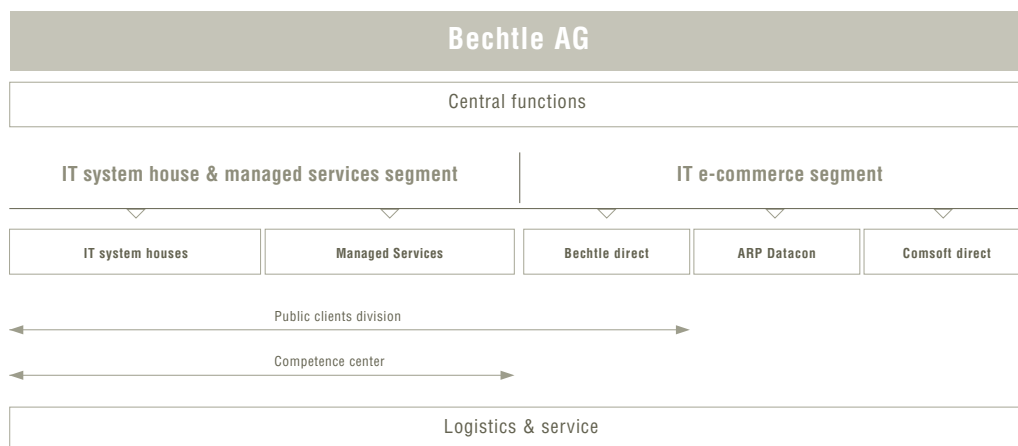
The objective of this two-level holding structure is to relieve the decentralised subsidiaries of the bulk of administrative and cross-company work and bundle competencies and resources, thereby realising synergies and achieving economies of scale in the fields of purchasing and logistics.

By means of the largely completed restructuring of the group into a strategic holding organisation Bechtle has established an important precondition for the company's successful future development. Nevertheless, the legal structure of the Bechtle Group does not yet fully map the company's management and leadership structure. The leadership structure is predominantly aligned with the needs of the operational business. In the medium run, the legal structure is to be largely synchronised with the management structure.

### Management Structure

In the past fiscal year, the leadership structures of Bechtle AG were further adapted to the size of the company and market requirements by means of the establishment of additional executive positions and the appointment of new division heads. As in the prior year, two key subjects were highlighted: firstly, the adoption of Bechtle's strategically important decentralisation concept as one of the primary business principles in the system house segment, and secondly, the establishment of scalable, modular structures that are clearly focused on the company's future growth areas.

## MANAGEMENT STRUCTURE OF BECHTLE AG



The hierarchical separation of the strategic group management by the Executive Board from the leadership of the operational units remains the key characteristic of the management structure. In this way, Bechtle takes the dramatically grown leadership responsibilities into account and ensures high efficiency in the steering and management of the group. The two business segments IT system house & managed services and IT e-commerce are not only marked by different ways of thinking and structures, they also apply different development strategies for their expansion. Thanks to the extension of the holding board and the new distribution of responsibilities, which was implemented as of 1 January 2009, these two group segments now also have Executive Board members at the strategic level in addition to the Executive Board spokesman, who is responsible for the central functions. Moreover, the segment name "IT system house" was expanded to "IT system house & managed services". With this addition, the company draws the customers' attention to the close relation between managed services and system houses.

In the reporting year, Bechtle also expanded its system house activities by entering the Austrian market. With more than 50 system house locations, the company has come a step closer to the goal of geographic coverage in Germany, Austria, and Switzerland. In the IT e-commerce segment, the group has further expanded its Europe-wide positioning and has established new trading companies in Ireland in the reporting period and in Portugal in March 2009.

The operational units are headed by division heads. Apart from the cross-segmental public clients division, the division heads of the IT system house & managed services segment are responsible for the activities of the Bechtle IT system houses in northern/eastern, southern, and central regions of Germany, Switzerland, and Austria as well as for managed services. In the IT e-commerce segment, they control the trading business of the *Bechtle direct* and *ARP Datacon* brands and the licensing business of the *Comsoft direct* companies.

The central logistics & service division remains under the supervision of the holding board, as do the other central functions finance & controlling, investor relations, IT computing centre, human resources, quality management, legal and compliance, plus corporate communication.

During the reporting period, Bechtle further expanded its structures in the field of software licensing and management. Comsoft direct AG, which was already active in this business field in Switzerland, France, and the Netherlands, gained a new location in Austria. Thus, the international expansion of this area was pushed further ahead. The purpose of this concentration of competencies within the Bechtle Group is to address the ever more complex subject of software licensing with a qualified team of experts who offer customers a cross-vendor, full-service solution portfolio. In Germany, these services are offered directly by the system houses, supported by logistics & service. In Switzerland, *Comsoft direct* supports the Bechtle branches in this field; in the other countries, it operates independently in this market.

### Locations

The group headquarters of the Bechtle Group is located in Neckarsulm, Germany. Apart from the Bechtle AG, the central units are also situated here. The finance department is located in Gaildorf, Germany.

In the consulting-intensive service business of the IT system house & managed services segment, on-site customer contacts are vital. For this reason, Bechtle has a dense network of IT system houses in more than 50 locations in Germany, Austria, and Switzerland. In this structure, the directors of the operating subsidiaries act in the capacity of independent entrepreneurs with a high level of personal responsibility in their local markets. In this context, a consistent earnings-oriented compensation system supports and promotes the entrepreneurial activities of the directors.

In the past fiscal year, Bechtle AG again reinforced its market coverage in the German-speaking system house segment by means of acquisitions. The group further expanded its presence in Germany by taking over BadenData GmbH, Netzwerk Beratung Informationssysteme Duisburg GmbH (nbi), and Wrede Systemhaus GmbH. In Austria, the market launch took place in 2008 by means of the acquisition of supportEDV GmbH and Madras GmbH.

However, due to the achieved wide geographic coverage of the Bechtle Group, it is also necessary to continually review the efficiency and effectiveness of the location structure. Thus, in the past fiscal year loss-making locations in Switzerland and Germany were either closed or consolidated. On the reporting date, the group had 44 IT system houses in twelve federal states in Germany. In Switzerland, Bechtle AG has ten system house locations in eight cantons and two in Vienna, Austria.

Following to the launch of Bechtle Direct Ltd. in Ireland in September 2008 and Bechtle direct Portugal, Sociedade Unipessoal Lda in early March 2009, Bechtle AG now has subsidiaries in the IT e-commerce segment in eleven European countries.

Bechtle AG owns approximately 80 operating companies and investments, which are listed on pages 178-179. The majority of the IT system houses, branches, and service and trading companies are located in Germany and Switzerland. The largest of the almost 70 locations in Europe is at the same time the location of the company headquarters in Neckarsulm, Germany, with more than 800 employees.

**Market position strengthened by means of selective acquisitions**

## BUSINESS ACTIVITY

Bechtle AG, established in 1983, has more than 50 IT system houses in Germany, Austria, and Switzerland. The company is one of Europe's leading IT e-commerce providers, with trading companies in eleven countries. Bechtle offers its 56,000+ predominantly medium-sized industry, service sector, and public sector customers a full cross-vendor range of IT infrastructure and IT operation solutions from one source.

### Segments

Bechtle AG runs its operations under the two segments IT system house & managed services and IT e-commerce. In the IT system house & managed services segment Bechtle provides customers with IT strategy consulting services, hardware and software, project planning and roll-out, system integration, IT services, training, and complete IT operation. The IT e-commerce segment comprises the group's Internet, catalogue, and phone-based trading activities. With the brands *Bechtle direct*, *ARP Datacon*, and *Comsoft direct*, Bechtle applies a multiple-brand strategy in this segment.

### Service Spectrum and Processes

The Bechtle Group is a service and trading enterprise. Bechtle's service offer in the IT system house & managed services segment spans the entire IT value chain. The service offer is characterised by the fact that Bechtle is a "one-stop provider". Each solution is assembled according to customer needs and wishes. By means of the individual composition of an offer from various services in combination with hardware and software, Bechtle is capable of elaborating an individual solution for each and every customer. The service portfolio is subject to ongoing review and adaptation to market and customer requirements. In the reporting period, the group mainly expanded its range of managed services.

**Managed services  
further expanded**

By means of managed services, Bechtle assumes the responsibility for defined operating tasks related to the customers' IT. In this context, fine-tuned service level agreements ensure the availability of the IT infrastructure. Bechtle guarantees optimum operability of the IT systems over the entire life cycle with remote operation or on-site supervision of servers, clients, printers, and networks on the basis of standardised operating concepts and holistic user services for the customer IT infrastructure. The technical solutions are complemented by individual financing models such as leasing.

Bechtle has developed the Bechtle medium-sized business concept (Bechtle Mittelstands-Konzept – BMK) especially for the needs of local medium-sized businesses. The growing dependence on IT is accompanied by a growing risk of major financial losses in the event of failures. Small and medium-sized companies often lack the resources needed to cover all specialised IT areas. At the same time, legal requirements are increasing due to the growing complexity of IT systems. The BMK addresses these challenges. With this offer, Bechtle shoulders the entire IT responsibility for companies with up to 200 PC workstations at a fixed monthly price. At affordable costs, customers benefit from state-of-the-art technology and guaranteed professional, fail-safe IT operation.

**Central bundling of expertise  
for special subjects**

The competence centres constitute an important pillar of Bechtle's service portfolio. The market has a greater demand for particular services. In order to be able to offer customers the latest expertise for these services, the Bechtle Group bundles this know-how in competence centres. Within the framework of the reorganisation of the internal structure, Bechtle has pushed the focus of the core business fields ahead, reducing the number of competence centres from 20 in the fiscal year 2007 to twelve in the past reporting period. In their capacity as internal service units, these competence centres render services for all locations.

The custom-tailored seminar concept of the 19 Bechtle training centres in Germany is precisely tuned to the needs of the market. The offer covers a wide spectrum, with more than 10,000 seminar dates and almost 200 hot topics. For customers with several branches, this presence enables uniform training on site.

In the IT e-commerce segment, the specialised IT reseller Bechtle offers a full range of more than 37,000 IT products of about 300 manufacturers. To a limited extent, *ARP Datacon* also offers products under its own label.

The bios shops (bios® = Bechtle Information & Ordering System) represent one of the highlights of *Bechtle direct*. These Web-based customer shops contain an individually configured product offer. In this way, bios customers can ensure uniformity of the IT infrastructure in all purchase orders. As of the end of 2008, *Bechtle direct* had about 15,000 active bios accounts.

**Central logistics ensure  
maximum transparency of prices  
and availability**

In the highly process-dependent IT e-commerce segment, Bechtle has established lean work-flows that are of great significance for the success of this segment. In certain aspects, the underlying processes are even part of the actual service. For example, many of the purchase orders in IT e-commerce are handled according to the fulfilment principle: Bechtle forwards incoming purchase orders directly to manufacturers or distributors, who then ship the goods to the customers. Bechtle ensures the shipping quality – which is mainly determined by the speed – by means of agreements with partners and regular audits. By applying the fulfilment principle, Bechtle keeps its stock level low, thereby reducing the risk of devaluation of IT products, which are characterised by very short innovation cycles. Customers benefit from short delivery times: purchase orders received by 4:30 p.m. are usually shipped on the same day and delivered on the next day. Lean processes and efficient logistics give the company a competitive edge in the trading business. The centralisation of the product management, purchasing, and warehouse guarantees market-oriented, attractive prices and quick delivery. Bechtle controls all these sub-areas for all EU countries from its logistics centre in Neckarsulm, Germany.

Another key business process concerns the goods and pricing system and the uniform product database, which is accessed by all European subsidiaries. Every night, the European pricing system (EPS) developed by Bechtle loads more than 2.3 million pieces of pricing and availability information from IT manufacturers and distributors and calculates the respective national prices. Suppliers are primarily selected on the basis of the lowest price and the ability to ship immediately across Europe. Market-related product information is automatically updated online for the country-specific Web shops.

Apart from the online shops, the Bechtle catalogue is also today the second important sales channel in the trading business. Twice a year – in March and September – the catalogue will henceforth be released in eleven country versions with average print run of 150,000 copies per issue.

The 900-page catalogue with detailed specifications, product images, prices, and direct references to suitable accessories is the ideal supplement to the central online product database. Since the release of the first issue in 1991, the catalogue has developed into a recognised standard reference work in the industry.

In the course of the year, Bechtle AG also intensified its activities in the field of software licensing and management. The *Comsoft direct* companies, which operate in this segment in four countries, offer customers a cross-vendor, full-service solution portfolio for software licenses. *Comsoft direct* supplies enterprises of all sizes with custom-tailored software products, solutions, and services. The offer covers the entire software life cycle, including consulting, sales, procurement, maintenance, and project management. The importance of this know-how is on the rise, as manufacturer licensing and pricing models are becoming more and more complex. Customers increasingly demand this competency especially with respect to service-oriented architectures consisting of diverse software modules with countless licensing models. *Comsoft direct* selects the most suitable licensing models from its extensive spectrum and enables customers to use their software applications as effectively and inexpensively as possible. The offer in this business area also includes the analysis of the customer's licensing situation in order to identify and eliminate illegal underlicensing and unnecessary, cost-intensive overlicensing.

### Research and Development

As a pure service and trading company, Bechtle is not involved in any research activities. Development activities are only conducted to a very limited extent, and principally for internal purposes. Due to the limited scope and the negligible economic significance of the development work, Bechtle does not report any R&D figures.

In the reporting period, the development work involved the maintenance and update of the Web shop and of BELOS, a proprietary software. The BELOS resource management software is used for planning and conducting events, training, and meetings. The software was prepared to meet internal needs and is marketed only to a limited extent. It is subject to regular maintenance and ongoing development.

The online solutions of the existing Web shops of *Bechtle direct* and *ARP* were developed internally by Bechtle in 1995. Since then, a team of programmers has taken care of the continuous maintenance and further development of the e-commerce platform and the implementation of new countries, such as the market launch in Ireland and the current market launch in Portugal.

Apart from this, no major development work was done in the reporting period.

### Markets

Bechtle's core target group consists of medium-sized businesses. Bechtle defines the size of businesses according to the number of PC workstations. Local medium-sized businesses are customers with 20 to 50 PC workstations, regional medium-sized businesses are companies with 50 to 250 PC workstations, and upper medium-sized businesses are enterprises with 250 to 2,000 PC workstations. Though Bechtle does not cater for private customers, the *ARP Datacon* companies still serve this customer segment to a minor extent.

This size and potential-related segmentation of medium-sized businesses is the only demarcation of Bechtle's market. Within the defined size limits, all companies are potential Bechtle customers, regardless of the industry they belong to.

Despite the basically industry-independent marketing approach, two industry specialisations have emerged in Bechtle's clientele. These are the result of the peculiarities of the respective markets, and they are partly taken care of separately in the company. One of these is the public clients division, which, as an internal service unit, supports the decentralised system houses in the processing of public request for tenders. In view of the complexity of this customer segment, which can be seen in areas such as the tender process, such a specialisation is a must. Moreover, Bechtle markets special offers intended exclusively for the savings banking sector.

Geographically, Bechtle's IT system house & managed services segment operates exclusively in Germany, Austria, and Switzerland. In the IT e-commerce segment, the Bechtle Group is active all over Europe.

### Competitive Position

According to information of the Federal Statistical Office, approximately 65,000 IT companies that differ greatly in terms of size, service spectrum, and specialisation offered their products and services in Germany in the reporting year 2008. Most of these companies merely operate on a local scale and seldom exceed annual revenues of 5 million euros. According to the Federal Statistical Office, the group of medium-sized IT companies with annual revenues of approximately 50 to 250 million euros comprises about 200 companies. Only about 10 to 15 companies, including Bechtle, are on the list of larger system houses that are active in Germany.

In Germany, Bechtle enjoys an excellent market position. According to the professional ChannelPartner media platform, Bechtle ranks second among vendor-independent German system houses in terms of the domestic revenue and is far ahead of the lower-ranking companies. The competitive strength is even more important than the revenue figure. According to a survey ChannelPartner conducted among German system houses for the purpose of identifying the most significant competitors, Bechtle was the most frequently mentioned company.

In another independent survey of the specialised magazines ChannelPartner and Computerwoche, user companies elected Bechtle AG as the most customer-friendly system house in 2008 in the category of companies whose annual revenues exceed 250 million euros. The participants rated the overall quality of Bechtle's work as "good", thereby acknowledging the performance of Bechtle AG. Almost 1,700 projects were evaluated in the three-week online survey. Among other things, the questions focused on the quality of the offer of the selected system house. The quality of the project roll-out was determined on the basis of statements about the project management, communication, reaction times, and competency. Adherence to deadlines, a good price/performance ratio, and the support after the completion of the project (maintenance, training, etc.) also formed part of the basis for the rating.

**Bechtle has an excellent market position**

According to its own information, Bechtle is the market leader in the system house business in Switzerland. In the reporting period, Bechtle AG entered the Austrian market by means of acquisitions. While small and medium-sized businesses jointly account for the largest market share in Germany, Austria, and Switzerland, it is obvious that especially medium-sized providers are trying to consolidate their activities by means of mergers and acquisitions, and large providers are expanding their market position at the cost of the smaller providers.

In the IT e-commerce segment, the group considers its market position to be outstanding in Germany and Switzerland and stable in the other European countries.

### Environmental Protection

As a trading and service company, Bechtle AG is less affected by environmental protection requirements than manufacturing companies. Nevertheless, Bechtle is committed to environmental protection. As far as possible, the group endeavours to employ its resources in a responsible manner.

The company does not offer any products containing hazardous or potentially hazardous substances that could endanger the environment or consumers. Bechtle requires its suppliers to comply with the EU directive 2002/95/EC on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS) of March 2003. In addition to the agreement, all purchased components are regularly inspected in order to make sure that they do not contain any hazardous substances. Bechtle ensures eco-friendly disposal of the products at the end of their life cycle, thereby fulfilling its obligations under the German Electrical and Electronic Equipment Act (ElektroG). This company has been listed in the waste electrical equipment register (EAR) since 2005.

Bechtle attaches a lot of importance to green IT. This year alone, Germany's computing centres consumed the equivalent of the entire annual production of about three medium-sized coal-fired power plants. Recent estimations suggest that the number of servers will increase by another 50 per cent by 2010, resulting in even more power consumption and CO<sub>2</sub> emission. Bechtle AG responds to this growing need for low-consumption IT products with an increased service and product offer of eco-friendlier and more economic IT environments. From consulting to procurement to implementation, Bechtle covers all stages of the economic and ecological optimisation of IT infrastructures. Thus, computing centres are analysed for their energy consumption and possible savings potential. For example, savings can be achieved through server virtualisation and consolidation. Furthermore, Bechtle's current product offer features various energy-saving products, such as thin clients.

Bechtle's contribution to environmental protection is not limited to its core business. The extension to the logistics building in Neckarsulm, Germany, was accompanied by further expansion of the photovoltaic solar system that was commissioned in January 2008. Thus, the total capacity of this eco-friendly system was increased from 380 kWp to 450 kWp.

## CORPORATE MANAGEMENT

Quality criteria like customer satisfaction, service competency, and motivation as well as quantity figures like incoming orders, contribution margin, and profitability are key performance indicators of Bechtle. In this way, the objective – to achieve profitable growth – is firmly rooted in the group's management processes. Apart from other individually agreed targets, this objective also serves as an important criterion for the performance-oriented compensation of Bechtle's employees.

### Objectives and Strategy

In 2000, the year of the IPO, the Executive Board presented the Vision 2010 for the first time as the long-term growth strategy of the Bechtle Group. The purpose of this strategy was to reach revenues of 2 billion euros and an EBT margin of approximately five per cent. In 2007, the Vision 2020 was added to these goals, which have since become medium-term goals. According to this vision, Bechtle intends to achieve a group revenue of 5 billion euros with 10,000 employees.

Bechtle plans further organic growth by means of higher-quality services and a suitable hardware infrastructure and software portfolio as part of a customer solution. To this end, the company is making a concerted effort to expand its offer, partly using its own resources, partly in collaboration with key manufacturers. The objective is to provide innovative, solution-oriented concepts for the IT of medium-sized customers, thereby gaining a visible edge over competitor offers.

Further growth is to be supported by means of attractive acquisitions or selective establishment of new companies. In this way, Bechtle AG wants to increase its geographic coverage with IT system houses in the German-speaking market and its international presence via IT e-commerce companies in European countries. The acquisitions focus is on small to medium-sized businesses of which Bechtle can take over 100 per cent of the shares. Main points of interest are the addition of IT-specific competencies and the intensive processing of strategically important regional markets for the purpose of gaining market shares.

In the IT e-commerce segment, Bechtle pursues a consistent internationalisation approach on the basis of a multiple-brand strategy. The company is already present with two brands in five European countries. By means of these two brands, the presence in Europe is to be further expanded. Bechtle also believes that there is substantial potential for long-term growth in Asia and South America.

The number of employees, too, is to grow in line with the presented corporate expansion goals. According to the medium-term planning, the number of employees is to be stepped up to about 5,000, depending on the growth rate.

Acquisitions are part  
of the growth strategy

## Systems and Instruments

The Executive Board of Bechtle AG is responsible for the overall planning and realisation of the group's long-term targets. The main objective of the company development is to effectively increase the company value through profitable growth.

The short and medium-term planning for the management of the operational units and the resulting measures are derived from the long-term corporate planning. However, they are also aligned with the development of competitors and of the market environment. For the employees of Bechtle AG, the top priority is to achieve growth and profit through satisfied customers and to attain market leadership at the company's location.

Revenue, revenue growth, earnings before taxes and earnings before taxes in relation to the revenue (EBT margin) are relevant key performance indicators. Individual profit sharing schemes are applied to enhance the employees' commitment to agreed targets.

At annual strategy conferences, the Executive Board presents measures and measurable milestones by means of which Bechtle strives to reach its goals. Additionally, individual planning meetings are held with the directors of the IT system houses and IT e-commerce companies. All individual planning elements collectively form the basis for the overall annual planning of the Bechtle Group.

The operational targets and duties derived from the individual meetings are communicated by the directors in the respective individual companies and divisions of both segments and form the basis for the individual performance targets of the employees. The development during the year is continuously analysed with the help of database-supported management instruments. Thus, the management can promptly initiate suitable measures in the event of any deviations from the plan. The assessment takes place in the form of a benchmark test with the help of the Bechtle scorecard, which transforms various performance criteria into a performance ranking that is transparent for all companies and divisions. Additionally, the operational development of all IT e-commerce companies is collected and analysed in a special software tool called European Sales Cockpit (ESC).

In addition, the group regularly assesses the business performance – also compared to other locations – using the Executive Information System (EIS) to provide the operational units with detailed monthly reports with standardised profitability ratios in relation to incoming orders, revenues, and contribution margins. Moreover, some of the subsidiaries have their own management system for the operational control of their sales activities. This system comprises effectiveness indicators and order and customer-related parameters that enable direct assessment of the business performance. Apart from the experience of the sales staff with respect to the customers' demand behaviour and investment affinity, the development of the purchase prices and of incoming orders are regarded as mission-specific early indicators for the due assessment of the business performance.

Within the scope of the management of the companies, key financial ratios like the cash flow, working capital, capital turnover, investment quota, and return on capital employed (ROCE) are used in addition to the direct business indicators. Thus, for example, the development of the main influencing factors of the cash flow are made available to all directors with operational responsibility in the form of a cash-flow cockpit on a monthly basis in order to facilitate an early response to potential undesirable trends.

**Controlling on the  
basis of informative KPIs**

Besides EIS as the central management information system, Bechtle AG uses two ERP (enterprise resource planning) systems, Navision Financials and SAP®, within the scope of the resource-oriented management. All accounting, controlling, and central logistics management processes are integrated in SAP. The optimum mapping of business processes and the standardisation of the utilised management instruments are key criteria for the design of the implemented IT. In this way, it is ensured that the leadership structure and the employed systems remain freely scalable to accommodate further growth of the company.

Monthly (income statement, balance sheet) and quarterly financial statements (income statement, balance sheet, cash flow statement), which are made available to the executive staff for their respective fields of responsibility in the SAP system, enable a comparison with the economic position in the past as well as with plan values in order to identify negative developments at an early stage. The Financials ERP system serves as an enterprise resource planning and sales information system at all locations. The two interlinked systems collect information pertaining to the sales success, such as the status of the sales process phases, the coordination of tasks in the sales team, and billing and shipping of the goods, and deliver relevant figures (such as the customer contact frequency, the order total, and the contribution margin per sales rep).

At group level, the consolidated data for all operational units from the various reporting systems are used for the early identification of target/actual variances.

However, many of the success-critical factors that affect the sustainable growth of the Bechtle Group can only be quantified indirectly or not at all. This includes factors such as the brand reputation, customer satisfaction, staff qualification and experience, leadership qualities, and corporate culture, which can only be described qualitatively, if at all.

To get a better picture of the reputation in the market, Bechtle's management takes advantage of surveys and assessments of professional media, industry associations, and market research institutions. Among other things, the results of these studies are used within the scope of the strategic planning in order to ascertain the company's image in relation to competitors. The "customer satisfaction" factor, however, is analysed in both company segments at regular intervals. The results serve as indicators for the quality of the customer loyalty and are used internally to coordinate sales activities. In connection with purposeful training of the employees, these analyses help Bechtle to continue to provide customers with professional, competent consulting services. Personnel-related data like fluctuation and qualification details are used as internal key performance indicators. The goal is to systematically develop the employees in all fields of qualification and to increase the motivation in order to improve employee loyalty.

## EMPLOYEES

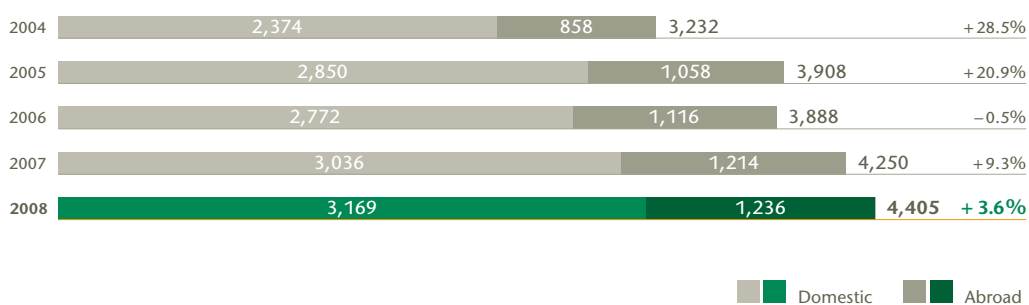
In 2008, Bechtle's HR work again concentrated on long-term personnel planning and retention, training of young people, systematic employee promotion, and executive staff development.

### Staff Development

As of 31 December 2008, the Bechtle Group had a total of 4,405 employees in ten European countries. Compared to the prior year (4,250 employees), the number of employees increased by 155 or 3.6 per cent. On average, 4,288 employees worked for Bechtle during the reporting period. This represents an increase of 185 employees or 4.5 per cent over the prior year (4,103 employees). The increase in the number of employees in the group is the result of acquisitions and new recruitment.

By the end of the year, the workforce in Germany had increased to 3,169 employees. This figure is 4.4 per cent higher than that of the prior year (3,036 employees). The number of employees in other countries increased by 1.8 per cent from 1,214 to 1,236. All in all, 71.9 per cent of the employees work in Germany (prior year: 71.4 per cent), and 28.1 per cent are employed at the foreign companies (prior year: 28.6 per cent).

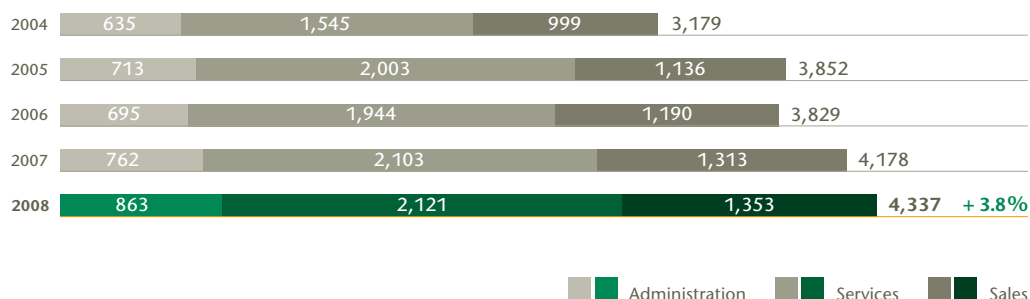
REGIONAL DISTRIBUTION OF EMPLOYEES as of 31 December 2008



The staff figures comprise all employees (except for temporary personnel), including those on parental leave and those doing military or civilian service.

In terms of fields of activity, 863 employees of the entire group worked in administration, 101 more than in the prior year. The workforce went up by 18 to 2,121 employees in the service division and by 40 to 1,353 employees in the sales division. The increase in the administration division is mainly the result of the new management and organisation structure implemented in the reporting period, which necessitated the establishment of additional positions in view of the size of the company.

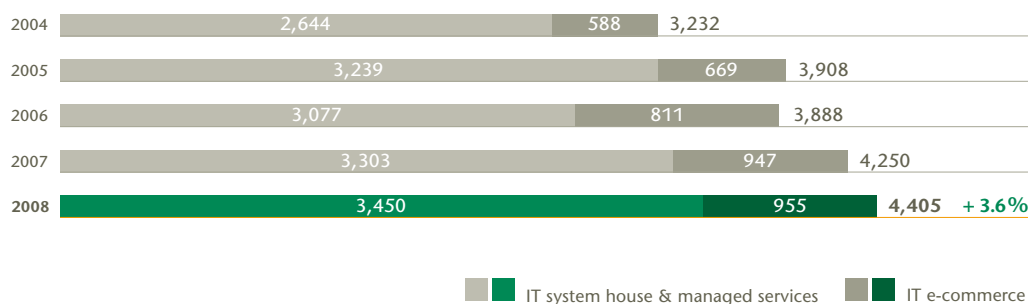
## EMPLOYEES BY DIVISIONS as of 31 December 2008



For internal costing reasons, the staff information by divisions does not take those on parental leave and those doing military or civilian service into consideration.

At the business segment level, IT system house & managed services experienced the greatest increase. As of the end of the year, 3,450 employees worked in this segment, compared to 3,303 in the prior year. The number of employees in the IT e-commerce segment amounted to 955 (prior year: 947). For the system houses, this corresponds to an increase of 4.5 per cent over 2007. In the IT e-commerce segment, the intensified new recruitment in the prior year was followed by a period of consolidation in the reporting year. The average age of the employees in Germany was 37.7 in the IT system house & managed services segment and 27.8 years in the IT e-commerce segment.

## EMPLOYEES BY SEGMENTS as of 31 December 2008



The staff figures comprise all employees (except for temporary personnel), including those on parental leave and those doing military or civilian service.

### Personnel Expenditure and Salary Model

In 2008, the higher average number of employees resulted in an increase in expenditures for wages and salaries including social contributions by 7.1 per cent to 217.7 million euros (prior year: 203.3 million euros). At the same time, personnel expenses grew disproportionately in relation to the revenue, resulting in an increase of the personnel expenses ratio from 14.7 per cent to 15.2 per cent. The personnel intensity in relation to the gross profit amounted to 60.4 per cent (prior year: 60.2 per cent).

## PERSONNEL EXPENSES

	2004	2005	2006	2007	2008
Personnel and social expenditure in million euros	155.7	179.5	192.6	203.3	217.7
Personnel and social expenditure per employee in th. euros <sup>1</sup>	49.1	50.4	50.5	50.3	51.6
Personnel expense ratio in per cent	14.3	15.2	15.8	14.7	15.2

<sup>1</sup> without staff on parental leave and those doing military or civilian service

As a matter of principle, the salary model of all Bechtle employees consists of fixed and variable components. The amount of the variable compensation depends on the degree of achievement of the targets agreed for the particular field of responsibility. For sales staff, the variable component is calculated according to the amount of the contribution margin achieved, while the revenue serves as the indicator for employees in the service sector. The performance-related compensation of directors is computed on the basis of the achievement of the earnings and revenue targets determined at the beginning of the year.

### Training

For the past 25 years, Bechtle has put a lot of emphasis on training young people, thereby securing its supply of qualified junior personnel. In 2008, the company offered training for twelve different administrative and technical professions like information technology, IT systems management assistance, systems electronics, and warehouse management. Furthermore, Bechtle trains students of the University of Cooperative Education, mainly in business IT and commerce.

With more than 1,000 applications submitted for the 31 training positions posted for the following year, the interest in training at Bechtle was even higher than in the previous year (800 applications for 36 training positions). At the end of the reporting period, the company had a total of 281 young trainees, including 35 junior team members abroad. The training ratio increased to 6.4 per cent (prior year: 6.0 per cent).

Bechtle considers needs-oriented training to be an important step towards making the business future-proof. Thus, in the 2008 reporting period, all successfully qualified trainees were given permanent employment contracts.

Compared to other companies in the industry, Bechtle boasts a high certification density. By means of vendor-certified employees, Bechtle guarantees a high level of consulting quality and solution competence for its customers at all times. In 2008, too, employee certification measures constituted a central part of the HR work.

**High certification density stands for competent consulting**

The Bechtle Academy, which was established by the company in 1999, complements the individual training at the group locations, offering all employees a comprehensive programme ranging from ongoing training measures to the acquisition of special skills to interdisciplinary seminars. The monthly introductory events for new employees are also supervised by the Bechtle Academy.

In 2008, the Bechtle Academy organised 325 events with a total of 3,778 participants, thereby making a significant contribution to the qualification of Bechtle's workforce. More than 35 per cent of the events highlighted process-related topics; introductory events for new employees accounted for more than 20 per cent. Sales training measures came third, with a share of 16 per cent.

## CORPORATE GOVERNANCE REPORT

At Bechtle, the close and efficient collaboration of the Executive Board and the Supervisory Board, the protection of shareholder interests, open corporate communication, due accounting and auditing of financial statements, and responsible risk management form the basis for a good corporate governance.

### Basic Understanding

The Executive Board and the Supervisory Board of Bechtle AG are fully committed to the Corporate Governance principles (see Declaration of Conformity pursuant to section 161 of the German Stock Corporation Act (AktG), pages 47 f). For the members of both boards, the rules serve as important orientation standards for the responsible management and control of the company.

The following Corporate Governance principles are of special importance to the Executive Board and the Supervisory Board:

- Effective, constructive collaboration between the Executive Board and the Supervisory Board
- High transparency in accounting and financial communication
- Protection of shareholder interests and
- Performance-oriented compensation for the Executive Board and executive staff

These principles have characterised the self-image and actions of both executive bodies for many years.

Below, the Executive Board and the Supervisory Board jointly report on the Corporate Governance at Bechtle AG according to Section 3.10 of the German Corporate Governance Code (DCGK):

### Shareholders and Annual General Meeting

The Annual General Meeting is a central organ of Bechtle AG by means of which the shareholders can make use of their rights and exercise their voting rights. By virtue of law, the shareholders are involved in fundamental decisions such as the staffing of the Supervisory Board, amendments to the articles of incorporation, the appropriation of retained earnings, or the issue or redemption of shares. Bechtle AG only has no-par common bearer shares in circulation. All shares grant the

same voting rights. To enable shareholders to safeguard their interests at the Annual General Meeting, the Executive Board appoints proxies on whom the shareholders can confer their voting rights, subject to their directives. It is ensured that the proxies can be reached at all times during the Annual General Meeting. The agenda and the needed reports and documents for the Annual General Meeting are made available to the shareholders for review and download at [www.bechtle.com](http://www.bechtle.com).

To ensure a smooth procedure at the Annual General Meeting, the company reserves the right to ballot the election of new Supervisory Board members with the block method, even if an individual election was conducted in 2008. The corresponding provision was included in the articles of incorporation by resolution of the Annual General Meeting on 22 June 2005.

The management of Bechtle AG still does not broadcast the entire Annual General Meeting over the Internet. In the opinion of the Executive Board, the organisational costs and the legal uncertainties would surpass the benefits for the company and its shareholders.

### **Collaboration between the Executive Board and the Supervisory Board**

The German Stock Corporation Act (AktG) provides for strict personal segregation of the company management and the company supervision. The most important duties of the Supervisory Board include the counselling and supervision of the Executive Board in the management of the group. Therefore, the Supervisory Board is involved in all major corporate decisions and assists the Executive Board by providing advice. Further information on business transactions that are subject to approval is presented on pages 14 ff of the Annual Report.

The Executive Board and the Supervisory Board of Bechtle AG closely collaborate for the benefit of the company. The Executive Board duly and comprehensively informs the Supervisory Board of all material issues of the business development, business planning, strategy, and potential risks and opportunities of the business performance and compliance. The Executive Board informs the Supervisory Board without delay about any extraordinary events that are of importance to the assessment of the situation, development, or management of the company. The Supervisory Board also obtains information about the company's situation and important business transactions in meetings with the Executive Board and Directors outside the scope of the regular Supervisory Board meetings. Thus, the Supervisory Board has an optimum information base for coaching operations with suggestions and recommendations. At the beginning of each fiscal year, the Executive Board submits its plans to the Supervisory Board for approval. The Executive Board reports any deviations from previous plans and the reasons for such deviations to the Supervisory Board. Reports that the Executive Board conveys orally to the Supervisory Board are accompanied by the submission of written documents. As a matter of principle, the Executive Board forwards its documents to the members of the Supervisory Board in coordination with the Chairman of the Supervisory Board in good time before the Supervisory Board meetings in order to enable the members to duly prepare for the meetings. According to the Rules of Procedure, important business transactions are subject to the approval of the Supervisory Board.

**Group Executive Board  
expanded as of 1 January 2009**

### Changes in the Executive Board

In the fiscal year 2008, the Executive Board of Bechtle AG consisted of Ralf Klenk and Dr. Thomas Olemotz. In the course of the year, this board did not undergo any changes.

On 10 December 2008, Bechtle AG announced that at his own request, Ralf Klenk, the founding shareholder and previous Chairman of the Executive Board, was not going to extend his contract and was going to resign from the Executive Board as of 31 December 2008. Within the scope of the expansion of the Executive Board of the holding, the Supervisory Board of Bechtle AG appointed Michael Guschlbauer and Jürgen Schäfer members of the Executive Board as of 1 January 2009. From the beginning of the new fiscal year, the group's Executive Board consists of three members.

Michael Guschlbauer is responsible for the IT system house & managed services segment, and Jürgen Schäfer for the IT e-commerce segment. Apart from the original fields of finance, controlling, and investor relations, Executive Board spokesman Dr. Thomas Olemotz, who has been in office since March 2007, has also been put in charge of human resources, corporate communication, IT, and logistics & service.

Among other things, the Rules of Procedure govern the distribution of tasks and the collaboration within the Executive Board and with the Supervisory Board. The Rules of Procedure provide for an age limit of 65 years for members of the Executive Board.

### Executive Board Compensation

The Executive Board compensation is performance-oriented. The total compensation of the Executive Board members consists of a fixed component and a variable, performance-related component. The performance-related component, which represents the annual bonus, depends on the achievement of defined financial targets. These targets are determined by the personnel committee of the Supervisory Board on an annual basis. The performance-related component is calculated particularly on the basis of the EBT of the Bechtle Group and is aligned with the achievement of defined threshold values. The bonus is capped. If the actual earnings fall short of the profit target by more than 50 per cent, no bonus will be paid.

The company does not grant the Executive Board members any variable compensation component that provides a long-term incentive effect and is subject to risk, and the company has not made any pension commitments. The Supervisory Board did not conclude any agreements between the company and members of the Executive Board for the case of a change of control due to a takeover bid.

The Annual General Meeting of 20 June 2006 decided to make use of the opting-out clause. Thus, Bechtle AG is exempted from the legal requirement for individualised disclosure of the Executive Board compensation until and including 2010 (Section 4.2.4 DCGK). In view of the relatively small number of Executive Board members, the company is of the opinion that the disclosure of the total Executive Board compensation and the itemisation in fixed and variable components provide adequate transparency.

For the fiscal year 2008, the fixed compensation of the Executive Board amounted to 556 th. euros (prior year: 729 th. euros), and the total compensation amounted to 1,356 th. euros (prior year: 1,409 th. euros).

## EXECUTIVE BOARD COMPENSATION in euros

	2008	2007*
Fixed compensation	556,000	729,000
Variable compensation	800,000	680,000
Total	1,356,000	1,409,000

\* Here, the changes in the Executive Board, which do not allow a direct comparison of the years, must be taken into consideration.

The German Corporate Governance Code recommends limiting the severance of an Executive Board member in the event of premature termination of his activity without good cause to the compensation for two years (severance cap) or not to compensate more than the residual term of the contract (Section 4.2.3 (4) DCGK). The Supervisory Board of Bechtle AG endeavours to bind the Executive Board members to the company for long terms, if possible. The Supervisory Board of Bechtle AG does not consider a formal limitation by means of an agreement to be practicable. Thus, the legal provisions apply in this case. In the opinion of the Supervisory Board, the legal provisions adequately account for the mutual interests in the event of departure of an Executive Board member and therefore form an appropriate basis. The company intends to continue to handle this issue in this way. In the opinion of Bechtle AG, deviating from the recommendation serves the company's interests in this instance. However, to take the basic tenor of the recommendation into consideration, the company will, in the event of premature cancellation of an Executive Board contract by mutual consent, conclude a severance agreement that complies with the principle of reasonableness with the affected Executive Board member.

### Changes in the Supervisory Board

In line with the articles of incorporation, the Supervisory Board of Bechtle AG consists of twelve members. According to the German Co-Determination Act (MitbestG), it consists of equal numbers of shareholder representatives and employee representatives. As none of the shareholders has any business or personal relationship with the company or with the Executive Board, no conflicts of interest are expected.

Gerhard Schick is the Chairman of the Supervisory Board. Until the election of the new Supervisory Board by the Annual General Meeting on 17 June 2008, he was also chairman of the balance sheet and accounting committee (audit committee). As of the beginning of the new term of office, he was appointed chairman of the committee pursuant to Section 27 (3) of the German Co-Determination Act (MitbestG) and chairman of the personnel committee. In the newly elected board, Dr. Jochen Wolf was appointed chairman of the audit committee. Thus, Bechtle AG complies with the DCGK recommendations (Section 5.2 (2)), according to which the Chairman of the Supervisory Board should also be chairman of the personnel committee that is responsible for the Executive Board contract, but not the chairman of the audit committee. In his capacity as Chairman of the Supervisory Board, Gerhard Schick coordinates the duties of the Supervisory Board, chairs the meetings, and represents the concerns of the Supervisory Board in external dealings. Moreover, he regularly communicates with the Executive Board in order to intensively discuss matters concerning strategic alignment, business performance, and risk management. Uli Drautz is the Vice-Chairman of the Supervisory Board.

A nomination committee has not been formed. In this respect, Bechtle does not follow the recommendation of DCGK (Section 5.3.3). In view of the staffing of the Supervisory Board, the Supervisory Board does not consider the formation of such a committee to be necessary at present.

In the past fiscal year, the term of office of the Supervisory Board members elected by the 2003 Annual General Meeting ended with the end of the Annual General Meeting on 17 June 2008. The company did not make use of the block voting option outlined in the articles of incorporation, but conducted the election of the Supervisory Board members according to the recommendation of DCGK (Section 5.4.3) by individual voting by the 2008 Annual General Meeting.

The 2008 Annual General Meeting elected the individuals proposed by the Supervisory Board with clear majority. Thus, the following Supervisory Board members were confirmed in office as representatives of the shareholders: Kurt Dobitsch, Gerhard Schick, Karin Schick, Klaus Winkler, and Dr. Jochen Wolf. Due to his age, Otto Beilharz was no longer eligible for another term of office; instead, Dr. Walter Jaeger was elected as a new member of the Supervisory Board.

Before the Annual General Meeting, the Bechtle employees elected the new employee representatives. The following Supervisory Board members were confirmed in office: Udo Bettenhausen, Uli Drautz, Daniela Eberle, and Barbara Greyer. Rüdiger Dibbert and Dr. Rudolf Luz did not run for office again. Instead, the employees elected Jürgen Ergenzinger and Sonja Glaser-Reuss as members of the Supervisory Board.

The Supervisory Board endeavours to fulfil its duties with due care. Therefore, the efficiency of its activity is checked extensively every three years on the basis of the guideline of Deutsche Schutzvereinigung für Wertpapierbesitz e.V. The last survey, which was conducted in 2007, revealed that the Supervisory Board worked efficiently. Should the plenum come to the conclusion that the efficiency has deteriorated, the efficiency audit will be conducted on an annual basis.

For its work, the Supervisory Board has issued Rules of Procedure. In particular, these Rules of Procedure govern the collaboration in the Supervisory Board. The Rules of Procedure provide for an age limit of 70 for Supervisory Board candidates.

### Supervisory Board Compensation

The currently applicable compensation rules for the Supervisory Board were adopted by the Annual General Meeting on 13 June 2003 and are outlined in Section 11 of the articles of incorporation of Bechtle AG. Bechtle AG presents the compensation of Supervisory Board members in individualised form. The compensation structure takes the responsibility and scope of activity of the individual members into account. The chairmanship, vice-chairmanship, and committee activities are taken into consideration.

Contrary to the DCGK recommendation (Section 5.4.6 (2)), the compensation does not contain any performance-related component. In the company's opinion, the Supervisory Board's successful and responsible fulfilment of duties does not necessitate such a component.

#### New Supervisory Board elected in 2008

## SUPERVISORY BOARD COMPENSATION in euros

Name	Membership	Basic compensation	Chairman/ Vice-Chairman	Committee activity	Total 2008	Total 2007
<b>Shareholder representatives</b>						
Otto Beilharz	until 17 June 2008	9,278			9,278	20,000
Kurt Dobitsch		20,000			20,000	20,000
Dr. Walter Jaeger	since 17 June 2008	10,722			10,722	
Gerhard Schick		20,000	20,000	12,500	52,500	52,500
Karin Schick		20,000			20,000	20,000
Klaus Winkler		20,000		5,000	25,000	25,000
Dr. Jochen Wolf		20,000		12,500	32,500	32,500
<b>Employee representatives</b>						
Udo Bettenhausen		20,000			20,000	19,056
Rüdiger Dibbert	until 17 June 2008	9,278			9,278	10,500
Uli Drautz		20,000	10,000	10,000	40,000	32,708
Daniela Eberle		20,000		5,000	25,000	25,000
Jürgen Ergenzinger	since 17 June 2008	10,722			10,722	
Sonja Glaser-Reuss	since 17 June 2008	10,722			10,722	
Barbara Greyer		20,000			20,000	20,000
Dr. Rudolf Luz	until 17 June 2008	9,278			9,278	20,000

The Supervisory Board members have not been granted loans or other declarations of liability. The same applies to the Executive Board members. During the reporting period, the company did not have any share option programmes or similar securities-oriented incentive systems.

### D&O Insurance

The Executive Board and the Supervisory Board are under the obligation to apply the principles of proper corporate management. Should they culpably violate their duty to exercise due care, Bechtle AG may assert claims for damages against them. To cover this risk, the company has taken out directors & officers insurance for the Executive Board and Supervisory Board members. Contrary to the DCGK recommendation (Section 3.8 (2)), the D&O insurance for the Executive Board and Supervisory Board of Bechtle AG does not provide for a deductible. The company does not plan to change this arrangement. The company does not believe that a reasonable deductible would contribute to an improved sense of responsibility and motivation of the Supervisory Board and of the Executive Board.

### Conflicts of Interest

The members of the Executive Board and of the Supervisory Board are committed to the interests of the company. In their decisions within the scope of their activity, they are not permitted to pursue personal interests or use business opportunities to which the company is entitled for themselves. The Executive Board members disclose any conflicts of interest to the Supervisory Board and inform the other members of the Executive Board without delay. In its report to the Annual General Meeting, the Supervisory Board provides information about any encountered conflicts of interest and their consequences.

During their activity for Bechtle, the Executive Board members are subject to a comprehensive competition ban. Any kind of side-lining, including the assumption of supervisory board mandates outside the group, is subject to the approval of the Supervisory Board. In the past fiscal year, the Supervisory Board and the Executive Board members did not experience any conflicts of interest, e.g. due to a consulting or organ function on behalf of customers, suppliers, lenders, or business partners. Detailed information on the mandates of the board members on supervisory boards and similar supervisory bodies is presented in the notes to this Annual Report (on pages 171 f and pages 184 f).

### Transparency

To promote trust on the part of shareholders and the public, Bechtle engages in earnest, timely, and open dialogue with all shareholders and other target groups. For the Executive Board and the Supervisory Board, openness and transparency are key principles of conduct. To ensure equal treatment of all market players, all important capital market-relevant information is published simultaneously in German and English and made available at the company's Web site. Important dates, financial reports, press releases, and presentations are also made available to shareholders and other interested individuals on the company home page. Moreover, Bechtle offers its shareholders the possibility of learning the latest details about the performance of the Bechtle share and important analyst and press opinions by means of a weekly report. Upon request, Bechtle sends potential investors publications such as annual and quarterly reports free of charge.

### Disclosures According to the German Securities Trading Act

Pursuant to Section 15a of the German Securities Trading Act (WpHG), individuals who are entrusted with executive duties and who are authorised to make material entrepreneurial decisions of the issuer as well as natural persons and legal entities closely affiliated with them must promptly disclose the purchase or sale of Bechtle shares if the transaction volume exceeds 5,000 euros within a calendar year. Bechtle publishes all transactions of this type at the Web site under Directors' Dealings and reports them to the German Federal Financial Supervisory Authority (BaFin).

In the reporting period, there were no transactions that had to be reported pursuant to Section 15a of the German Securities Trading Act (WpHG).

Pursuant to Section 26 (1) in conjunction with Section 21 (1) of the German Securities Trading Act (WpHG), Bechtle is also under the obligation to provide information about material changes in its shareholder structure, as soon as an investor reaches, exceeds, or falls below 3, 5, 10, 15, 20, 25, 30, 50, or 75 per cent of the voting rights in the company by purchasing or selling shares or in any other way. Bechtle publishes this information after being notified by the shareholder according to the legal provisions.

As of 31 December 2008, the shareholder structure changed as follows:  
JPMorgan Asset Management (UK) Limited, London, United Kingdom, allocated via its subsidiaries, fell below the threshold of 3 per cent of the voting rights in Bechtle AG.

## Shareholdings of Board Members

The shareholdings of Executive Board and Supervisory Board members of Bechtle AG is as follows:

### NUMBER OF BECHTLE AG SHARES – Executive Board member until 31 December 2008

	31.12.2008	31.12.2007
Ralf Klenk	182,462	182,462
Dr. Thomas Olemotz	0	0

### NUMBER OF BECHTLE AG SHARES – Executive Board member since 1 January 2009

	31.12.2008	31.12.2007
Dr. Thomas Olemotz	0	0
Michael Guschlbauer	0	0
Jürgen Schäfer	4,000	4,000

### NUMBER OF BECHTLE AG SHARES – Supervisory Board

	31.12.2008	31.12.2007
<b>Shareholder representatives</b>		
Otto Beilharz	0	0
Kurt Dobitsch	0	0
Dr. Walter Jaeger	0	0
Gerhard Schick	207,300	207,300
Karin Schick	6,790,987 <sup>1</sup>	6,790,987
Klaus Winkler	725	725
Dr. Jochen Wolf	3,916,507 <sup>2</sup>	3,916,507
<b>Employee representatives</b>		
Udo Bettenhausen	0	0
Rüdiger Dibbert	0	0
Uli Drautz	1,644	1,644
Daniela Eberle	0	0
Jürgen Ergenzinger	0	0
Sonja Glaser-Reuss	1,000	866
Barbara Greyer	0	0
Dr. Rudolf Luz	0	0

<sup>1</sup> 815,272 shares for Schick GmbH, 340,115 for Amaury Krief

<sup>2</sup> for BWK GmbH Unternehmensbeteiligungsgesellschaft

### **Accounting and Auditing of Annual Financial Statements**

Bechtle prepares the consolidated financial statements and the interim reports according to the applicable rules of the International Financial Reporting Standards (IFRS) and the annual financial statements of Bechtle AG according to the regulations of the German Commercial Code (HGB).

The annual financial statements were again audited by the final auditor Ernst & Young AG, which the Annual General Meeting had appointed as auditors for the fiscal year 2008.

Before submitting the election proposal, Ernst & Young AG issued a declaration of independence pursuant to Section 7.2.1 (1) DCGK. According to this declaration, there are no business, personal, financial, or other relationships between the audit firm and the Bechtle Group, which could cast doubt on the auditors' independence. Moreover, the audit firm was not involved in the accounting or preparation of the annual or consolidated financial statements.

The auditor participated in the Supervisory Board discussions on the annual and consolidated financial statements and the balance sheet session on 17 March 2009 and reported the results of his audit. Moreover, he provided additional information and answered questions of the Supervisory Board concerning the audit.

### **Declaration of Conformity with the German Corporate Governance Code**

On 5 February 2009, the Executive Board and the Supervisory Board renewed the Declaration of Conformity with the German Corporate Governance Code in its current form and made it permanently available to the shareholders on the company's Web site:

*Declaration of Conformity of the Executive Board and the Supervisory Board of Bechtle AG with the recommendations of the Government Commission on the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act (AktG)*

The Executive Board and the Supervisory Board of Bechtle AG declare that since the last Declaration of Conformity of 5 February 2008, the recommendations of the Government Commission on the German Corporate Governance Code (DCGK) as amended on 14 June 2007 (published on 20 July 2007) and, from 9 August 2008 on, the recommendations of the Government Commission on the German Corporate Governance Code as amended on 6 June 2008 (published on 8 August 2008), which have been published by the Federal Ministry of Justice in the official section of the Federal Gazette, have been and will be complied with, with the following exceptions.

#### **D&O Insurance Deductible**

The D&O insurance Bechtle AG has taken out for the Executive Board and for the Supervisory Board does not provide for a deductible. The company does not believe that a deductible would contribute to an improved sense of responsibility and motivation of the Supervisory Board and of the Executive Board. Bechtle AG does not intend to alter this approach. (Section 3.8 (2) DCGK)

#### **Severance Cap in Executive Board Contracts**

The Supervisory Board has not entered any agreement with the Executive Board members for the event of premature termination of the board activity without good cause. Thus, the legal provisions apply in this case. In the opinion of the Supervisory Board, the legal provisions adequately account for the mutual interests in the event of departure of an Executive Board member and therefore form an appropriate basis. The company intends to continue to handle this issue in this way. (Section 4.2.3 (4) DCGK)

#### **Executive Board Compensation**

Bechtle AG publishes the Executive Board compensation in the corporate governance report, divided into non-performance-related and performance-related components. According to the Annual General Meeting resolution of 20 June 2006, this information is not presented in individualised form. This resolution is valid until the Annual General Meeting that decides about the granting of discharge for the fiscal year 2010. (Section 4.2.4 DCGK)

#### **Chairmanship of the Personnel Committee**

As of the constituting session of the newly elected Supervisory Board on 17 June 2008, the Chairman of the Supervisory Board assumed the chairmanship of the Personnel Committee. Since this date, Bechtle AG is in conformity with the recommendation of the code. (Section 5.2 (2) DCGK)

### Establishment of a Nomination Committee

In view of the staffing of the Supervisory Board, the Supervisory Board does not see any need for formation of a Nomination Committee that is staffed exclusively with shareholder representatives and that proposes suitable candidates to the Supervisory Board for its election proposals to the Annual General Meeting. (Section 5.3.3 DCGK)

### Supervisory Board Elections

As decided by the Annual General Meeting on 22 June 2005 and as specified in the company's articles of incorporation, the company reserves the right to conduct the Supervisory Board elections on the basis of a list in order to ensure a speedy flow of the shareholders' meeting. (Section 5.4.3 DCGK)

### Performance-related Compensation of Supervisory Board Members

The compensation of the Supervisory Board members does not contain any performance-related component. Bechtle AG believes that all members of the Supervisory Board exercise their duties with maximum commitment and willingness and with a view to the company's long-term success. Therefore, the company does not consider a performance-related component to be necessary for responsible Supervisory Board work. For the time being, the company considers this approach to be appropriate. (Section 5.4.6 (2) DCGK)

Neckarsulm, 5 February 2009

Bechtle AG

On behalf of the Executive Board



Dr. Thomas Olemotz

On behalf of the Supervisory Board



Gerhard Schick

## THE SHARE

In 2008, stock markets around the world were affected by the bank and financial market crisis. Especially in the second half of the year, prices slumped due to the looming recession and the magnitude of the bank crisis. Fears of an impending global economic crisis had a negative impact on the general atmosphere and the outlook of many capital market players. Despite the positive business performance, the Bechtle share, too, was adversely affected by these developments.

### Share Market

In the course of the year, the German key indices suffered substantial losses. Except for the MDAX, which reached a small intermediate high in May, the indices already reached their annual high on 2 January. After that, they continually lost ground, until all indices eventually reached their annual low on 20 and 21 November. Towards the end of the year, the indices only recovered slightly. In the course of the year, the DAX lost 40.2 per cent, the MDAX lost 43.0 per cent, and the SDAX lost 46.1 per cent. The TecDAX, in which Bechtle is listed, dropped from 974.81 points at the stock exchange opening on 2 January 2008 to 508.31 points on 30 December – a decline of 47.9 per cent. Thus, technology shares suffered the most severe losses among the German key indices.

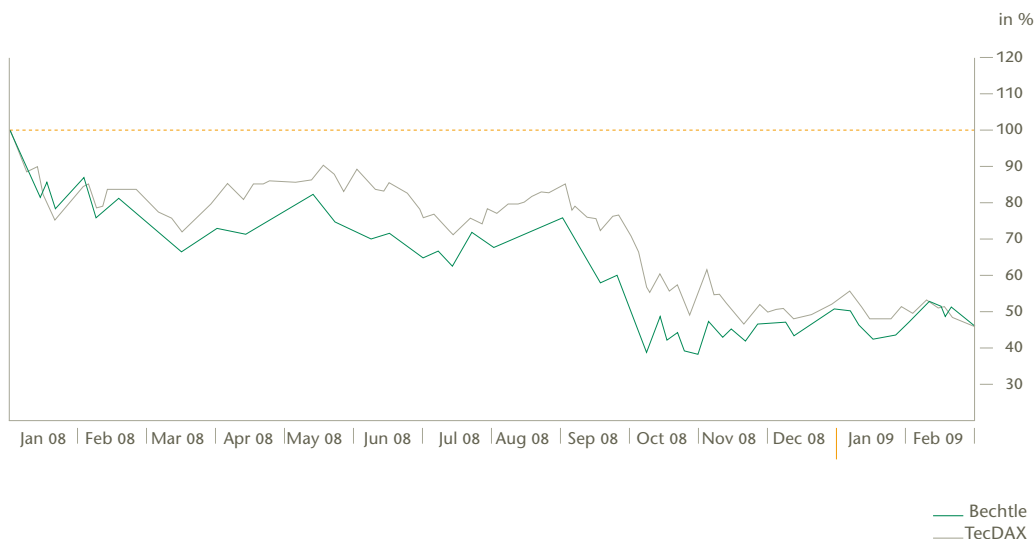
### Share Performance

The Bechtle share could not evade this trend and largely reflected the development of the TecDAX.

On 2 January, the share entered the trading year with a price of 27.00 euros and reached its annual high on the same day, with a closing price of 27.86 euros. Subsequently, the price started to drop, eventually settling at about 19 euros. From March to September, Bechtle continued at this level. In early September, the effects of the financial crisis became more evident, dragging the Bechtle share down to the annual low of 9.64 euros, which was reached on 27 October. Until the end of the year, the share recovered slightly, closing at 13.66 euros on 30 December. In the reporting period, the Bechtle share lost a total of 49.4 per cent, echoing the situation of the TecDAX.

**Share performance does not reflect company performance**

THE BECHTLE SHARE IN COMPARISON TO TECDAX January 2008 until February 2009



In line with the price development, the market cap, too, was halved from 581.3 million euros to 289.6 million euros. In relation to the free float, the market cap declined from 287.7 million euros to 140.5 million euros.

In the reporting period, the liquidity of the Bechtle share was about the same as in the prior year. At all German stock exchanges, 69,743 shares were traded per trading day; in the prior year, this figure was 71,856.

As the performance of the Bechtle share mostly ran parallel to the market, it was able to climb up in the index ranking of the TecDAX as of 31 December 2008 compared to the prior year – despite the reduced market cap. Thus, Bechtle progressed from the 25th to the 22nd place. Bechtle was also able to improve its trading volume – the second key criterion – progressing to the 23rd place as of the end of the year (prior year: 28th place). Here, the stabilisation of the liquidity had a positive effect in an environment characterised by a generally weak demand.

## KEY FIGURES OF THE BECHTLE SHARE

		2008	2007
Annual opening price	euros	27.00	19.30
Annual closing price	euros	13.66	27.42
Annual high	euros	27.86	35.59
Annual low	euros	9.64	19.45
Performance compared to prior year – absolute	euros	-13.34	8.12
Performance compared to prior year – in per cent	%	-49.4	42.1
Market cap – total <sup>1</sup>	million euros	289.6	581.3
Market cap – free float weighted <sup>1</sup>	million euros	140.5	287.7
Average turnover/trading day <sup>2</sup>	shares	69,743	71,856
Average turnover/trading day <sup>2</sup>	euros	1,228,978	1,953,582

<sup>1</sup> As of 31 December

<sup>2</sup> All German stock exchanges

### Share Buy-back Programme

In the course of the price slump from September on, the Bechtle share dropped to a price level that the management considered to be far below the actual company value. Therefore, on 9 October 2008, the Executive Board of Bechtle AG decided, with the approval of the Supervisory Board, to launch a share buy-back programme under which it would be possible to repurchase up to 2.12 million treasury shares via the stock exchange (Xetra). The buy-back is based on the resolution of the Annual General Meeting of 17 June 2008, which authorises the company to acquire treasury shares worth up to 10 per cent of the equity capital as of the date of the resolution until 16 November 2009. The shares can be used for all the purposes specified in the authorisation (acquisition currency, withdrawal, and listing at foreign stock exchanges). The total number of treasury shares purchased by 31 December 2008 amounted to 209,500. The average purchase price was 10.70 euros. In view of its comfortable and adequate liquidity reserve, Bechtle AG will continue with the share buy-back programme in the current fiscal year (see Supplementary Report, page 96).

Bechtle buys back  
treasury shares

All information on the share buy-back programme and the latest status of purchased shares can be found on the Internet at: [www.bechtle.com/company/ir/aktienrueckkauf](http://www.bechtle.com/company/ir/aktienrueckkauf)

### Shareholder Structure

In the reporting period, the shareholder structure of Bechtle AG did not undergo any changes. The company founder's daughter Karin Schick still holds 32.03 per cent of the shares. This figure includes the shares of Schick GmbH, whose partner Karin Schick is, and shares belonging to her underage son. Another 18.47 per cent are held by the investment company BWK GmbH, which had already invested in Bechtle prior to the public offering. Both major shareholders pursue a long-term investment strategy and currently do not plan to change their positions.

The free float comprises all shares of shareholders who hold less than five per cent of the equity capital. This does not include shares held by the company itself. As of 31 December 2008 the free float amounted to 49.50 per cent. These shares are held by a wide spectrum of domestic and international private and institutional investors.

One of the highest dividend yields in the TecDAX

### Dividend

Since its IPO in 2000, Bechtle has been following a stable dividend policy that is focused on continuity. In the TecDAX, the company is still one of the few companies that have continued to distribute profits to shareholders every year since their IPO. This year, too, the shareholders are to participate in the company's success. For the fiscal year 2008, the Executive Board and the Supervisory Board propose to the Annual General Meeting to distribute a dividend of 0.60 euro per share. The shares purchased by the company under the share buy-back programme are not entitled to dividends. As of 31 December 2008, the number of shares with dividend entitlement was 20,990,500. Thus, the amount to be distributed for the fiscal year 2008 amounts to 12,6 million euros. The dividend payout ratio would amount to 27.8 per cent of the group earnings after taxes and minority interests. However, this information pertains to the closing date and may still change if more shares are repurchased before the Annual General Meeting that will adopt the resolution concerning the dividend to be paid. In relation to the annual closing price, the dividend yield is 4.4 per cent. That makes Bechtle one of the top three companies in the TecDAX in the reporting period.

### Earnings per Share

In the reporting period, the undiluted earnings per share (EPS) amounted to 2.14 euros, i.e. 11.1 per cent over the prior year (1.93 euros). The EPS were calculated on the basis of an average of 21,164,950 shares in circulation in 2008. The shares purchased by the company under the share buy-back programme were not taken into consideration in the EPS calculation and were deducted on a daily basis.

#### KEY FIGURES

		2008	2007
Shares with dividend entitlement <sup>1</sup>	quantity	20,990,500	21,200,000
Earnings per share	euros	2.14	1.93
Amount distributed <sup>1</sup>	million euros	12.6 <sup>2</sup>	12.7
Cash dividend	euro	0.60 <sup>2</sup>	0.60
Dividend yield <sup>1</sup>	%	4.4	2.2
Price/earnings ratio <sup>1</sup>		6.4	14.2

<sup>1</sup> As of 31 December

<sup>2</sup> Subject to approval of the Annual General Meeting

### Investor Relations

In the capital market, Bechtle enjoys a very good reputation. Especially in times of falling prices and uncertainty in the financial markets, Bechtle stands for reliable and continuous communication with the financial community.

Analyst recommendations serve as central instruments that form the opinions of shareholders and investors. In 2008, a total of nine banks regularly reported about Bechtle in detailed studies and topical brief analyses. In the reporting period, Deutsche Bank, Commerzbank, and the analyst company SES Research included Bechtle in their coverage. Before that, Bechtle was already on the

monitoring lists of Berenberg Bank, DZ Bank, Landesbank Baden-Württemberg, Merrill Lynch investment bank, Metzler bank, and WestLB. Bechtle's regular constructive dialogue with all analysts was enhanced by analyst visits to the headquarters, various conferences, and joint road shows. In the past fiscal year, most of the ratings were "buy" or "hold".

The relationship with existing and potential investors was very intensive in the reporting period. In individual discussions, round tables, road shows, and conferences, Bechtle informed institutional investors about the company's economic situation, business strategy, and future outlook. In the past year, the Executive Board also engaged in individual discussions with prospective investors at the group headquarters in Neckarsulm, Germany.

In the reporting period, the award bestowed on the annual report of Bechtle AG was a pleasant success of the communication with the financial market. The annual report is a key element of financial reporting, even in an age of growing relevance of electronic media. Bechtle endeavours to improve the annual report continuously in order to provide interested readers with comprehensive and transparent information about the company at all times. In the current ranking of arguably Germany's most prestigious business report competition, "manager magazin" elected the report of Bechtle AG for the fiscal year 2007 the winner among TecDAX-listed companies. Thus, the company made it from the eighth place in the prior year to the very top of its class. In addition to the actual content of the report, the jury was impressed by the report's layout and linguistic style.

**Best annual report  
in the TecDAX**

From the shareholder viewpoint, the eighth ordinary Annual General Meeting of Bechtle AG on 17 June 2008 in Heilbronn, Germany, was a key event. Some 500 shareholders represented 70.6 per cent of the voting capital. The most important item on the agenda was the election of the new Supervisory Board. Moreover, the Executive Board provided information about the figures of the fiscal year 2007 and presented an outlook for 2008. The Annual General Meeting adopted all proposals of the Executive Board and the Supervisory Board with a vast majority.

In August and September 2008, the Bechtle AG shareholders' days were held for the fourth time. Over a period of three days, some 100 shareholders visited the company at its headquarters in Neckarsulm and availed themselves of the opportunity to engage in intensive discussions with representatives of the company. Apart from offering presentations and tours, Bechtle AG uses this event to provide its shareholders with a more profound insight into the company, thereby enhancing the relationship with its shareholders.

The Internet presence of Bechtle AG ([www.bechtle.com](http://www.bechtle.com)) is an important platform for the communication with shareholders and guarantees the flow of information to the capital market. On clearly structured pages, visitors are provided with price and index charts, ad-hoc notifications and press releases, financial publications, announcements concerning corporate governance and directors' dealings, and important company presentations. Research on Bechtle AG is presented in summarised form. Every Monday, a weekly report reflects the price development of the past week and summarises the most important press and analyst opinions. All documents related to the Annual General Meeting and important information in connection with this event can also be found on these pages. Moreover, the Web site features an online business report and KPI overviews.

## TAKEOVER-RELATED DISCLOSURES

The disclosures required pursuant to Section 315 (4) of the German Commercial Code (HGB) are presented below:

As of 31 December 2008, the company's subscribed capital amounted to a total of 21,200,000 euros. It is divided into 21,200,000 no-par bearer shares. The amount of the equity capital that is allocated to each share is 1.00 euro. All company shares are issued as ordinary no-par bearer shares.

There are no different types of shares.

The Executive Board is not aware of any restrictions relating to voting rights or the transfer of shares.

The company is aware of the following direct or indirect capital interests exceeding ten per cent of the voting rights as of 31 December 2008:

Karin Schick, Gaildorf, Germany: 32.03 per cent

BWK GmbH Unternehmensbeteiligungsgesellschaft, Stuttgart, Germany: 18.47 per cent

There are no holders of shares with special rights granting powers of control.

The company does not control voting rights of employees who hold interests in the company's capital.

The appointment and dismissal of members of the Executive Board is governed by Section 84 ff of the German Stock Corporation Act (AktG). In the reporting period, the company's Supervisory Board made use of the possibility outlined in Section 84 (2), according to which a Chairman of the Executive Board can be appointed in case the Executive Board consists of several members, appointing Ralf Klenk as Chairman of the Executive Board. Upon Ralf Klenk's withdrawal from the Executive Board, Dr. Thomas Olemotz was appointed Spokesman of the Executive Board as of 1 January 2009. Section 5.1.2 of the German Corporate Governance Code outlines further principles concerning the appointment of the Executive Board. According to these principles, the Supervisory Board is to implement a long-term succession plan in collaboration with the Executive Board. In general, the maximum appointment term of five years should not be applied to initial appointments. In the case of contracts whose residual term is more than one year, re-appointment with simultaneous cancellation of the current appointment should only take place in the event of special circumstances. An age limit is to be set for members of the Executive Board. The Rules of Procedure of the Executive Board of Bechtle AG provide for an age limit of 65. The articles of incorporation do not contain any further provisions concerning the appointment or dismissal of Executive Board members.

The conditions for amendments to the articles of incorporation are mainly outlined in Sections 179 to 181 of the German Stock Corporation Act (AktG). Amendments to the articles of incorporation are subject to a resolution of the Annual General Meeting with a majority of at least three fourths of the equity capital represented during the adoption of the resolution and entry of the amendment to the articles of incorporation in the Commercial Register. The articles of incorporation may determine a capital majority that is different from that specified in the legal provision, but only a greater majority for amendments to the purpose of the company, and impose additional requirements. The articles of incorporation of Bechtle AG do not contain any such provision. The Annual General Meeting may confer the authority to make amendments that merely concern the wording on the

Supervisory Board. At the company, this has been done by means of Section 10.4 of the articles of incorporation. Amendments to the articles of incorporation only become effective upon entry in the Commercial Register at the domicile of Bechtle AG.

Pursuant to Section 202 ff of the German Stock Corporation Act (AktG), the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the company's equity capital by up to 10,600,000 euros by issuing up to 10,600,000 no-par bearer shares on one or several occasions against cash contributions and/or contributions in kind until 10 June 2009 (authorised capital).

Subject to the approval of the Supervisory Board, the Executive Board decides on the exclusion of the subscription right and on details concerning the issue of the new shares. The subscription right may be excluded

- to exclude fractional amounts from the shareholders' subscription rights;
- to grant shares against contributions in kind, especially within the scope of company mergers or within the scope of acquisition of companies, parts of companies, or interests;
- in the event of capital increases against cash contributions amounting to a total of up to ten per cent of the equity capital, provided the issue value is not considerably lower than the listed price;
- in the event of a capital increase for the purpose of issuing employee shares, provided the total proportion of the equity capital allocated to the new shares for which the subscription right is excluded does not exceed ten per cent of the equity capital at the time of the issue.

The purchase of treasury shares is only possible according to the provisions of Section 71 (1) of the German Stock Corporation Act (AktG) in the event of one of the exceptional situations specified therein. Based on the resolution of the Annual General Meeting of 17 June 2008, the company is authorised to purchase treasury shares pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG). The authorisation came into force on 17 June 2008 and is valid until 16 November 2009. Treasury shares must be purchased via the stock exchange or within the framework of a public bid by the company. The price the company pays per share may not exceed or be lower than the average closing price for the company's shares on the Xetra platform during the last five trading days prior to the purchase of treasury shares or, in the case of a public purchase bid, prior to the date of publication of the public purchase bid, by more than ten per cent (with-out ancillary acquisition costs). The scope of the authorisation is limited to up to ten per cent of the equity capital. Redemption is only permitted for the purposes specified in the resolution. In the reporting period, the company made use of this authorisation (see chapter "Share", page 51).

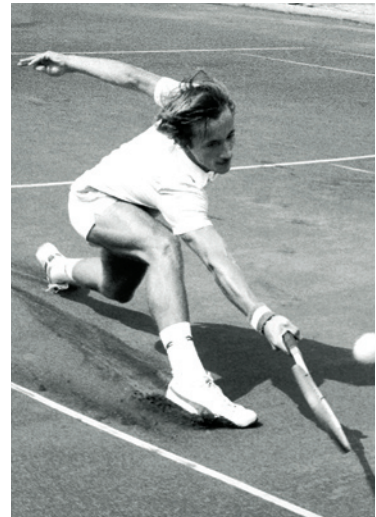
By resolution of the Annual General Meeting of 1 June 2001, the equity capital was increased conditionally by a nominal amount of up to 2 million euros by means of the issue of up to 2 million new shares with profit entitlement from the beginning of the fiscal year. The contingent capital is used exclusively for pre-emptive rights that are granted under the share option programme 2001/2008 according to the resolution of the Annual General Meeting of 1 June 2001 and is only applied to the extent that pre-emptive rights are issued under the share option programme 2001/2008 and the holders exercise their pre-emptive rights (contingent capital 2001). Such pre-emptive rights or share options existed neither in the reporting year 2008 nor in the fiscal year 2007 and will not be issued in the future. Therefore, the company plans to cancel the contingent capital in 2009.

The company has no other significant agreements that would apply in the event of a change of control due to a takeover bid.

The Supervisory Board did not conclude any agreements between the company and members of the Executive Board for the case of a change of control due to a takeover bid.

25 YEARS AGO

**I dreamed of  
making tennis  
my life.**



Today, Dr. Jürgen Ros is sales manager at the Bechtle IT system house Karlsruhe and is responsible for the storage solutions competence centre.

“This indescribable feeling of bliss on the tennis court, when you’re fully concentrated, notice nothing but the joy of the game and the will to win – these moments are extremely motivating and help you to improve. Keeping at it, diligence, discipline, ambition, talent, enthusiasm, and continuous training are also important building blocks for business success. When our team manages to impress a customer with our performance and sign a project, it’s like a tennis victory. This stirs enormous motivation for proving that we’re the best partner for our customers.”

