



REPORT OF THE SUPERVISORY BOARD

For Borussia Dortmund GmbH & Co. KGaA, the 2007/2008 financial year was marked by three important and pleasing factors. First of all, as had also been the case last year, our single-entity financial statements showed that we have once again achieved profitability. Secondly, the Group's (gross) financial liabilities have been substantially reduced; the credit from Morgan Stanley Bank International Limited arranged by the credit agreement dated 6 June 2006 was fully repaid. The third, especially significant point is the success of our *Bundesliga* team in reaching the DFB Cup final, which at the same time qualified it for one of the top European competitions of the 2008/2009 season, the UEFA Cup, for the first time since the 2003/2004 season.

The restructuring process, which commenced at the turn of year 2004/2005, was therefore completed in only three years. We want to both expand what we have achieved and to continue on course.

WORK OF THE SUPERVISORY BOARD, MEETINGS

In the 2007/2008 financial year, the Supervisory Board closely monitored the condition and performance of the Company and the Group, exercising its rights and duties under the law and the Company's Articles of Association without restriction. The general partner and its managing

directors were regularly advised and monitored by the Supervisory Board in their management of the Company. Based on reports provided by the management, and on enquiries thereto, advice thereon and discussion thereof, the Supervisory Board confirms the validity and propriety of the Company's management and the effectiveness of its risk management and corporate structure as well as its profitability.

During the reporting period, the Supervisory Board was kept informed in a timely and comprehensive manner through the provision of regular oral and written reports by the management within the meaning of § 90 German Stock Corporation Act (AktG). The reports related primarily to the liquidity and financial condition, planned investments, corporate planning (financial, investment and human resources planning) and the risk situation and risk management of the Company and the Group. Deviations in the course of business from plans and objectives were explained in detail to the Supervisory Board, which then reviewed and discussed these with management. The Supervisory Board reviewed and discussed in detail transactions of significance to the Company based on reports by the management. Reports and discussions also dealt with questions regarding athletic performance, which, (with the exception of the mentioned participation in the DFB Cup final), was not satisfactory with a view to the team's ranking

in the *Bundesliga* table, which saw it at number 13 at the end of the season. The Supervisory Board was also kept informed between its meetings by means of written documentation. This information and the subsequent discussion and review by the Supervisory Board particularly concerned the interim financial reports, i.e. the half-year financial report as well as the quarterly financial reports, which were published for the first time in the reporting period. Outside of meetings, the chairman of the Supervisory Board was also in regular contact with management and was kept apprised of developments in the business as well as material events and transactions as they occurred. In the opinion of the Supervisory Board, management fulfilled its duty to inform completely, continuously and in a timely manner.

The Supervisory Board met four times in the 2007/2008 financial year (on 6 September 2007, 27 November 2007, 11 March 2008 and 3 June 2008). Except for Supervisory Board Member Christian Kullmann, who took part in fewer than half of all meetings, all Supervisory Board Members participated in these meetings. Resolutions of the Supervisory Board were adopted in accordance with the relevant statutory provisions and provisions of the Company's Articles of Association. Discussions and the adoption of resolutions were always carried out by the entire Supervisory Board, which is composed of six persons. Since committees must consist of three per-

sons in order to have quorum, no committees were created in view of the size of the Supervisory Board.

The Supervisory Board dealt intensively with the full repayment of the loan under the credit agreement with Morgan Stanley and approved (i) the conclusion of the new agency licensing agreement between Borussia Dortmund GmbH & Co. KGaA and SPORTFIVE GmbH & Co. KG, (ii) a credit to be taken out by Borussia Dortmund GmbH & Co. KGaA from Westdeutsche Immobilienbank AG, (iii) the full repayment of the credits from Morgan Stanley and, (iv) in connection with this, the distribution of capital reserves to goool.de Sportswear GmbH (henceforth: BVB Stadion Holding GmbH). Additional resolutions of the Supervisory Board during the reporting period essentially related to its motions to the ordinary General Shareholders' Meeting on 27 November 2007 and the approval of the agreement between Borussia Dortmund GmbH & Co. KGaA and Ballspielverein Borussia 09 e.V. Dortmund for the leasing of the premises in SIGNAL IDUNA PARK for operating the "BORUSSEUM". The Supervisory Board also dealt with the accounting principles applied in the 2006/2007 financial year, with management's report on risk management in the 2007/2008 financial year and with the preparation of the General Shareholders' Meeting in the previous year.



CORPORATE GOVERNANCE

The Supervisory Board and management of the general partner also dealt with the issue of corporate governance in the reporting period. The Supervisory Board also reviewed the efficiency of its own work, particularly the frequency of its meetings as well as their preparation and implementation. In November 2007, the Supervisory Board and management issued a Statement of Compliance (*Entsprechenserklärung*) with the German Corporate Governance Code, taking into account the amendments in the version dated 14 June 2007. The updated Statement of Compliance dated 6 June 2008, which was based on the version of the Code published on 8 August 2008, was adopted at the same time as the resolution concerning this report. Both statements were made permanently available through publication on the Internet under <http://eng.borussia-aktie.de>. Other details and information in this regard will be provided in a separate section of the Annual Report (Corporate Governance Report) in accordance with Section 3.10 of the Code.

SINGLE-ENTITY AND CONSOLIDATED ANNUAL FINANCIAL STATEMENTS 2007/2008

The annual financial statements of Borussia Dortmund GmbH & Co. KGaA and the consolidated annual financial statements as at 30 June

2008 as well as the management report for the Company and for the Group (each including an explanatory report on the figures in accordance with §§ 289 (4) and 315 (4) German Commercial Code (HGB)), which were prepared and submitted within the prescribed time by management, were audited along with the accounts in accordance with statutory provisions by the appointed auditor, BDO Westfalen-Revision GmbH Wirtschaftsprüfungsgesellschaft, Dortmund, and were issued with an unconfined opinion (*uneingeschränkter Bestätigungsvermerk*). Regarding the existing early-warning risk management system, the auditor came to the conclusion that management had carried out the measures required under § 91 (2) AktG, particularly the establishment of a monitoring system, in a suitable manner, and that the monitoring system is suitable for identifying developments which could endanger the Company as a going concern at an early stage.

The annual financial statements, the consolidated financial statements, the management report for the Company and the Group including the risk report and the corresponding auditor's reports were provided to all members of the Supervisory Board. They were explained in detail, discussed and reviewed by the Supervisory Board together with management in the auditor's presence at the Supervisory Board's meeting held on 16 September 2008. During this meeting, the auditor

reported on the material results of the audit, explained these results and, together with management, answered questions posed by the Supervisory Board.

The Supervisory Board is in agreement with the results of the auditor's review and, based on the final result of its own examination, has no objections. The Supervisory Board adopted the annual financial statements of Borussia Dortmund GmbH & Co. KGaA and the consolidated financial statements as at 30 June 2008 at its meeting on 16 September 2008.

Furthermore, the Supervisory Board conducted its own independent audit of the report prepared by the general partner pursuant to § 312 AktG concerning relationships with affiliated enterprises (dependent company report) for the 2007/2008 financial year. The dependent company report was also reviewed by the auditor and the following auditor's opinion was issued thereon:

“Pursuant to our duly conducted audit and evaluation we hereby confirm that

1. the factual information in the report is accurate;
2. with respect to the reported transactions, the consideration paid by the Company was not unreasonably high, or any disadvantages have been compensated for;

3. with respect to the reported actions taken, no facts or circumstances exist that would argue for any assessment substantially different than that made by management.”

The auditor's report regarding the dependent company report was also made available to the Supervisory Board. These documents were also discussed and reviewed together with the auditor and management in the above-mentioned Supervisory Board meeting. Based on the final result of its review, the Supervisory Board raised no objection to the general partner's statement at the conclusion of the dependent company report. The Supervisory Board approved and took note of the results of the auditor's review of the dependent Company report.

The Supervisory Board recommends that the General Shareholders' Meeting adopt the annual financial statements as at 30 June 2008. The Supervisory Board also discussed and reviewed the general partner's proposal for the appropriation of profit taking into account the interests of limited liability shareholders and the Company's condition (specifically, its financing and capital structure) at its meeting on 16 September 2008; the Supervisory Board agreed with the management's proposal to carry the net retained profits for the 2007/2008 financial year of EUR 1,063,842.42 forward. The Supervisory Board also recommends that the

actions of the general partner, Borussia Dortmund Geschäftsführungs-GmbH, to be ratified (*Entlastung*) for the 2007/2008 financial year.

PERSONNEL MATTERS

Mr. Christian Kullmann, resident in Hamminkeln and head of Corporate Communications and Board Office at the headquarters of Evonik Industries AG in Essen, was elected to the Supervisory Board of Borussia Dortmund GmbH & Co. KGaA by the General Shareholders' Meeting on 27 November 2007 for the period until the end of the General Shareholders' Meeting that ratifies the actions of the 2009/2010 financial year. The number of Supervisory Board members therefore meets the requirements of the Articles of Association.

The Executive Committee of the Advisory Board of Borussia Dortmund Geschäftsführungs-GmbH reached an agreement with the managing director, Thomas Treß, in February 2008 to extend his managing director's appointment agreement (the

term of which was originally limited until 31 December 2008) by a further three years, i.e. until 31 December 2011.

The Supervisory Board wishes to thank the management, the works council and all the employees for their once again successful work over the past financial year and for their exceptional efforts on behalf of the Company. Many thanks also to the business partners, shareholders and fans of Borussia Dortmund for the confidence they have shown in us.

Dortmund, 16 September 2008

The Supervisory Board

Gerd Pieper
Chairman