



## REPORT OF THE SUPERVISORY BOARD

Borussia Dortmund GmbH & Co. KGaA ended the business year 2009/2010 in the fifth position in the league, which the supervisory board considers magnificent. For the first time in seven years, the 1<sup>st</sup> professional team of Borussia Dortmund qualified directly for a European competition, the UEFA Europa League, from the championships of the national league. The profits were influenced negatively in particular by the slightly reduced sales revenue and the difficult market situation as a result of the ongoing international financial crisis. However, the management decided to counteract this development with savings, among other things. Thus, the supervisory board gives the 2009/2010 a positive assessment overall.

### **SUPERVISORY BOARD ACTIVITY, MEETINGS**

In the business year of 2009/2010, the supervisory board concerned itself intensely with the status and the development of the company and the group. In doing so, it performed its duties and exercised its rights pursuant to the law and the articles of the company without limitation.

Four supervisory board meetings took place in the 2009/2010 business year (on 8 September 2009, 24 November 2009, 15 March 2010, and 18 May 2010). As the supervisory board only has six members, it did not set up any committees; all deliberations and resolutions were made in the plenum of the supervisory board. There are no procedures about the frequency of the participation of the members in the meetings that have to be reported. Resolutions were adopted in compliance with the provisions in the articles of the company and the law, and also in part in circulated written docu-

ments (update of the Compliance Statement from 17 February 2010 during the business year).

The supervisory board stayed up to date in a timely and comprehensive manner in the sense of § 90 of the German Stock Companies Act (AktG) by means of verbal and written reports from the management. In doing so, the main topics were the course of business, the liquidity, revenue, and financial situation, company planning (in particular the financial, investment, and HR planning), the risk situation, the company and group risk management, and strategic topics. The supervisory board was also kept informed between its meetings by means of written documents. The financial reports during the business year (i.e. mid-year review financial report and quarterly financial reports) were also subjects of the reports and the discussion and review that followed. Furthermore, the chair of the supervisory board had regular contact with the management between the meetings; he received information about the current developments of the business outlook and significant business events in an ongoing manner. The supervisory board is convinced that the management fulfilled its duties to provide information in a complete, continuous, and timely manner.

The general partner and its managing director were advised and monitored by the supervisory board during the management of the company. The basis for doing so were the reports from the management and the questioning and discussion in the supervisory board. The supervisory board considered the legality and the orderliness of the management of the company, the efficiency of the internal control system, the risk management system, and the in-

ternal audit system, the capacity of the company organisation, and its operating efficiency. The reports and consulting also included questions about the development in sport.

Furthermore, the supervisory board concerned itself with the financial accounting for the 2008/2009 business year, the changed annual reports from 30 June 2006, 30 June 2007, and 30 June 2008 as well as the preparation of the shareholders' meeting in the previous year. In doing so, the independence of the auditor was checked before the supervisory board chose its candidate. Furthermore, the supervisory board concerned itself with the order conditions and the commissioning of the auditor elected in the previous year's shareholders' meeting.

#### **ANNUAL AND GROUP REPORT 2009/2010**

The Annual Report for Borussia Dortmund GmbH & Co. KGaA and the Group Report on 30 June 2010 as well as the Management Report for the company and Group Management Report (which include respectively the discussions on the information pursuant to § 289 para. 4 and § 315 para. 4 of the German Commercial Code [HGB]) prepared and presented in a timely manner by the management were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Dortmund, which was commissioned as the auditor, with inclusion of the bookkeeping pursuant to the legal provisions and furnished in each case with an unreserved audit opinion. With regard to the existing early recognition system for risks, the auditor found that the management took the measures required pursuant to § 91 para. 2 AktG in an appropriate manner and

that the monitoring system is suitable for recognising developments that endanger the survival of the company in an early manner.

The Annual Report, Group Report, Management Report for the Company, and the Group Management Report with Risk Report and the corresponding Audit Reports from the auditors were presented to all members of the supervisory board in a timely manner. They were discussed, explained, and reviewed in detail together with the management in the presence of the auditor by the supervisory board in its meeting on 9 September 2010. In doing so, the auditor reported on the significant results of its audits, also those with regard to the internal control and risk management system with regard to the financial account process, and explained them. The auditor and the management answered the questions asked by the supervisory board.

The supervisory board adopted the result of the audit by the auditor and did not raise any objections after the final result of its own audits. In its meeting on 9 September 2010, the supervisory board approved both the Annual Report of Borussia Dortmund GmbH & Co. KGaA from 30 June 2010 and also the Group Report on 30 June 2010.

Furthermore, the report pursuant to § 312 AktG prepared by the general partner about the relationships with affiliated companies (Dependency Report) for the 2009/2010 business year was also the subject of a separate audit by the supervisory board. The Dependency Report was also audited by the auditor and furnished with the following audit opinion:

“Having conducted a proper audit and appraisal, we confirm that

1. the factual information in the report is correct,
2. the transactions listed in the report were not reasonably high.”

The Audit Report of the auditor on the Dependency Report was also presented to the supervisory board. These documents were explained and audited by the supervisory board in its meeting named above with the auditor and the management. After the final result of its audit, the supervisory board did not raise any objections against the declaration of the general partner at the end of the Dependency Report. The supervisory board took note of the result of the audit of the Dependency Report by the auditor with approval.

The supervisory board suggests to the shareholders' meeting that the Annual Report from 30 June 2010 be adopted. Furthermore, the supervisory board suggests that the actions of the general partner, Borussia Dortmund Geschäftsführungs-GmbH, be formally approved for the business year 2009/2010.

## CORPORATE GOVERNANCE

The supervisory board and the management of the general partner also concerned themselves with the topic of corporate governance during the report period. The supervisory board also examined the efficiency of its work, namely the frequency of its meetings, their preparation and execution, and the supply of information. The current Compliance Statement was adopted at the same time as the resolution on the report at hand and takes into account the German Corporate Governance Code in the version from 26 May 2010 which was announced on

2 July 2010 into account. The complete declaration can be accessed over the long term in the internet at <http://eng.borussia-aktie.de> in the “Corporate Governance” section. There are additional descriptions and explanations about this pursuant to section 3.10 of the Code in a separate section of the Company Report (Corporate Governance Report).

## PERSONAL INFORMATION

The executive committee of the advisory board of Borussia Dortmund Geschäftsführungs GmbH came to an agreement ahead of time in January and February 2010 with the chair of the management, Hans-Joachim Watzke and the managing director Thomas Tress about the extension of their respective managing director employment contracts expiring on 31 December 2011 to 30 June 2014 in each case.

The supervisory board thanks the management, the advisory board, and all employees for their great level of commitment and the successfully performed work. Borussia Dortmund's business partners, limited partners, and fans are also thanked heartily for their trust.

Dortmund, 9 September 2010

The Supervisory Board



Gerd Pieper  
Chairman