



REPORT OF THE SUPERVISORY BOARD

During the period under report the Supervisory Board fulfilled the obligations required of it by law. It regularly advised the Management Board on matters relating to the management of the Company and monitored management operations. The Supervisory Board was directly involved in all decisions of fundamental importance for the Company. The Management Board informed the Supervisory Board about the situation of Nordex AG and its subsidiaries, business trends and all material business transactions in the form of regular written and oral reports.

In the course of 2007, the Supervisory Board held four ordinary meetings on a joint basis as well as on repeated occasions in its committees (Management Committee, Audit Committee, Strategy and Technology Committee). Further resolutions were passed by written vote. The reports and consultations entailed all material business transactions, particularly financial planning, the cost and earnings situation, order risks, the performance of the individual subsidiaries, capital spending planning, the Company's international expansion into new markets as well as key personnel decisions.

MAIN TOPICS OF DISCUSSION BY THE SUPERVISORY BOARD

At its **26th ordinary meeting of March 30, 2007**, the Supervisory Board primarily discussed Nordex AG's parent-company financial statements and consolidated financial statements for fiscal 2006. This meeting was also attended by the financial-statement auditor, who particularly went into detail on the main aspects of the audit. This related to guarantee provisions, the situation of material procurement and delivery obligations undertaken vis-à-vis customers. In this connection the measures necessary for the planned expansion of capacity were also discussed. Subsequently the Management Board reported on trends in order intake, progress made in localizing activities in China and current financial planning. The topics here were also long-term financing requirements with regard to working capital, capital spending and guarantee requirements. The Supervisory Board then appointed the former Head of the Finance division, Mr. Schäferbarthold, as CFO. Hitherto the Chairman of the Management Board had performed this office in addition to acting a Chairman.



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Ahead of the annual general meeting on **May 15, 2007**, the Supervisory Board held its **27th ordinary meeting**. Here the Management Board explained the business trend in the first quarter of 2007, which was slightly above target in terms of new business and earnings. The quarter was characterised in turn by large advance payments received and reservation fees. Regarding the situation on the buy-side markets the Management Board referred to plans by suppliers to expand their capacity. Following approval of major orders subject to approval requirements, the financing concept for the extension of the Rostock facility was discussed. In the view of the Management Board this should be accompanied by an increase in capital. Subsequently the introduction of a new bonus system for management staff was discussed and approved. The aim of this measure is to bind important staff to the company in the long term.

At the **28th ordinary meeting on September 11, 2007**, the Management Board initially reported on the business performance in the second quarter of 2007. Order receipts increased to some EUR 700 million in this period. New business was characterised by increasing margin contributions. As production capacity was not able to keep up with demand, some inquiries then had to be turned down. The equity ratio increased to 48 per cent in the wake of the successful increase in capital. On the other hand, working capital increased as a result of larger inventories for short-term orders. Pressure was put on earnings as a result of the postponement of projects and start-up costs in new markets. Regarding activities in China

the Management Board presented the latest report on the status of local procurement. This was followed by a discussion of the external procurement of bottleneck components for the whole Group. In addition to this, the Management Board reported on the status of negotiations on extended credit lines, mainly in the area of guarantees for the long-term hedging of the growing business volume.

On **November 27, 2007**, the Supervisory Board held its **29th ordinary meeting**. Here the Management Board initially reported on current business performance in the third quarter of 2007. New business increased further to EUR 963 million as at October 2007 with margin contributions by projects above target. In terms of sales, it was pointed out that postponed projects would have to be processed in the fourth quarter and that if winter started early, the risk would lie primarily in the areas of transport and installation. Furthermore, provisioning requirements for potential project and product risks were discussed. The subsequent item on the agenda related to the budget for fiscal 2008. Here the focus was on the capital spending budget. Further topics were the development of activities in China and the extension of the Rostock facility. In this connection a resolution was passed to purchase the real estate for the first building phase. Next the Supervisory Board and Management Board discussed options for extending the internal value chain. The Supervisory Board decided that the focus of the audit of financial statements for fiscal 2007 should be on Nordex UK Limited, among others.



Composition of the Supervisory Board

There were no changes to the composition of the Supervisory Board in the year under review.

Disclosures pursuant to Section 171 (2) Sentence 2 in connection with Sections 289 (4); 315 (4) of the German Stock Corporation Act (new version).

The Supervisory Board deliberated with the Management Board on disclosures in accordance with Sections 289 (4); 315 (4) of the German Commercial Code (new version) It came to the conclusion that these disclosures are true and complete.

Audit of the Group financial statements

The financial statements of Nordex AG and the consolidated financial statements for the Nordex Group for the year ending December 31, 2007 as well as the combined management report for Nordex AG and the Nordex Group for fiscal 2007 including the bookkeeping were audited and granted an unqualified auditor's certificate by auditing company Ernst & Young AG, Wirtschaftsprüfungsgesellschaft, which had been appointed at the annual general meeting on May 15, 2007 and engaged by the Supervisory Board. Similarly, the auditor examined the dependant parties report and approved it without any complaints.

The financial statements, the consolidated financial statements and the combined management report for Nordex AG and the Nordex Group, the annual report,

the dependant parties report and the auditors' report concerning the financial statements and the dependant parties report were presented to all members of the Supervisory Board in good time prior to the meeting of April 07, 2008 at which the financial statements were approved. The documents were discussed at length at the meeting, which was also attended by the auditors signing the auditors' report, who were also available to answer questions. The Supervisory Board and its Audit Committee approved the findings of the audit.

The Supervisory Board examined the financial statements of Nordex AG and the consolidated financial statements as well as the combined management report for Nordex AG and the Nordex Group and the dependant parties report. No objections were raised on the basis of the final results of its audit. The Supervisory Board approved the parent-company financial statements and consolidated financial statements prepared by the Management Board for the year ending December 31, 2007. Accordingly, these have been duly adopted.

The Supervisory Board wishes to express its gratitude and acknowledgement for the work performed by the Management Board, other management staff, all employees as well as the employee representatives.

Norderstedt, April 7, 2008
The Supervisory Board

Yves Schmitt
Chairman