

Report of the Executive Board to the General Meeting in accordance with §§ 221 para 4 sentence 2, 186 para 4 sentence 2 AktG on agenda item 7:

The written report of the Executive Board in accordance with § 221 para 4 sentence 2 AktG in conjunction with § 186 para 4 sentence 2 AktG about the exclusion of the subscription right of the shareholders in connection with the adoption of the resolution under agenda item 7 has been fully printed in this invitation and is available on the website of the company from the date of convening onwards. From the date of convening of the General Meeting onwards it is also available on the premises of the company in Potsdamer Strasse 58, 10785 Berlin and during the entire General Meeting for inspection by the shareholders. On request, every shareholder will be sent a copy of the reports free-of-charge.

The draft resolution provides for an authorization to exclude the subscription right which basically exists at the issuing of Bonds for certain purposes referred to in detail in the draft resolution in accordance with the accordingly applicable statutory provisions. From the viewpoint of the Executive Board and the Supervisory Board, this authorization to exclude the subscription right of the shareholders taking into account all circumstances is justified objectively for the following reasons and is appropriate vis a vis the shareholders.

The intended authorization to exclude the subscription right for the realization of fractions allows the presentation of a practicable subscription ratio. Otherwise the handling of the capital measure would be rendered more difficult at the issuing of Bonds with round amounts. Fractions arise if due to the subscription ratio and the amount of an issuing not all new bonds can be issued equally to the shareholders. The costs of a subscription right trade for fractions is in no relation to the benefits for the shareholders. The Bonds without subscription right resulting from the exclusion of subscription rights for free fractions are realized by disposal through the stock exchange (if possible) or otherwise in the best possible manner for the company. The possible dilution effect is low due to the restriction to fractions.

The authorization to exclude subscription rights for the benefit of the holders of convertible Bonds or Bonds with warrants serves the purpose of not reducing the option or conversion price for the already issued option or conversion rights or to avoid an incremental cash payment. The holders of such rights are to be granted a subscription right in respect of the new Bonds to the extent that they would be entitled to after the exercise of their rights, in order to secure dilution protection.

Furthermore, the Executive Board and the Supervisory Board are to be authorized to issue Bonds to the exclusion of the subscription rights for shareholders insofar as the new shares to be issued by virtue of the conversion or option rights do not exceed a total of 10% of the share capital of the company, neither at the time of the effectiveness nor at the time of the exercise of this authorization. In this way the company can utilize favorable stock exchange situations at short notice and achieve the best possible terms and conditions for the features of the Bonds through a determination of the terms and conditions close to the market.

If the subscription right is upheld, this is not possible, because the period of the subscription deadline restricts the possibility to respond to market circumstances at short notice. The uncertainty about the exercise of the subscription rights can, moreover, impair the successful placement of the Bonds with third parties. In addition, the exclusion of the subscription rights offers the company the opportunity to broaden its shareholder basis further by including international investors.

The statutory basis for the exclusion of the subscription right includes §§ 221 para 4 sentence 2, 186 para 3 sentence 4 of the German Stock Corporation Act. These norms are to take into account dilution protection of the shareholder in view of his share ownership. It can be calculated whether such a dilution effect occurs. Based on the Black/Scholes model or other recognized financial

calculation methods the hypothetical stock exchange price of the bond can be determined so that a comparison with the issuing price or any dilution effect is established. The issuing price may not remain essentially below the theoretical market value determined by recognized financial calculation methods after the authorization. These provisions are hence the same that apply for a capital increase to the exclusion of the subscription right in accordance with § 186 para 3 sentence 4 German Stock Corporation Act.

The Executive Board and the Supervisory Board will check in each case whether dilution protection is ensured. This can be done by getting an expert report from an investment bank or auditors on the issue of the dilution effect.

The following have to be counted towards this restriction to 10% of the share capital referred to in the authorization by the Executive Board and the Supervisory Board:

- Shares issued during the term of this authorization in accordance with or by corresponding application of § 186 para 3 sentence 4 German Stock Corporation Act to the exclusion of the subscription right of the shareholders and
- Shares which are issued or have to be issued to service Bonds with conversion or option rights pursuant to other authorizations if and to the extent that the Bonds are issued during the term of these authorizations by corresponding application of § 186 para 3 sentence 4 German Stock Corporation Act to the exclusion of the subscription right of the shareholders.

The Contingent Capital is needed in order to service the conversion and option rights in connection with the Bonds.

The conversion or option price for a new share is determined by the Executive Board with the approval of the Supervisory Board taking into account the market conditions at the issuing of Bonds and may not remain below 80% of the unweighted average price stated in the authorization.