

Report by the Executive Board to the General Meeting in accordance with §§ 203 para 2 sentence 2, 186 para 4 sentence 2 AktG on item 8 of the agenda

The creation of a new Authorized Capital proposed under agenda item 8 is to allow the Executive Board, with the approval of the Supervisory Board, to respond at short notice to any occurring financing requirements to preserve or widen the equity basis. It is in the interest of the company that it has the widest possible flexibility in terms of corporate financing. The authorization applied for replaces the existing authorization with a largely comparable structure.

The authorization requested under agenda item 8 is to create an Authorized Capital in the amount of EUR 6,813,940.00 for the use of which the shareholders basically have a subscription right. The proposed authorization provides, however, also for the possibility of exclusion of the statutory subscription right of the shareholders.

The exclusion of the subscription right for the compensation of fractions (lit. a)) is required for technical reasons because otherwise a smooth shareholding ratio cannot be brought about. This facilitates the handling of the subscription right of the shareholders.

Insofar as the subscription right to issue employee shares can be excluded (lit. b)), this is carried out within the framework of the goals referred to in § 71 para 1 No. 2 AktG and § 192 para 2 No. 3 AktG, more particularly to tie the employees to the company and motivate them. The issuing amount is determined taking into account the stock exchange price at the time of issuing and considering the interests of the company and the shareholders.

The draft resolution to exclude the subscription right at the acquisition of shareholdings and other companies or parts of companies against shares (lit. c)) is to provide the company with the possibility to have treasury shares available at short notice for the acquisition of companies or shares in companies in the interest of the shareholders without using the stock exchange.

At the exclusion of the subscription right the asset and voting right interests of the shareholders are appropriately secured on the basis of § 186 para 3 sentence 4 AktG if the capital increased against cash contribution does not exceed 10% of the share capital and the issuing price does not remain essentially below the stock exchange price of the shares (lit. d)), since there is a tying to the stock exchange price and the authorization is limited to a total of 10% of the share capital of the company. In this connection the following need to be counted towards the restriction: shares which have been acquired pursuant to an authorization of the General Meeting for the acquisition of treasury shares in accordance with § 71 para 1 No. 8 AktG and have been disposed of to the exclusion of the subscription right in accordance with § 186 para 3 sentence 4 AktG against cash as well as the shares which have been issued or have to be issued to service convertible Bonds and Bonds with warrants (or conversion obligations) to the exclusion of the subscription right of the shareholders in respect of Bonds by corresponding application of § 186 para 3 sentence 4 AktG. The subscription right is, however, only to be excluded to the extent that the shares cannot be issued by Contingent Capital to the holders of convertible Bonds or Bonds with warrants (or conversion obligations).

Finally, the Executive Board is to be empowered, with the approval of the Supervisory Board, to exclude the subscription right if this is necessary to grant the holders of convertible Bonds and/or Bonds with warrants still to be issued within the framework of dilution protection and a subscription right to the extent as they would be entitled to after the exercise of the conversion and/or option right as shareholders (lit.e)). In this way it can be avoided that in the event of a capital increase carried out during the term of the convertible Bonds and/or Bonds with warrants in respect of which the shareholders are granted a subscription right the conversion and/or option price has to be reduced in accordance with the provisions which are usually stipulated in the terms and conditions of bonds for dilution protection.