

Report of the Executive Board

Report of the Executive Board on Item 5 of the Agenda pursuant to §§ 203 Para. 2, 221 Para. 4 in conjunction with § 186 Para. 4 Sentence 2 Stock Corporation Act (AktG) (in conjunction with Article 9 Para. 1 Letter c) ii) of the SE Regulation)

The Executive Board was previously authorised by resolutions of the Annual General Meeting of 3 May 2011 regarding Items 8 to 11 of the Agenda to issue, with the consent of the Supervisory Board, certain convertible bonds, warrant bonds, participating bonds and/or profit-sharing rights with conversion rights or warrants or conversion obligations on shares of the company. This authorisation expires on 2 May 2016. The Executive Board and Supervisory Board therefore request the shareholders of the company under Item 5 of the Agenda to renew the authorisation to issue such instruments (hereinafter jointly referred to as "bonds") with an expiry date of 9 May 2021.

Each of these bonds may be furnished with conversion rights or warrants or conversion obligations on shares of the company. This enables the bearers of the bonds and profit-sharing rights to acquire shares of the company by converting their contributions already rendered to the company into shareholders' equity (conversion right) or rendering an additional contribution to the company's shareholders' equity (warrant). Where an issue takes place, the company may also determine that the issued bonds shall subsequently be exchanged for the company's shares if required by the company (conversion obligation). Total contingent capital of up to EUR 60,298,567 is available to the company in accordance with the proposed resolution for delivery of the shares upon exercise of the conversion rights or warrants or on fulfilment of the conversion obligation; this contingent capital will enable the company to issue up to 60,298,567 new shares (corresponding to 50 % of the current share capital).

The envisaged scope of authorisation thus corresponds to the previous authorisation of 3 May 2011 in terms of the volume of the maximum number of new shares to be issued. The maximum total nominal amount of the bonds is to be adjusted from EUR 500,000,000 to EUR 1,000,000,000. This reflects the fact that the market price of the company has risen sharply since the adoption of the resolution on the previous authorisation. If the company were to issue a bond today that enables the bearer to exchange into shares of the company, it would also be necessary to set a significantly higher nominal amount for the bond than five years ago in view of the higher market price.

As envisaged by the Executive Board, the types of bonds proposed under Item 5 of the Agenda (bearer or registered convertible bonds, warrant bonds, participating bonds and/or profit-sharing rights) will primarily be used if and when necessary in order to quickly and flexibly reinforce the company's capital resources.

The fact that the terms for issue of the specified bonds are largely open at the present moment in time will enable the company, firstly, to respond appropriately to current market conditions and raise new capital at the lowest possible costs. Secondly, the company will be able to enhance its equity position in compliance with the requirements of § 89 Insurance Supervision Act (VAG) (or

subsequent rules) or within the meaning of the so-called Solvency II Directive (Directive 2009/138/EC) and related national implementing measures or those adopted by the European Union as amended. Purely as a precautionary measure, the proposed authorisation is also intended to create the possibility of using these bonds in the same way as authorised capital for the liquidity-conserving acquisition of assets, especially for the acquisition of companies and interests therein. In practice, however, such use is likely to be of subordinate importance compared to the authorised capital.

Where such bonds are issued, the shareholders of the company in principle have subscription rights pursuant to § 221 Para. 4 Stock Corporation Act (AktG). By means of the authorisation requested under Item 5 of the Agenda the company is to be permitted to exclude subscription rights in certain cases specified below if this should be necessary in the overriding interest of the company. This possibility is, however, limited in terms of amount in order to prevent possible dilution of the shareholders excluded from subscription rights. The sum total of shares that may be issued under bonds issued subject to the exclusion of subscription rights may not exceed a pro rata amount of the share capital totalling EUR 24,119,426 (equivalent to 20 % of the current share capital); shares issued from authorised capital subject to exclusion of subscription rights during the period of the authorisation requested under Items 6 and 7 of the Agenda as well as shares issued during the period of this authorisation on the basis of an authorisation to use treasury shares pursuant to § 71 Para. 1 No. 8 Sentence 5 Stock Corporation Act (AktG) subject to exclusion of subscription rights shall also be counted towards this limit. To this extent, the company is precluded from issuing shares subject to exclusion of subscription rights on the basis of multiple authorisations, if in total the amount of 20 % of the current share capital will thereby be exceeded. For example, the company could not fully utilise the authorisation proposed under Item 6 of the Agenda to issue shares from authorised capital subject to exclusion of subscription rights to an extent of 10 % of the share capital and also issue bonds subject to exclusion of subscription rights that allow for conversion into shares to an extent of 15 % of the share capital. This would conflict with the limitation to altogether 20 % of the current share capital.

Specifically, an exclusion of subscription rights shall be possible in the following cases:

- In the case of the issue of bonds furnished with conversion rights or warrants or conversion obligations on shares of the company, the Executive Board is to be authorised in analogous application of § 186 Para. 3 Sentence 4 Stock Corporation Act (AktG) (in conjunction with Article 9 Para. 1 Letter c) ii) of the SE Regulation) to exclude subscription rights if the issue price of the financing instrument in question does not significantly undershoot the fair value. This exclusion of subscription rights could, under certain circumstances, be necessary if a bond is to be placed quickly in order to exploit a favourable market climate. Through the exclusion of subscription rights the company will in this case enjoy the flexibility needed to exploit a favourable stock market situation at short notice. On the other hand, issuance of the bonds discussed here – with the granting of subscription rights – may, under certain circumstances, be less attractive since the issue price has to be fixed at a very early point in time in order to comply with the subscription period. Especially at a time when markets are highly volatile, this may give rise to a need to take substantial price markdowns.

The interests of shareholders shall be safeguarded in this instance by ensuring that the bonds are not issued significantly under fair value, as a consequence of which the value of the subscription right is reduced to practically zero. This authorisation is restricted to the limit of 10 % of the share capital envisaged in § 186 Para. 3 Sentence 4 Stock Corporation Act (AktG). Those shares that have already been issued or sold subject to exclusion of subscription rights in direct or analogous application of § 186 Para. 3 Sentence 4 Stock Corporation Act (AktG) at the time when the authorised capital is used are to be counted towards the above 10 % limit. Irrespective of whether corresponding authorisations with the option of excluding subscription rights are used individually or cumulatively, the overall limit of 10 % of the share capital in accordance with § 186 Para. 3 Sentence 4 Stock Corporation Act (AktG) shall not be exceeded. The various proposed authorisations and the authorisations included in the Articles of Association with the option of excluding subscription rights in accordance with § 186 Para. 3 Sentence 4 Stock Corporation Act (AktG) are intended to enable the Executive Board to select in a specific situation the financing instrument that is most appropriate to serving the interests of the company and the shareholders.

- When issuing bonds whose features are not the same as or similar to shares, i.e. in particular which do not grant a participation in the profit and/or proceeds of liquidation, and which are not combined with conversion rights or warrants or conversion obligations, the Executive Board shall further be authorised, with the consent of the Supervisory Board, to exclude the subscription rights of the shareholders. Assuming that the bonds have a debenture-like structure, the membership position of the shareholders shall remain unaffected; neither the voting right nor the pro rata dividend entitlement or share of company assets would be changed by an issue of bonds without subscription rights. If the subscription rights are excluded, it will also be mandatory to issue the bonds at issue terms in line with general market conditions, thereby ensuring that there would be no significant rights value in this regard. On the other hand, the option of excluding the subscription rights will enable the Executive Board to exploit a low interest rate level or favourable demand climate flexibly and at short notice in order to launch an issue. The Executive Board is thus in a position to substantially reduce the placement risk. In contrast, a rights issue would – depending on the state of the market – entail a more or less sizeable risk that the fixed terms would no longer be in line with normal market conditions by the time of actual placement on the market. The company would consequently run the risk of not being able to place the bonds at all or having to place them on excessively generous terms. Neither eventuality would be in the interests of the company or its shareholders. In order to take account of this need to protect the interests of shareholders, the Executive Board shall, however, carefully examine in each specific case whether an exclusion of the subscription rights is necessary in the interests of the company. Even if bonds are issued without subscription rights, the shareholders shall always retain the option of acquiring them within the scope of placement or subsequently through the stock exchange.
- The Executive Board shall be authorised, with the consent of the Supervisory Board, to exclude subscription rights for fractional amounts when issuing new shares while preserving in principle

the subscription rights of shareholders. This may become necessary if a practicable subscription ratio cannot otherwise be achieved. The value of such fractional amounts is normally minimal for the individual shareholder. The potential dilutive effect is also negligible owing to the restriction to fractional amounts. The company shall strive to utilise spare fractional amounts in the best interests of the shareholders.

- Furthermore, the subscription rights shall be excluded, insofar as this is necessary, in order to also grant bearers of instruments with conversion rights or warrants or conversion obligations the subscription right to which they would have been entitled if they had already exercised their conversion or warrant or had already fulfilled their conversion obligation. Financing instruments of the type described here normally include so-called antidilutive provisions in their terms in case the company issues further such financing instruments or shares to which the shareholders have subscription rights. In order to ensure that the value of these financing instruments is not impaired by such measures, the bearers of such financing instruments will generally be compensated inasmuch as the conversion or subscription price will be reduced or they will additionally receive subscription rights to the subsequently issued financing instruments or shares. In order to retain the greatest possible flexibility in this regard, the option of excluding subscription rights should be available for this eventuality too. This will serve to make placement easier and hence ultimately safeguard the company's optimal financial structure.
- Finally, it is envisaged that the subscription rights can be excluded in order to be able to issue bonds against non-cash contributions. The authorisation to issue bonds against non-cash contributions is intended to enable the company purely as a precautionary measure to also use such financing instruments in connection with the acquisition of assets. This can be particularly practical for the acquisition of companies, parts of companies or interests therein. In such instances, sellers frequently insist on receiving a consideration in a form other than cash or cash only. Instead of or in addition to granting shares or cash contributions, it may then be an interesting alternative to offer bonds with warrants or conversion rights or profit-sharing rights. This option creates additional flexibility and improves the company's chances of making successful acquisitions.

Both the authorisation to make an issue against non-cash contributions and the exclusion of subscription rights in this regard shall, however, only be used if the acquisition of the object in question is in the overriding interest of the company and acquisition by other means, especially by way of purchase, is legally or de facto impossible or possible only on less favourable terms. In such instances the company will nevertheless always examine whether an equally appropriate means of acquiring the object is available, the effects of which interfere less markedly in the position of the shareholders. Thus, where non-cash contributions are acquired, it will normally be necessary to check whether, for example, instead of excluding subscription rights it is also possible to grant the shareholders not participating in the contribution transaction parallel subscription rights against cash contributions. In order to give further

consideration to the interests of shareholders, the Executive Board shall carefully check when acquiring non-cash contributions against the issue of a bond and/or profit-sharing rights and/or the issue of new shares whether the value of the non-cash contribution is proportionate to the value of the issued instruments.

The Executive Board will report on any use made of these authorisations at the next Annual General Meeting.