Regarding Agenda Item 6

Report of the Executive Board on the exclusion of subscription rights in connection with authorized capital pursuant to Section 203(2), second sentence, of the German Stock Corporation Act (AktG) in conjunction with Section 186(4), second sentence, of the German Stock Corporation Act (AktG)

The Company's Executive Board hereby submits the following report to the Annual General Meeting pursuant to Section 203(2), second sentence, of the German Stock Corporation Act (AktG) in conjunction with Section 186(4), second sentence, of the German Stock Corporation Act (AktG), setting forth the reasons for the intended exclusion of subscription rights in connection with the aforementioned proposed resolution to create authorized capital.

a) Introduction

Under agenda item 6, management proposes the creation of authorized capital. The authorized capital is intended to increase the Company's flexibility and provide it with additional options for action in the interest of its shareholders.

In the event of a capital increase utilizing the authorized capital, shareholders are generally to be granted subscription rights, which may be exercised by way of indirect subscription rights. However, the Executive Board is to be authorized, with the approval of the Supervisory Board, to exclude subscription rights in certain cases.

b) Exclusion of Subscription Rights for Capital Increases of Up to 20%

Shareholders' subscription rights may be excluded, in particular in the case of cash capital increases, with respect to up to 20% of the share capital existing at the time the authorization takes effect or is exercised, provided that the issue price of the new shares is not significantly lower than the market price of the Company's shares of the same class and with the same terms already traded on the stock exchange (Section 186(3), fourth sentence, of the German Stock Corporation Act (AktG), simplified exclusion of subscription rights). Other cases of simplified exclusion of subscription rights based on an authorization by the Annual General Meeting—which may still be required—shall be counted toward the 20% limit, to the extent required by law. The ability to exclude shareholders' subscription rights with respect to cash capital increases that do not exceed 20% of the share capital enables the company to raise new funds for corporate financing at short notice, without the requirement of a subscription offer lasting at least 14 days, to respond flexibly to favorable capital market conditions as they arise and to place the new shares with institutional investors.

The simplified exclusion of subscription rights is a standard provision provided for by law under which shareholders' subscription rights may be excluded. By limiting the exclusion to 20% of the share capital existing at the time the authorization takes effect or is exercised, the need to protect shareholders against a proportional dilution of their ownership interest is taken into account. Shareholders who wish to maintain their ownership percentage can prevent a reduction in their ownership percentage by purchasing additional shares on the stock exchange. In the case of the simplified exclusion of subscription rights, it is mandatory that the issue price of the new shares not fall significantly below the market price. This takes into account shareholders' need for protection against a dilution of the value of their holdings. Setting the issue price close to the market price ensures that the value of the subscription right for the new shares approaches zero in practice.

c) Exclusion of Subscription Rights in the Case of Contributions in Kind

Subscription rights may also be excluded in the case of capital increases in exchange for contributions in kind, in particular for the acquisition of companies, parts of companies, and interests in companies; industrial property rights, such as patents, trademarks, or licenses relating thereto; or other product rights or other contributions in kind, including bonds, convertible bonds, and other financial instruments. This is intended to give the company the flexibility to respond to opportunities arising in national and international markets, particularly with regard to the acquisition of companies, parts of companies, or equity interests in companies, as well as to offers for business combinations. Particularly in the context of company or equity acquisitions, there are many reasons to grant sellers shares—or shares alone—instead of a purchase price consisting solely of cash. In particular, this approach preserves the Company's liquidity and allows the seller(s) to participate in future share price appreciation. This option enhances the Company's competitive position in acquisitions. The Company suffers no disadvantage as a result, since the issuance of shares in exchange for non-cash consideration requires that the value of the non-cash consideration be reasonably proportionate to the value of the shares. In exercising this authorization, the Company's Executive Board will carefully examine the valuation ratio between the Company and the acquired equity interest or the company being acquired and, in the best interests of the Company and its shareholders, determine the issue price of the new shares and the other terms and conditions of the share issuance.

d) Exclusion of Subscription Rights for Bonds

The authorization to exclude subscription rights in favor of holders of bonds issued by the Company or its group companies that carry option or conversion rights or obligations serves the purpose of avoiding the need, in the event this authorization is exercised, to reduce the option or conversion price in accordance with the so-called dilution clauses in the option or conversion terms. Rather, holders of bonds with option or conversion rights or obligations should also be granted subscription rights to the extent to which they would be entitled following the exercise of the option or conversion right or the fulfillment of the option or conversion obligation. This authorization enables the Executive Board to choose between the two alternatives when utilizing the authorized capital, after carefully weighing the interests involved.

e) Exclusion of Subscription Rights for Fractional Amounts

Furthermore, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude subscription rights in order to avoid fractional shares. Fractional shares may arise from the size of the respective capital increase and the determination of a practicable subscription ratio. The proposed exclusion of subscription rights for fractional shares enables a smooth subscription ratio and thus facilitates the execution of the issuance. The free fractional shares excluded from shareholders' subscription rights will be utilized in the best possible way for the Company.

f) Exclusion of Subscription Rights in Other Cases

The exclusion of subscription rights in other cases that are in the Company's best interest serves to preserve the Executive Board's flexibility in such situations. Examples include entering into partnerships. Providing sufficient authorized capital with the option to exclude subscription rights thereby strengthens the company's ability to act. The Executive Board will exclude subscription rights only if this is in the company's best interests.

To the extent that the Executive Board exercises this authorization during a fiscal year, it will report on this matter at the subsequent Annual Shareholders' Meeting.