Report by the Management Board on agenda item 7 in accordance with Section 203(2) sentence 2 and Section 186(4) sentence 2 German Stock Corporation Act (AktG) on the reasons for the Management Board's authorization to exclude the shareholders' subscription right when making use of the authorized capital:

The authorization proposed under agenda item 7 serves to maintain and broaden the Company's equity capital basis. The authorization furthermore allows the Management Board to be able to respond flexibly to financing requirements that arise at short notice in connection with the implementation of strategic decisions. In detail:

1. The current authorized capital and reason for creating a new Authorized Capital 2015:

The Management Board and the Supervisory Board propose to the General Meeting on 17 June 2015 that a new Authorized Capital 2015 be created and that the existing authorized capital be completely replaced thereby.

The Company’s nominal capital is currently EUR 123,490,586.00. Pursuant to Article 4(2) of the Company's Articles of Association in the version applicable at the time this notice is published, the Management Board - following partial utilization of the authorized capital - is authorized, up until 25 June 2017, to increase the Company's share capital, with the consent of the Supervisory Board, on one or more occasions by a further EUR 18,801,655.00 by issuing up to 18,801,655 new no-par value bearer shares (Stückaktien) (Authorized Capital 2012). The Authorized Capital 2012 was originally resolved at the Annual General Meeting of 26 June 2012 in the amount of EUR 30,000,000.00 and was entered in the Commercial Register on 28 June 2012. On 25 February 2014 the Management Board with the consent of the Supervisory Board resolved to increase the Company’s nominal capital excluding the subscription right in accordance with Section 186(3) sentence 4 German Stock Corporation Act (AktG) out of authorized capital by EUR 11,198,345.00 to EUR 123,490,586.00 by issuing 11,198,345 new no-par value bearer shares having a pro rata value of the nominal capital of EUR 1.00 per share in consideration for contributions in cash. The capital increase was implemented in the full amount and was entered in the Commercial Register on 27 February 2014. After partial utilization the Authorized Capital 2012 currently still amounts to EUR 18,801,655.00.
In order to nevertheless give the Company the greatest possible flexibility a new authorized capital (Authorized Capital 2015) is to be created in lieu of the Authorized Capital 2012, authorizing the Company's management to increase the Company's nominal capital on one or more occasions up until 17 June 2020 by up to a total of EUR 30,000,000.00 in consideration for contributions in cash and/or kind by issuing up to 30,000,000 new no-par value bearer shares.

2. New Authorized Capital 2015 and the associated advantages for the Company:

The Management Board proposes THAT the provisions in the Articles of Association on the existing Authorized Capital 2012 be cancelled and a new Authorized Capital 2015 up to an amount of EUR 30,000,000.00 be created. The Authorized Capital 2015 allows the Management Board, with the consent of the Supervisory Board, to increase the nominal capital of the Company on one or more occasions by up to a total of EUR 30,000,000.00 in consideration for contributions in cash and/or kind by issuing up to a total of 30,000,000 new no-par value bearer shares. The Management Board is authorized to exclude the shareholders' statutory subscription right in certain cases and limited to a portion of the authorized capital (see 3 below). The authorization is to be granted up until 17 June 2020.

The proposed authorization to issue new shares out of the Authorized Capital 2015 is intended to put the Management Board in a position where it can, with the consent of the Supervisory Board, respond better to financing requirements that arise at short notice in connection with the implementation of strategic decisions as well as to obtain a range of possibilities of responding to market conditions in a manner that protects the share price.

3. Exclusion of the subscription right:

Under the terms of the Authorized Capital 2015 the Management Board is to be authorized to, with the consent of the Supervisory Board, exclude the shareholders' subscription right in some cases.

The exclusion of the subscription right for fractional amounts is necessary in order to produce a technically feasible subscription ratio. The shares excluded from the shareholders' subscription right as fractional shares are realized in the best way possible for the Company either by selling them on the stock exchange or in some other way. The possibility of a diluting effect for the shareholders is slight because of the limitation to fractional amounts. Furthermore, there is to be the possibility of excluding the subscription right in the context of a capital increase in consideration for contributions in cash if the volume stipulations and the other requirements under Section 186(3) sentence 4 German Stock Corporation Act (AktG) are met. Any discount on the current stock exchange price will probably not be more than 3%, but will in any event be a maximum of 5% of the stock exchange price. The
management should thus be able to exploit favourable stock exchange situations at short notice and thereby, as far as possible, achieve a high issue price due to the market-related fixing of the price and should thereby be able to strengthen the Company's own capital resources to the greatest extent possible. Experience shows that, due to the possibility of acting more quickly, such a capital increase gives rise to a greater influx of funds than a comparable capital increase where the shareholders have a subscription right. It is therefore in the best interests of the Company and of the shareholders. Although this causes the relative shareholding and the relative share of voting rights of the existing shareholders to be reduced, shareholders, who would like to retain their relative shareholding and their relative share of voting rights nevertheless have the possibility of acquiring the number of shares required for this through the stock exchange.

This possibility of excluding the subscription right is limited to a maximum percentage of 10% of the nominal capital. The shares, which have been sold or issued, or which are to be issued, during the term of this authorization on the basis of other authorizations with the subscription right excluded by applying Section 186(3) sentence 4 German Stock Corporation Act (AktG) either directly or analogously must be counted towards said limit. Counting said shares towards the limit is done in the shareholders' interest in having their holdings diluted as little as possible.

The possibility of excluding the subscription rights is furthermore to be given in the case of capital increases in consideration for contributions in kind to grant shares for the purposes of acquiring undertakings, parts of undertakings, holdings in undertakings, receivables or other major assets.

The purpose of this is to enable the said acquisition targets to be acquired in consideration for the grant of shares in the Company. The Company is in global competition. It must at all times be in a position to be able to act quickly and flexibly in the international markets in the interests of its shareholders and the Company. Practice shows that the owners of attractive acquisition targets often demand the creation of voting shares in the acquiring company as consideration for a sale. For such an acquisition the Company must therefore have the possibility of granting its own (treasury) shares as consideration. By excluding the subscription right it is to be enabled to exploit acquisition opportunities that arise quickly and flexibly. Although an exclusion of the subscription right in each case causes the relative shareholdings and the relative share of voting rights of the existing shareholders to be reduced, if an unlimited subscription right were granted it would not be possible to acquire the said acquisition targets in consideration for the grant of shares and the advantages for the Company and the shareholders associated with this could not be achieved.

As and when the said acquisition opportunities materialize, the Management Board will carefully review whether it should make use of the Authorized Capital 2015 for the purposes of acquiring undertakings, parts of
undertakings, holdings, major assets in consideration for the issue of new shares. It will only do this if the acquisition in consideration for the grant of shares is in the best interests of the Company. Only then will the Supervisory Board give its necessary consent. The basis for valuing the shares in the Company, on the one hand, and the undertaking, holdings in an undertaking or other working assets to be acquired, on the other hand, shall be neutral valuations of the undertaking made by accountancy firms and/or renowned international investment banks.

There is also to be the possibility of excluding the subscription right for the acquisition of receivables. The Management Board will thereby strictly observe the statutory provisions on the lawfulness of and justification for excluding subscription rights as well as the court rulings that have been issued on this matter, in particular the so-called "Kali+Salz" judgment of the German Federal Supreme Court (Bundesgerichtshof). Pursuant thereto the contribution of a receivable, particularly a receivable owed to the investor by the Company, can be a contribution in kind only subject to very limited conditions. The limited conditions of the Kali+Salz judgment also apply to contributions of other major assets, e.g. intangible assets such as patents, trademarks or licences.

In addition the Management Board is to be allowed to exclude the subscription right in order to grant the holders of subscription warrants or convertible loan stock or bonds cum warrants a subscription right to the extent to which they would be entitled as a shareholder after exercising a conversion right or option right or in the fulfilment of the conversion obligation; at present the Company has not issued any subscription warrants or convertible loan stock or bonds cum warrants. The General Meeting of 26 June 2012 did however authorize the Management Board to issue bonds cum warrants and convertible bonds.

The authorization to exclude subscription rights is intended to make it possible to offer the shares as employee shares to members of the Company’s management for a price which is not significantly below the stock exchange price. On the other hand there is to be the possibility of offering the shares as employee shares to the Company’s employees as well as to members of the managements and to employees of undertakings affiliated with the Company for a price of up to 30 % less than the stock exchange price. This authorization is in addition to the existing authorization to issue reacquired shares to employees and members of the Company’s Management Board to fulfil existing option rights, or rights or obligations to acquire shares in the Company.

The authorization to issue employee shares to employees of the Company and to members of the managements and to employees of undertakings affiliated with the Company for a price, which is below the stock exchange price, is limited to a maximum of 3 % of the Company’s nominal capital in total and, more particularly, both at the time when this authorization comes
into effect and at the time when it is exercised. The 3% limit does not apply if
the issue price is not significantly below the stock exchange price within the
meaning of Section 186(3) sentence 4 German Stock Corporation Act (AktG).
Shares, which are issued as employee shares after this authorization comes
into effect using an authorization applicable at the time the proposed
authorization comes into effect, or an authorization that substitutes it, and
which authorizes the issue of new shares out of authorized capital excluding
the subscription right for a price which is below the stock exchange price to
employees of the Company and members of the managements and
employees of undertakings affiliated with the Company are to be counted
towards the 3 % limit. The issue of new shares out of authorized capital shall
not be counted towards the 3 % limit if the shares are issued out of
authorized capital for a price, which is not significantly below the stock
exchange price within the meaning of Section 186(3) sentence 4 German
Stock Corporation Act (AktG).

The issue of employee shares is in the interests of the Company and its
shareholders because it encourages the members of the managements and
the employees to identify with the Company, to be prepared to accept joint
responsibility and it encourages the workforce to be loyal to the Company. It
is desired by the legislator and is facilitated by the law in several ways. It is
intended that only employees of the Company and members of the
managements and employees of affiliated undertakings are to be included in
the circle of people, who are eligible to benefit from being offered the
possibility of acquiring shares in the Company for a price of up to 30 % below
the stock exchange price as employee shares. It is intended that members of
the management of the Company may only be offered employee shares for a
price, which is not significantly below the stock exchange price.

The issue of employee shares makes it possible to create long-term incentives
which take into account not only positive but also negative developments. The
granting of shares, which are blocked from sale for several years, or for which
there are retention incentives, can create not only a bonus effect but also a
penalty effect in the event of negative developments. It is therefore an
instrument which can give rise to greater joint economic responsibility in the
interests of the Company and the shareholders.
In order to be able to issue acquired shares as employee shares it is
necessary to exclude the shareholders’ subscription right. Otherwise the
associated advantages for the Company and its shareholders could not be
achieved.

Weighing up all of the above-mentioned circumstances, the Management
Board and the Supervisory Board consider the exclusion of the subscription
right in the said cases to be objectively justified and reasonable for the
shareholders for the reasons stated, even taking into account the possible
effect of dilution.
The Management Board shall exercise the authorization with the consent of the Supervisory Board; the Supervisory Board shall decide on the issue of employee shares to members of the Company's Management Board. The terms and conditions shall in each case be laid down when the occasion arises such that the interests of the shareholders and the interests of the Company are adequately safeguarded having due regard for the respective conditions.

The total number of shares to be issued and which have been issued with the subscription right excluded on the basis of one of said authorizations may not exceed 20 % of the nominal capital either at the time when the authorization becomes effective or at the time when the authorization is exercised; the shares, which have been sold or issued, or which are to be issued, during the term of this authorization on the basis of other authorizations with the subscription right excluded must be counted towards said limit. The purpose of this is to limit the total number of shares in the Company issued with the subscription right excluded and thereby has the objective of limiting the dilution for the shareholders in the best possible manner.

4. Report by the Management Board on the utilization of the Authorized Capital:

The Management Board shall report to the General Meeting on each and every utilization of the Authorized Capital 2015 and on the particulars of any exclusion of the subscription right.