Report of the Management Board on Agenda Item 9 (Resolution on the granting of a new authorization to issue convertible bonds and/or bonds with warrants, as well as participation rights with conversion or option rights, in a volume of up to EUR 1.5 billion, with the possibility to exclude subscription rights; creation of a new Conditional Capital 2015 in the amount of EUR 50 million, cancellation of the existing (residual) authorization to issue convertible bonds and bonds with warrants; partial cancellation of the existing Conditional Capital 2014/I and corresponding amendment to the Articles of Association)

Under Agenda Item 9 of the Annual General Meeting on June 12, 2015, the Management Board and Supervisory Board propose the partial cancellation of the existing authorizations to issue convertible bonds, bonds with warrants, participation rights and/or participating bonds (and/or a combination of these instruments) (hereinafter referred to collectively as "**bonds**"), as well as the corresponding Conditional Capital 2014/I, and the creation of a new authorization and new Conditional Capital 2015. Pursuant to Section 221 para. 4 sentence 2, in conjunction with Section 186 para. 4 sentence 2 AktG, the Management Board is providing this report on Agenda Item 9 of the Annual General Meeting concerning the reasons for authorizing the exclusion of shareholders' subscription rights when issuing new bonds:

By way of a resolution of the Annual General Meeting on June 11, 2014, the Management Board was authorized, with the consent of the Supervisory Board, to issue bearer or registered convertible bonds and/or bonds with warrants and/or participation rights with option or conversion rights (or a combination of these instruments) in the period until June 10, 2019, in the nominal amount of up to EUR 950,000,000.00, with or without a limitation on maturity ("**Authorization 2014**"). A Conditional Capital 2014/I in the amount of EUR 50,000,000.00 was created to service the bonds (Article 4b para. 2 of the Articles of Association).

By way of partially exercising this authorization, the Company issued a convertible bond with a total nominal value of EUR 400,000,000.00 in a private placement on September 8, 2014, with simplified exclusion of shareholder rights; this bond can be converted, among other things, into up to 25,000,000 new no-par value shares to be created on the basis of the Conditional Capital 2014/I, each representing a pro rata amount of EUR 1.00 of the Company's share capital. As a result, the authorization granted by the Annual General Meeting on June 11, 2014 can no longer be used flexibly. In particular, the possibility for a simplified exclusion of subscription rights is almost exhausted. In light of this, the Management Board and Supervisory Board consider it appropriate to cancel the existing Authorization 2014 and the existing Conditional Capital 2014/I to the extent that they had not yet been utilized, and to replace these, respectively, with a new authorization and a new conditional capital.

Given that the Authorization 2014 is to be canceled by means of the following resolution, to the extent that it has not been exercised, and that no further bonds may therefore be issued under this authorization from this point in time, the existing Conditional Capital 2014/I for securing the conversion rights of the convertible bond issued on September 8, 2014 must only be reserved in an amount of EUR 25,000,000.00. An amount of EUR 25,000,000.00 of the Conditional Capital 2014/I can therefore be canceled and the Articles of Association can be amended accordingly.

In order to be able to make proper use of the spectrum of capital market instruments available to securitize conversion or option rights, it seems appropriate to set the permissible issue volume in the authorization at EUR 1,500,000,000.00. The conditional capital that serves to fulfill the conversion or option rights or conversion or option obligations shall amount to EUR 50,000,000.00. This shall ensure that the full scope of this authorization can be utilized. The number of shares necessary to service conversion or option rights, conversion or option obligations, or to grant shares in lieu of the cash amount due from a bond with a certain issue volume, generally depends on the market price of the Company's share at the date of issue of the bond. When sufficient conditional capital is available, this ensures that full use can be made of the authorization scope for the issue of bonds.

Adequate capital resources are a basic requirement for the development of the Company. By issuing convertible bonds and bonds with warrants, the Company can exploit attractive financing opportunities, depending on the market situation, to acquire capital at low interest rates. By issuing participation rights carrying conversion or option rights, for example, the interest can also be based on the Company’s current dividend. The generated conversion and option premiums accrue to the Company upon issue. Practice shows that some financing instruments can only be placed by way of granting option or conversion rights.

In principle, shareholders shall be granted a subscription right to the bonds upon issue of bonds with warrants and convertible bonds, as well as participation rights and/or participating bonds with conversion or option rights (Section 221 para. 4, in conjunction with Section 186 para. 1 AktG). The Management Board may make use of the option to issue bonds to one or several banks subject to the proviso that these banks offer the bonds to the shareholders in line with their subscription right (indirect subscription right pursuant to Section 186 para. 5 AktG). This is not a limitation of the subscription rights of shareholders. Shareholders are ultimately granted the same subscription rights as with a direct subscription. For settlement-related reasons, only one or several banks are involved in the transaction.

(i) The Management Board shall, however, be able to exclude subscription rights for fractional amounts, with the consent of the Supervisory Board. The aim of this exclusion of subscription rights is to simplify the process of issuing new shares with basic shareholders' subscription rights, as this makes a technically feasible subscription ratio possible. The fractional amount per shareholder is usually low; therefore, the potential dilutive effect is likewise to be considered low. On the other hand, the cost of issuing shares without such an exclusion is significantly higher. The exclusion therefore serves to ensure that an issuance is practical and easier to carry out. The Management Board and Supervisory Board deem the potential exclusion of subscription rights as factually justified for these reasons and reasonable in consideration of shareholder interests.

(ii) The Management Board shall also be authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights, in order to grant bearers or creditors of bonds a subscription right to the extent to which they would have been entitled after exercising their conversion or option rights or upon fulfillment of their conversion or option obligations. This offers the possibility to offer the holders or creditors of bonds already issued at this point, or bonds that have still to be issued, a subscription right as a means of protection against dilution, instead of a discount on the option or conversion price. This is in line with the market standard to provide bonds with such dilution protection.

(iii) Pursuant to Section 186 para. 3 sentence 4 AktG, the Management Board shall also be authorized, with the consent of the Supervisory Board, to exclude this subscription right for an issue of bonds against cash if the issue price of the bonds is not significantly lower than their market value. This may be appropriate in order to be able to quickly exploit favorable stock market situations and place a bond quickly and flexibly on the market at attractive conditions. As the stock markets can be volatile, achieving the most advantageous issue result possible increasingly depends on the ability to react quickly to market developments. Favorable conditions that are as close to the market as possible can generally only be established if the Company is not tied to these for an excessively long offer period. In the case of subscription rights issues, a significant haircut is usually necessary to ensure the issue's chances of success for the entire offer period. Section 186 para. 2 AktG permits publication of the subscription price (and therefore the terms and conditions of this bond for convertible bonds and bonds with warrants) up until the third-to-last day of the subscription period; however, in view of the volatility of the stock markets, there is also a market risk for several days, which leads to deductions of safety margins in setting bond terms and conditions. In addition, when a subscription right is granted, an alternative placement with third parties is more difficult and/or incurs additional expense due to the uncertainty that the rights will be exercised (subscription behavior). Finally, when granting a subscription right the Company cannot react quickly to a change in market conditions due to the length of the subscription period, and this can lead to the Company raising capital at less favorable conditions.

The interests of the shareholders are protected because the bonds are not issued significantly below the market value. The market value must be calculated in accordance with recognized actuarial principles. When pricing the bond, the Management Board shall keep the discount on the market value as low as possible, taking the prevailing capital market situation into account. This means that the calculated value of a subscription right will be so low that the shareholders will not suffer any material economic disadvantage due to the exclusion of the subscription right.

Setting the conditions in line with the market and therefore avoiding a significant dilution of value can also be achieved if the Management Board carries out a book-building process. In this process, investors are asked to submit purchase applications based on provisional bond terms and conditions, and to specify, for example, the interest rate deemed to be in line with the market and/or other economic components. At the end of the book-building period, the conditions that were previously still pending, such as the interest rate, will be stipulated in accordance with supply and demand on the market on the basis of the purchase applications submitted by investors. This means that the total value of the bonds will be determined in line with the market. Using this kind of book-building process will enable the Management Board to ensure that there will be no significant dilution of the share value as a result of the exclusion of subscription rights.

The shareholders shall also have the opportunity to maintain their share of the Company’s share capital at virtually the same conditions through acquisition on the stock exchange. As a result, their financial interests will be adequately protected. The authorization to exclude subscription rights pursuant to Section 221 para. 4 sentence 2, in conjunction with Section 186 para. 3 sentence 4 AktG, applies only to bonds with rights to shares representing no more than 10% of the share capital, either at the date on which the authorization becomes effective or the date on which such authorization is exercised.

This restriction shall also include the sale of treasury shares, insofar as they are sold within the term of this authorization with the exclusion of subscription rights pursuant to Section 71 para. 1 No. 8 sentence 5 clause 2, in conjunction with Section 186 para. 3 sentence 4 AktG. This restriction shall also include shares that are issued from authorized capital during the term of this authorization, with the exclusion of subscription rights pursuant to Section 203 para. 2 sentence 1, in conjunction with Section 186 para. 3 sentence 4 AktG. Including these shares is in the interests of shareholders, to ensure the smallest possible dilution of their shareholding.

(iv) Bonds may also be issued in return for contributions in kind, provided that this is in the Company's interests. In such cases, the Management Board shall be authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights, provided that the value of the contribution in kind is commensurate with the theoretical market value of the bonds calculated in accordance with recognized actuarial principles. This opens up the possibility to also use bonds as acquisition currency in appropriate individual cases, for example in connection with the acquisition of companies, shares in companies or other assets. It has been shown in practice that it is frequently necessary to provide the consideration not in cash but also, or exclusively, in another form. The possibility to offer bonds as a consideration therefore creates an advantage in the competition for attractive acquisition targets and provides the necessary scope to exploit opportunities that arise to purchase – even larger – companies, shares in companies or other assets, while preserving liquidity. This can also be sensible from the perspective of achieving an optimum financing structure. The Management Board shall carefully assess in each individual case whether it will exercise its authorization to issue bonds with conversion or option rights, or conversion or option obligations, in return for contributions in kind, with the exclusion of subscription rights. It shall only do this if it is in the interests of the Company and therefore its shareholders.

The aforementioned authorizations for excluding subscription rights may not, in sum, exceed 20% of the share capital, either at the date on which this authorization becomes effective or the date on which this authorization is exercised. The above-mentioned 20% limit shall also include treasury shares that are sold during the term of this authorization, with exclusion of subscription rights, as well as those shares that have been issued during the term of this authorization from other authorized capitals, with the exclusion of shareholders' subscription rights. In addition, the aforementioned 20% limit shall include those shares that were or are to be issued from conditional capital to service stock option rights, provided that the stock option rights were granted during the term of this authorization. This restriction also limits any potential dilution of voting rights of shareholders excluded from subscription rights. In consideration of all of these circumstances, the authorization to exclude subscription rights within the outlined limits is necessary, commensurate, appropriate and in the interest of the Company.

Insofar as participation rights or participating bonds bearing no conversion or option rights or conversion or option obligations are to be issued, the Management Board shall be authorized, with the consent of the Supervisory Board, to completely exclude shareholders' subscription rights if these participation rights or participating bonds carry similar rights to other bonds, i.e., they do not convey membership rights in the Company, nor do they grant a share in the proceeds of a liquidation, and the rate of interest is not calculated on the basis of net income for the year, net retained profits or the dividend. In addition, the interest rate and the issuing amount of the participation rights or participating bonds must be in line with prevailing market conditions for similar borrowing at the time of issue. If the above requirements are fulfilled, the exclusion of subscription rights will not have any adverse effects for the shareholders, since the participation rights or participating bonds do not convey any entitlement to membership rights, a share in the proceeds of any liquidation, or the Company's profits. Although it is possible to stipulate that the interest yield be dependent on the achievement of a net income for the year, a net retained profit or a dividend, it would not be permissible to create a regulation whereby a higher net income for the year, a higher net retained profit or a higher dividend would result in a higher interest yield. Therefore, the issue of participation rights or participating bonds shall not change or dilute either the voting rights or the stake of the shareholders in the Company or its profits. In addition, the market-driven issuing conditions, which are mandatory for this case of subscription rights exclusion, do not give rise to any notable subscription right value.

The planned conditional capital serves to fulfill conversion or option rights to shares of the Company from bonds issued, or to grant the creditors or holders of bonds shares in the Company in lieu of payment of the cash amount due. It is also stipulated that conversion or option rights or conversion or option obligations may also be serviced instead by the provision of treasury shares or shares from authorized capital, or by other means of compensation.

If, during the course of a financial year, the Management Board exercises one of the aforementioned authorizations to exclude subscription rights as part of a bonds issue, the Management Board shall report on this matter at the next Annual General Meeting.