3. **Written report of the Executive Board regarding the acquisition of treasury shares under exclusion of subscription rights under agenda item 7 (per sec. 186 para. 4 sentence 2 of the Stock Corporation Act in conjunction with sec. 71 para. 1 no. 8 thereof)**

In accordance with sec. 186 para. 4 sentence 2 of the Stock Corporation Act in conjunction with sec. 71 para. 1 no. 8 thereof, the Executive Board herewith submits to the Annual General Meeting the following report regarding agenda item 7:

The authorization proposed in item 7 of the agenda is intended to enable the Executive Board to acquire the Company's own shares as treasury shares (share buybacks) in the interests of the Company and its shareholders. The Executive Board and Supervisory Board propose that shareholders provide such authorization for a period of five years from the date of the resolution, i.e. until June 29, 2027. Under German law, such authorization may not exceed 10% of a company's existing share capital at the time the authorizing resolution is passed.

The details of the proposed authorization are as follows:

Acquisition of the Company's own shares as treasury stock

It is proposed that such shares may be acquired through stock exchange transactions or by way of a public purchase offer extended to all shareholders of the Company or public invitation for Company shareholders to submit sales offers.

In the event of a public purchase offer extended to shareholders or public invitation for shareholders to submit sales offers, it is possible that the total number of shares subscribed in the purchase offer, or tendered through sales offers, exceeds the number of shares sought by the Company. In such case, acceptance should be on a *pro rata* basis, but with the possibility of preferential acceptance of smaller subscriptions or offers (or portions thereof) up to a maximum of 100 shares per shareholder. This possibility serves to avoid fractional amounts and small residual amounts when calculating and determining allocations, thereby facilitating the technical processing of the share buyback. This mechanism also serves to avoid small shareholders being put at a *de facto* disadvantage. For both technical and economic reasons, the allocation process in case of such oversubscription should be calculated on the basis of shares subscribed or offered (*pro rata* according to number of shares subscribed or offered) rather than percentage of shares owned. Finally, rounding according to usual market practice is frequently used in such situations to avoid arithmetic share fractions. To this end, it should be possible to round allocation percentages and the number of shares allocated to individual subscribing or tendering shareholders to the extent technically necessary to provide for the allocation of whole shares.

Utilization of treasury shares acquired under exclusion of subscription rights

Treasury shares acquired may be resold via the stock exchange sales transactions or by making an offer of sale to all shareholders, under which all shareholders have the general legal right to be treated equally.

In the case of such resale of treasury shares through such public offering to Company shareholders, the Executive Board should be authorized to exclude shareholder subscription rights for fractional amounts, which is necessary in order to facilitate such offer of sale without excessive technical complication. Any treasury shares excluded from the shareholder subscription rights as excess fractional shares are utilized in the best interest of the Company, either through sale on the stock exchange or in some other way.

The Company should, moreover, be authorized to cancel treasury shares which have been acquired on the basis of the present authorizing resolution without the need for an additional resolution to be passed by a future general meeting. The Annual General Meeting thereby defers to the Executive Board on the decision as to whether to hold shares thus acquired as treasury stock or whether to cancel them. Where shares do not have a fixed par value per share, it is possible for a company to cancel treasury shares without a corresponding reduction of registered share capital and for the company's general meeting of shareholders to grant such authorization. In addition to share cancellation with corresponding capital reduction, the proposed authorizing resolution also provides for this alternative: If treasury shares are cancelled without a corresponding reduction of registered share capital, the imputed nominal value per share of the remaining shares increases automatically so that the total amount of registered capital remains unchanged. The Executive Board should be further authorized, subject to the approval of the Supervisory Board, to amend the Company's Articles of Incorporation to reflect any such reduction in the number of shares outstanding as a result of such cancellation of treasury shares.

The authorizing resolution aims, among other purposes, to give the Company the possibility to offer its own shares as consideration for mergers with or acquisition of companies, or of parts thereof, or for the acquisition of investment participations or specific assets or rights. This authorization is intended to provide the Company with the strategic and financial flexibility so that it is able to take advantage of opportunities to acquire companies, investment participations, or specific assets or rights quickly as they arise, flexibly according to circumstances, and in a way that best ensures the Company's continued liquidity. The proposed exclusion of subscription rights under these circumstances is necessary and usual. When determining valuations for such transactions, the Executive Board will act in, and protect, the interests of shareholders. When offering treasury shares as consideration for such acquisitions, it is intuitive that the Company's shares being offered should be valued at the current exchange price. There is generally, however, no contractual provision linking the transaction to the current stock exchange price, as constant fluctuations in the prevailing stock exchange price and in the amount of consideration arising therefrom would greatly complicate negotiations. This has the practical effect of excluding any possibility of shareholder subscriptions.

The proposed resolution, moreover, grants authority to the Executive Board to utilize treasury shares in support of a listing of the Company's shares on a foreign stock exchange where not previously listed. The possibility of being able to raise equity capital on the international capital markets, at any time and at favorable conditions, is of great importance to the Company's future business development and ability to finance its future growth. Potential future listings on foreign stock exchanges would serve this purpose by broadening the Company's base of international shareholders and increasing the attractiveness of its shares as an investment. The proposed exclusion of subscription rights under this particular circumstance serves to facilitate such new listings on foreign stock exchanges. In order to safeguard the interests of existing shareholders, the resolution contains protective provisions regarding the price at which the shares can be listed on the respective foreign stock exchange.

The Company should, in addition, be able to issue shares to Executive Board members and employees of the Company as well as of its affiliated companies. The offering of shares to management and key staff, in particular through stock option plans, promotes shared commitment, personal sense of responsibility and motivation to achieve goals and is thus in the interests of a company and its shareholders. Such offering of shares should be linked to other conditions, such as personal performance targets or company earnings targets, and used as a variable component of total compensation. The subscription rights of shareholders must necessarily be excluded from such offerings.

Finally, the Company should be able to utilize treasury shares for the fulfillment, in whole or in part, of option or conversion rights (or obligations) arising from securities issued by the Company. Here again, the preemptive subscription rights of shareholders must necessarily be excluded.

The proposed authorization for stock buybacks, i.e. for the purchase of the Company's own shares as treasury stock, is an internationally accepted practice for the financial management of stock corporations. Any shares acquired or resold as treasury shares are handled in accordance with the principle of equal treatment of all shareholders pursuant to sec. 53a of the Stock Corporation Act and usually via stock exchange transactions. The Executive Board should also have the possibility, subject to the approval of the Supervisory Board, of cancelling such treasury shares acquired under the authorization granted by the current resolution. In the case of resale of treasury shares, the possibility of excluding subscription rights pursuant to sec. 186 para. 3 sentence 4 of the Stock Corporation Act serves the Company's interest in selling such treasury shares to its best advantage by enabling, for example, the negotiated placement to large institutional investors or the sale to new German or international shareholders in order to broaden the shareholder base. The possibility of excluding subscription rights puts the Executive Board in a position to take advantage of the opportunities presented by prevailing stock exchange prices or other market conditions as they arise, without the requirement to necessarily place the shares through a subscription process which is more time consuming and costly. The acquisition of treasury shares also aims to provide the Company with the broad ability to act under the proposed authorizing resolution in a way which is rapid, flexible and cost effective as it pursues acquisition and investment opportunities within the framework of its strategic acquisition policy. In the case of a resale of treasury shares to a third party under exclusion of subscription rights, the financial interests and voting rights of existing shareholders are adequately safeguarded by sec. 71 para. 1 no. 8 of the Stock Corporation Act, which provides that the authorization to exclude subscription rights be limited to a maximum of 10% of the respective company's share capital. The calculation of this 10% limit also includes any other shares issued from approved capital during the term of this authorization under the exclusion of subscription rights. Since the sale price for the treasury shares to be granted must also be closely aligned to the stock market price, the interests of the shareholders are adequately safeguarded. Existing shareholder have the possibility of maintaining their percentage shareholdings through the purchase of additional shares on the stock exchange and thus are not put at any significant economic disadvantage as a result of such transaction. The proposed authorization is thus in the overall interest of the Company and its shareholders.

The Executive Board will report to the Annual General Meeting on the details of any such utilization of this authorization to acquire treasury shares.