Conversion Report

Prepared by the Board of Directors of

Deufol AG

about the change of legal form of Deufol AG into a European company (Societas Europaea, SE) named Deufol SE

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I. INTRODUCTION

The Board of Directors of Deufol AG ("**Deufol AG**" or "**the Company**") has prepared a Conversion Plan for the conversion of Deufol AG into a European company (Societas Europaea, hereinafter also "**SE**"). This Conversion Plan was certified on 16 May 2012 (notarial serial no. 82/2012-J of the notary Nicole Junghänel in Hofheim) ("**Conversion Plan**"). Annexed to the Conversion Plan is a draft version of the Articles of Association of Deufol SE ("**Articles of Association of Deufol SE**" or **"SE Articles of Association"**).

The conversion shall be conducted in accordance with Article 37 in conjunction with Article 2 para. 4 of Council Regulation (EC) no. 2157/2001 dated 8 October 2001 on the statute of the European company (SE) ("**SE Regulation**"). In addition, the Council's act for executing the Regulation (EC) no. 2157/2001 dated 8 October 2001 on the statute of the Societas Europaea (SE) dated 22 December 2004 in the version of 30 July 2009 ("**SEAG**") applies.

In the case of a conversion into an SE with its seat in Germany, the participation of the employees, that is, all procedures, including informing, hearing and co-determination, by means of which the representatives of the employees can have an influence on the resolutions passed within the company, is governed by the SEBG (*Gesetz über die Beteiligung der Arbeitnehmer in einer Europäischen Gesellschaft*, Employee Participation in European Companies Act, hereinafter the "**SEBG**"), dated 22 December 2004, which transposes the Council Directive 2001/86/EC dated 8 October 2001 on the amendment to the statute of the European company with regard to the participation of the employees ("**SE Employee Participation Directive**") into German law. In addition, the implementation regulations of the SE Employee Participation Directive valid in other member states of the European Union ("**EU States**") and the signatory states of the agreement on the European Economic Area ("**EEA States**" and jointly the "**EU and EEA States**") in which subsidiaries and undertakings of Deufol AG employ staff shall apply for the participation of the employees in Deufol SE.

Within the scope of the conversion, there will be an employee participation procedure subject to the provisions of the SEBG, in which employee representatives from the EU and EEA States and the Board of Directors of Deufol AG shall negotiate an agreement on the participation of the employees in Deufol SE ("**Employee Participation Agreement**"). The employees will be represented in these negotiations by a special negotiation committee ("**Special Negotiating Committee**" or "**SNC**"). If the Special Negotiating Committee and the Board of Directors of Deufol AG cannot come to a consensus on an Employee Participation Agreement, standard rules provided for by law shall apply. The German right of co-determination – the MitbestG or DrittelbG – shall not apply to Deufol SE. The co-determination of the employees in the Supervisory Board or Administrative Board of the SE is to be regulated entirely by the Employee Participation Agreement in the SE, in as much as

such an agreement can be reached. If not, the participation of the employees shall be regulated by the standard legal rulings of the SEBG. The same applies for the operational co-determination of the employees in accordance with § 22 et. seq. SEBG. Also applicable to the SE, however, are the respective national regulations on employee representative bodies such as works councils. Only European works councils or comparable bodies under the SEBG will be replaced by the so-called SE Works Council in accordance with § 47 para. 1 no. 2 SEBG.

The conversion shall take place under retention of the identity of the legal entity. This means that the conversion leads neither to the dissolution of Deufol AG nor to the foundation of a new legal person. For this reason, the participation of the shareholders in the Company continues.

The Meeting of the Shareholders of Deufol AG must consent to the Conversion Plan in order for it to be valid. The Board of Directors and Supervisory Board of Deufol AG have decided to submit the Conversion Plan, which contains the future Articles of Association of Deufol SE, to the ordinary Meeting of the Shareholders of Deufol AG on 4 July 2012 for resolution.

Before the decision by the Meeting of the Shareholders, one or more court-appointed independent experts (the "**Conversion Auditor**") must attest in accordance with Article 37 para. 6 SE Regulation that the Company disposes over net asset values at least in the amount of its capital plus the non-disposable reserves provided for by law or statute. With its resolution dated 11 May 2012 (Ref. 3-05 O 82/12), the Regional Court of Frankfurt am Main appointed the accounting firm Rölfs RP AG Wirtschaftsprüfungsgesellschaft, Dusseldorf as the Conversion Auditor. The Conversion Auditor has carried out its audit and attested on 18 May 2012 that the capital cover required by Article 37 para. 6 SE Regulation is provided for ("**Certificate of Capital Cover**").

The Board of Directors of Deufol AG prepared this Report in accordance with Article 37 para. 4 SE Regulation. The Report explains and substantiates the legal and commercial aspects of the conversion and the effects of the conversion from the German form of the corporation ("**AG**") to the supranational legal form SE will have for the shareholders and employees.

The Report contains only a summary of the business activities of Deufol AG, as these will remain unaffected by the conversion of Deufol AG into Deufol SE due to the identity of the legal entity. For further information, we refer the reader to the 2011 annual report (which can be found on the Internet at the address: http://www.deufol.com/pdf/Geschaeftsberichte/Geschaeftsbericht_2011-2-DE-2012.pdf).

II. DEUFOL AG

1. Seat, head office and fiscal year

Deufol AG has its seat in Hofheim am Taunus (Wallau), Germany. Its head office is also located there. The Company is registered in the Commercial Register of the District Court of Frankfurt am Main with the number HRB 46331. The business address of Deufol AG is Johannes-Gutenberg-Strasse 5, 65719 Hofheim am Taunus, Germany. The fiscal year of Deufol AG is the calendar year, in accordance with § 4 item 1 of the Articles of Association of Deufol AG. Deufol AG is the controlling company of the Deufol Group and both directly and indirectly holds the shares in the Company, which is a member of the Deufol Group.

Deufol AG and its affiliated companies in the Group are also referred to in the following as the "**Deufol Group**".

2. Purpose of the company

As specified in § 3 item 1 of the Articles of Association of Deufol AG, the business of Deufol AG is the management of existing and future investments and the activity as management holding company, especially for logistics companies.

The Company can engage in any business which is appropriate in serving the purpose either directly or indirectly. It can, in particular, hold interests in, acquire, found, and assume the management of other companies, even if these should have a different purpose, as well as establish domestic or foreign branches and execute affiliation agreements.

3. Business activities

a. Group management

Deufol AG is a global premium service provider in the field of packaging and related services. Deufol Group has a decentralised organisational structure with Deufol AG at its head as a holding. Deufol AG holds the majority in almost all the participations. As a management holding, Deufol AG does not have its own business dealings with customers, but essentially fulfils management and control tasks. These include determining the strategic fields of business, staffing management positions and controlling the flows of capital within the Group. Furthermore, the compliance programme is implemented and further developed as an integral part of the management structure by Deufol AG together with the Risk Management

instance for all members of the company group. Local and regional management units are grouped together in the head office as the main organisational unit, including large parts of the financial and personnel accounting activities of the German subsidiaries of Deufol AG. The Deufol Group is particularly active in the three business sectors of industrial goods packaging, consumer goods packaging and warehouse logistics. The regionally oriented segment structure is divided up into the regions of Germany, Rest of Europe and USA/Rest of World.

b. Service divisions

aa. Export & Industrial Packaging

In the Export & Industrial Packaging service group, the packaging activities are mainly for manufacturers in the mechanical and plant engineering sector. These include the computer-supported construction of the packaging, single boxes and boxes produced in series, export packaging logistics, die maritime freight, air freight and hazardous materials packaging and the management of large industrial projects. Within the scope of the export and industrial goods packaging activities, further services such as dismantling work and the storage of spare parts are also rendered.

bb. Automated Packaging and Promotional & Display Packaging

The Automated Packaging & Promotional & Display Packaging services encompass packaging services for consumer goods. They include the entire range from the fully automated packaging of bulk goods using a highly technological machine fleet through to the manual creation of attention-getting displays. In this division, services linked to the packaging process such as tagging and labelling, repackaging, distribution logistics and transport and document management are provided.

cc. Data Packaging

The Data Packaging service unit includes innovative packaging solutions, in particular for gift cards (vouchers). Also in this competence field are data management services, the personalisation of the cards, specialty packs (the insertion of promotion articles) and multipacks with up to eight cards.

dd. Additional Services

The Additional Services segment includes services such as warehouse planning and management, small batch and sample processing, commissioning, contract logistics and value-added services.

c. Locations

As of 31 December 2011, the Deufol Group had 54 venues in Germany, in which 55.1 % of the Group sales were generated. In the rest of Europe, in which around 27.6 % of the business is done, there are 16 operative business venues in the countries Belgium, France, Italy, Austria, the Slovak Republic and the Czech Republic.

In the USA/rest of the world, which contributes around 17.3 % of the earnings, business is transacted at the two venues Charlotte and Summan. In the People's Republic of China, there is a venue in Suzhou.

d. Business trend of the Deufol Group

Sales developed positively in the Deufol Group in 2011, mostly driven by the German market, in which revenues rose by 7.7 %. In the rest of Europe the growth rate was 2.2 %, while in USA / Rest of World segment, sales fell by 3.8 % – partially due to exchange rate fluctuations. The operative earnings were lower than the previous year at EUR 10.7 million (EUR 11.9 million). The sales for the year of EUR 315 million were within the originally forecast range of EUR 310 million to EUR 325 million. The operative earnings ("**EBITDA**") reached EUR 10.7 million. In the previous year, the EBITDA had been EUR 11.9 million. Adjusted for acquisitions, sales grew organically by 2.8 %. When also adjusting for the average 5 % devaluation of the US$ against the EUR, a growth rate of 3.6 % results.

Germany is the market of the Deufol Group with the most sales. This market accounted for 55.1 % of the consolidated revenues. The second-largest segment, Rest of Europe, contributed 27.6 % to the Group revenues in 2011. The USA/Rest of World segment represents around 17.3 % of the Group's activities.

The Export & Industrial Packaging division accounted for 49.9 % of sales in 2011, with Consumer & Data Packaging contributing 34.9 %. The Additional Services Unit generated 15.1 % of the total sales.

The net profit for the year in 2011 was EUR 3,872,000.00. The earnings per share from activities to be continued amounted to EUR 0.077.

4. Capital and shareholders

a. Share capital

The share capital of Deufol AG amounts to EUR 43,773,655.00 and is divided up into 43,773,655.00 no-par-value shares. Each share equates to a EUR 1.00 stake in the share capital of Deufol AG. Pursuant to § 6 item 1 of the Articles of Association of Deufol AG, these shares are bearer shares. In accordance with § 6 item 1 of the future Articles of Association of Deufol SE, the shares in that company will be registered shares.

b. Authorised capital

Pursuant to § 5 item 3 of the Articles of Association of Deufol AG, the Board of Directors of Deufol AG is authorised, in accordance with § 5 item 3 of the Articles of Association of Deufol AG, with the approval of the of the Supervisory Board, to increase the share capital of the Company once or more than once up to a total of EUR 20 million ("**Authorised Capital**") before 15 June 2014, by issuing new shares against a contribution in cash or in kind. When doing so, the Shareholders are to be given an option to subscribe to these shares. The Board of Directors is, however, authorised, with the approval of the Supervisory Board, to exclude fractional amounts from this subscription right of the Shareholders.

The Board of Directors is also authorised, with the approval of the Supervisory Board, to rule out the shareholders' subscription right, in order to be able to issue shares within the framework of an increase in share capital for a contribution in kind, for the purpose of acquiring companies or stakes in companies or other assets within the meaning of § 27 para. 2 AktG (*Aktiengesetz*, the Corporation Act, hereinafter the "**AktG**") through the Company itself or a wholly owned subsidiary of the Company, against the transfer of shares in the Company.

These shares can also be taken on by banks or other companies that meet the requirements of § 186 para. 5 AktG, with the obligation of offering them pre-emptively to the shareholders for subscription.

The Board of Directors also has the right, with the approval of the Supervisory Board, to rule out the shareholders' pre-emptive subscription right upon issuing shares against a cash contribution to the amount of up to 10 % of the share capital on the effective date or – if this

value is lower – on the date of exercising the authorisation. In the event of such an exclusion of the subscription right, the issue price of the shares must not be significantly lower than the market price.

To be taken into account in this 10 % limit are (i) the own shares sold, in as much and insofar as the sale took place after 16 June 2009 on the basis of an authorisation to sell own shares under the exclusion of the pre-emptive subscription right in accordance with §§ 71 para. 1 no. 8 sent. 5, 186 para. 3 sent. 4 AktG, and (ii) the shares that the conversion or option bonds authorise or oblige to the subscription of, that were issued after 16 June 2009 on the basis of an authorisation to issue conversion or option bonds in accordance with § 186 para. 3 sent. 4 AktG, under exclusion of the pre-emptive subscription right.

The Board of Directors is authorised, with the approval of the Supervisory Board, to determine the further stipulations of the share rights, the terms of the issue of the shares and the details of the execution of the increase in share capital. The Supervisory Board is authorised to amend the Articles of Association, in as much as it invokes its right to raise the share capital or if this right loses its validity.

The authorised capital of Deufol SE is to correspond to the Authorised Capital of Deufol AG (cf., § 3.5 of the Conversion Plan). In order to achieve this, the Administrative Board of Deufol SE is authorised and at the same time instructed to enter any amendments to the Articles of Association of Deufol SE into the Commercial Register before the Conversion changing the form of the company (cf., § 3.5 of the Conversion Plan).

c. Contingent capital in accordance with § 5 item 5 of the Articles of Association of Deufol AG

Pursuant to § 5 item 5 of the Articles of Association of Deufol AG, the share capital of Deufol AG is conditionally increased by up to EUR 8,413,296.00, divided up into 8,413,296 ordinary bearer shares, based on the resolution of the Meeting of the Shareholders of 16 June 2009. The contingent capital increase will only be implemented to the extent that the bearers of conversion or option bonds – with a conversion or option right – of Deufol AG that are issued by the Company on the basis of the resolution reached under agenda item 8 lit. a of the Meeting of the Shareholders of 16 June 2009 by 15 June 2014, make use of their conversion or option right or that the bearers obliged to convert meet this obligation.

Also, the new shares shall be issued at their respective conversion or option price to be determined in accordance with the provisions of the above-described resolution to authorise.

The Board of Directors has the right to determine the further details for the execution of the conditional increase of share capital. The Supervisory Board is authorised to amend the Articles of Association in accordance with the scope of the capital increase from the contingent capital.

The contingent capital of Deufol SE is to correspond to the contingent capital of Deufol AG (cf., § 3.5 of the Conversion Plan). In order to achieve this, the Administrative Board of Deufol SE is authorised and instructed to enter any resulting amendments to the Articles of Association of Deufol SE into the Commercial Register before registration of the Conversion (cf., § 3.5 of the Conversion Plan).

d. Shareholders

On the basis of voting right notifications in accordance with the WPHG **Wertpapierhandelsgesetz,** the Securities Act, hereinafter the "**WPHG**"), Deufol AG is aware of the following shareholder participations:

The founder of the Company and Board of Directors member Detlef W. Hübner holds 51.69 % of the shares of Deufol AG indirectly through Lion's Place GmbH, Hofheim.

5. Structure of the Company

a. Executive bodies

The executive bodies of the Company are the Board of Directors, the Supervisory Board and the Meeting of the Shareholders. The competencies of these bodies are laid out in the AktG and the Articles of Association of Deufol AG.

As a dualistic management and monitoring system, the Board of Directors and Supervisory Board bodies work independently of one another and no person may be a member of both bodies at any one time. Deufol AG is represented by two members of the Board of Directors or by one Board of Directors member and procurist, in accordance with § 10 of the Articles of Association of Deufol AG.

aa. Board of Directors

The Board of Directors of Deufol AG currently has two members. The Company's rules of procedure stipulate the competencies of the Board of Directors. The areas of responsibility of

the individual Board of Directors members are regulated in an allocation of duties plan. The management structure of the Board of Directors reflects the international orientation of the Company and its function as a management holding.

The Board of Directors runs the affairs of the Company in joint responsibility of its members. It determines the corporate goals, the fundamental strategic orientation, the company policy and the Group structure. This includes in particular the management of the Group and its financial resources, the development of the personnel strategy, the staffing of the leadership positions within the Group, the development of the management staff and the way that the Group is presented to the capital market and the public. The Board of Directors informs the Supervisory Board comprehensively and in a timely fashion of its plans, the business development and the status of the Group.

Members of the Board of Directors are currently Detlef W. Hübner, born on 22 December 1954 in Königstein im Taunus, first appointed on 9 June 2004, and Dr Tilmann Blaschke, born on 15.04.1963 in Dresden, first appointed on 17 August 2011.

b. Supervisory Board

The Supervisory Board of Deufol AG has three members and monitors and advises the Board of Directors in the running of the business activities. If occupies itself with the business development, the planning of success and the further development of the corporate strategy. It gives the auditor the audit assignment and passes the annual financial statement and consolidated financial statement. It also appoints and removes from office the members of the Board of Directors. In doing so, it ensures a long-term succession plan together with the Board of Directors. Business transactions or measures taken by the Board of Directors that materially influence the asset, financial or earnings situation of the Company require the prior consent of the Supervisory Board. These are set forth in the rules of procedure for the Board of Directors of Deufol AG in a catalogue of transactions requiring approval.

In its report to the Meeting of the Shareholders, the Supervisory Board states if any conflicts of interest have arisen and how they have been dealt with. Material and not merely transient conflicts of interest in the person of a member of the Supervisory Board are to lead to the termination of that person's mandate. The composition of the Supervisory Board is based on the provisions of the AktG. The DrittelbG and the MitbestG are not applicable.

Members of the Supervisory Board of Deufol AG are currently Helmut Olivier, born on 5 September 1958 in Dusseldorf, first appointed in May 2001, Dr Wolfgang König, born on 14 August 1951 in Hanau and first appointed in June 2011 and Wulf Mathias, born on 9 December 1944 in Gelnhausen and first appointed in November 2011.

c. Corporate governance

As a listed German corporation, Deufol AG is subject to the obligation to declare its adherence to the German Corporate Governance Codex in accordance with § 161 AktG. The Board of Directors and Supervisory Board of Deufol AG declared, with the corresponding declaration in February 2012, which it adhered to and adheres to the recommendations of the German Corporate Governance Codex.

d. Employees and co-determination

As of 31 December 2011, the Deufol Group employed around 1,650 staff in Germany. In the rest of Europe, it employed around 680 people and in the USA and China together around 470. The number of employees in Germany fell to around 1,570 in the first quarter of 2012. These figures refer to the companies controlled directly or indirectly by Deufol AG.

Deufol AG is not subject to either the provisions of the MitbestG (*Gesetz über die Mitbestimmung der Arbeitnehmer*, Employee Co-Determination Act, hereinafter the "**MitbestG**") nor the DrittelbG (*Drittelbeteiligungsgesetz*, DrittelbG, hereinafter the "**DrittelbG**"). Nor does Deufol AG have a works council.

The MitbestG and the DrittelbG do not apply to the German subsidiaries either – with one exception. We point out the following: At Deufol Mitte GmbH there are currently 567 employees. Accordingly, a supervisory board is to be established at this company in accordance with the DrittelbG, with the participation of employee representatives. This has not yet occurred. However, the Euskirchen venue, with currently 139 employees, will foreseeably be taken over by a company not belonging to the Deufol Group as from 1 September 2012. The applicable negotiations with this third party are currently shortly before their conclusion. With this takeover, the employment relationships will also transfer to that company in accordance with § 613a BGB (*Bürgerliches Gesetzbuch*, the Civil Code, hereinafter the "**BGB**") on the date of the takeover. From 1 September 2012, the number of employees at Deufol Mitte GmbH will therefore presumably reduce by these 139 staff. In as much as the negotiations with the third party come to a successful conclusion as planned, Deufol Mitte GmbH shall no longer be subject to the DrittelbG as from the conclusion of these contractual negotiations. If the negotiations fail, Deufol Mitte GmbH will ensure the establishment in accordance with the DrittelbG.

Deufol Mitte GmbH has a central works council and local works councils at the Höchst, Euskirchen, Ingolstadt and Stadtallendorf venues. There are also one local works council at

Deufol Nord GmbH and two at Deufol Nürnberg GmbH. Although provided for by statute, no central works council has been formed for these two companies to date. As the members of the central works council will be members of the selection committee for choosing the German delegate for the Special Negotiating Committee, the two local works councils will be asked to immediately form a central works council. Finally, there is a works council at Dualogis GmbH. There are no further employee representative bodies (including speaker committees) in the German segment of the Deufol Group.

In the Belgian companies of the Group, there is no form of co-determination. There are works councils at Deufol Logistics Tienen N.V. and Deufol Packing Tienen N.V.

There are no works councils in the companies in Italy, Austria, Slovakia and the Czech Republic.

No corporate co-determination is provided for in Austria, Italy or Slovakia, or there are no applicable statutory prerequisites for such co-determination.

As regards the subsidiary in the Czech Republic, applicable law requires that a supervisory board be formed, one third of which is to be staffed by employee representatives. This has not yet been done; there are only employer representatives in the supervisory board at present. Deufol AG will ensure that it quickly forms a supervisory board that accords with the statutory provisions of the Czech right of co-determination.

e. Stock exchange listing

The shares of Deufol AG are traded in the Prime Standard segment of the stock exchange in Frankfurt am Main and on the electronic trading platform Xetra of the German stock exchange company Deutsche Börse AG. They are also listed in the following indices on the Frankfurt Stock Exchange:

- CDAX
- Classic All Share
- DAXPLUS FAMILY
- DAXsector All Transportation & Logistics
- DAXsector Transportation & Logistics
- DAXsubsector All Logistics
- DAXsubsector Logistics
- Prime All Share

The International Securities Identification Number (ISIN) for the shares of Deufol AG is DE0005101505. The German Securities Code (WKN) is 510150.

III. KEY ASPECTS FOR THE CONVERSION INTO AN SE

1. Key reasons for the Conversion

The Deufol Group is an international company with a clear European focus. In recent years, the Deufol Group has further expanded its international business activities. It now wants this to be expressed in its company form. The conversion into the European company (Societas Europaea, SE) legal form as suggested to the Meeting of the Shareholders of Deufol AG is hence an expression of the increasing internationalism of the Deufol Group. Another reason for the conversion of Deufol AG into Deufol SE is the Board of Directors' desire to highlight the importance of the European business for the Deufol Group. The SE legal form is a supranational legal form for a German listed company, based on European law. As such, it enables the continued development of an open and international corporate structure and corresponds with the international orientation of Deufol AG beyond the German borders. The SE emphasises the pan-European recognition through the company name, irrespective of the company's base country.

Also, not only are the historical origins of the Deufol Group in Germany, Germany remains the largest market for the Deufol Group, being the source of the majority of the Group's global sales.

In addition, the conversion enables Deufol AG to change its current dualistic management structure with a Board of Directors and supervisory board to the internationally customary monistic management system with only an administrative council. The Administrative Board is at the head of Deufol SE, determines the basic foundations of its activities and monitors their execution by the Managing Directors ("**Managing Directors**"). In contrast, the Managing Directors are responsible for the management of Deufol SE.

When considering these reasons, the change of legal form of Deufol AG into an SE after the successful expansion of its international business in recent years is yet another systematic step in the Company's development. It lays the foundation for Deufol's further success in the future. The conversion from ordinary bearer shares to registered shares that is being realised with the Conversion is also hoped to provide for greater transparency with regard to the shareholder structure.

2. Alternatives

The Board of Directors of Deufol AG looked into all conceivable alternatives to the Conversion before the change in company form. In doing so, it concluded that there is no alternative to the proposed Conversion that takes the interests of the Company and its shareholders into account in a comparable manner.

The SE is currently the only supranational legal form comparable to the German stock company that enables the stock exchange listing of the company. The SE is a capital limited company that meets the needs of a jointly active company like Deufol AG best of all, both in terms of financing and of the company management, while at the same time allowing a stock exchange listing. In this way, the SE offers the internationally active Deufol Group an outward appearance that complies with its activities.

For all of these reasons, a Conversion of Deufol AG into an SE comes into consideration for attaining the above-mentioned objectives of Deufol AG, its shareholders and the Deufol Group.

IV. COSTS OF THE CONVERSION

According to the current estimate of the Board of Directors of Deufol AG, the Conversion will cost around EUR 350,000.00. This estimate includes in particular the costs of preparatory measures, the costs of the conversion audit by a court-appointed auditor in accordance with Article 37 para. 6 SE Regulation, the costs of certifying the Conversion Plan, the costs of the entry in the Commercial Register , the costs of external consultants, the costs of the required public notifications, the costs of the procedure for employee participation and the costs of changing the stock exchange listing from Deufol Aktiengesellschaft – Aktien to Deufol SE-Aktien.

V. EXECUTING THE CONVERSION

1. Preparing the Conversion Plan

In accordance with Art. 37 para. 4 SE Regulation, the Board of Directors must put together a Conversion Plan. The SE Regulation places no requirements on the contents of the Conversion Plan. In as much as Art. 37 para. 4 SE Regulation demands explanations of the legal and commercial aspects of the conversion, these take reference to the Conversion Report, i.e., this Report. As a guideline for the contents of the Conversion Plan, the Board of Directors has referenced the requirements of Art. 20 SE Regulation for a merger plan, to the

extent that these do not refer to the special demands of a merger. According to these regulations, the conversion plan must contain provisions for the name and seat of the company, the SE's articles of association and the employee participation procedure.

The Conversion Plan prepared by the Board of Directors, including the SE Articles of Association is described in detail in Section VI. of this Report. On 16 May 2012, the Conversion Plan including the SE Articles of Association was certified by notary. The Board of Directors and Supervisory Board discussed the Conversion on 16 May 2012, and decided submit the Conversion Plan and SE Articles of Association to the ordinary Meeting of the Shareholders of Deufol AG on 4 July 2012 for approval and authorisation.

2. Conversion Audit

In accordance with Art. 15 para. 1 SE Regulation in conjunction with § 32 AktG, the founders of an SE must submit a written report on the foundation proceedings. The purpose of § 75 para. 2 UmwG (*Umwandlungsgesetz*, the Conversion Act, hereinafter the "**UmwG**") allows the conclusion to be drawn that a foundation report is not necessary in the case of a conversion in company form from one limited company into limited company. § 75 para. 2 UmwG states that a foundation report and foundation audit are not required in the event of a merger, as long as a limited company is the transferring legal entity. As Deufol AG is being converted as a limited company into an SE that is also a limited company, no foundation report is required. From Art. 15 para. 1 SE Regulation in conjunction with § 33 para. 1 AktG it can, however, be concluded that a foundation audit is to be conducted by the members of the Administrative Board of Deufol SE. The foundation audit does not have to be conducted by one or more foundation auditors in accordance with Art. 15 para. 1 SE Regulation in conjunction with § 33 para. 2 AktG. This can also be derived from the described purpose of § 75 para. 2 UmwG. It is intended that the members of the Administrative Board conduct the foundation audit after the resolution of the Meeting of the Shareholders on 4 July 2012 and the subsequent constituent meeting of the Administrative Board.

In accordance with Art. 37 para. 6 SE Regulation, one or more Conversion Auditors are to prepare a Certificate of Capital Cover before the approval of the Conversion Plan and authorisation of the Articles of Association by the Meeting of the Shareholders of Deufol AG, which attests that the Company disposes over net asset values at least in the amount of its capital plus the non-distributable reserves provided for by law or statute.

With its resolution dated 11 May 2012, the Regional Court of Frankfurt am Main appointed the accounting firm Rölfs RP AG Wirtschaftsprüfungsgesellschaft, Dusseldorf as the Conversion Auditor. The Rölfs RP AG Wirtschaftsprüfungsgesellschaft carried out its audit

and issued the Certificate of Capital Cover in accordance with Art. 37 para. 6 SE Regulation on 18 May 2012 with the following statement:

> "According to our findings, Deufol AG, Hofheim (Wallau) disposes over net asset values at least in the amount of its capital plus the non-disposable reserves provided for by law or statute."

3. Ordinary Meeting of the Shareholders of Deufol AG

The Meeting of the Shareholders of Deufol AG decides on whether it issues its approval of the Conversion Plan and the authorisation of the Articles of Association (Art. 37 para. 7 SE Regulation). The Board of Directors and Supervisory Board of Deufol AG therefore submit the Conversion Plan including the appointment of the auditor and the SE Articles of Association of Deufol SE for resolution by the ordinary Meeting of the Shareholders of Deufol AG on 4 July 2012.

From the date of the calling of the Meeting of the Shareholders, the Conversion Plan including the SE Articles of Association, the Certificate of Capital Cover from Rölfs RP AG Wirtschaftsprüfungsgesellschaft, Dusseldorf, and this Report will be made available for inspection in the business premises of Deufol AG, Johannes-Gutenberg-Str. 5, 65719 Hofheim am Taunus (Wallau) and on the web site of Deufol AG at www.deufol.com by clicking on the tab “Investor & Publich Relations” and then “Meeting of the Shareholders”.

4. Disclosure and submission to the responsible works council

In accordance with Art. 37 para. 5 SE Regulation, the Conversion Plan is to be disclosed at least one month before the Meeting of the Shareholders that is to decide upon whether to approve the Conversion Plan and authorise the Articles of Association of Deufol SE.

The Conversion Plan is to be submitted to the applicable works council at least one month before the shareholders' Meeting resolving the approval, in accordance with § 194 para. 2 UmwG. The responsible works council in this case would be the works council of Deufol AG. There is, however, no such works council in existence, so there is no duty to submit.

In addition, the Board of Directors of Deufol AG will submit the Conversion Plan to the Commercial Register of the District Court of Frankfurt am Main in good time for the purpose of its disclosure.

5. Procedure for the participation of the employees in Deufol SE

§ 5 of the Conversion Plan contains the details of the Employee Participation Procedure to be executed within the framework of the Conversion of Deufol AG into Deufol SE. This procedure aims to reach an agreement on the participation of the employees in the SE in accordance with the SEBG and the national regulations for implementing the SE Employee Participation Directive in the other EU and EEA states, in which the Deufol Group has business activities either directly or through companies under its control. § 6 of the Conversion Plan contains statements on the consequences of the Conversion for die employees of the Deufol Group.

The statements made in the Conversion Plan and the comments relating to them in this Report are in their nature a forward-looking consideration from the reporting point of view. Against this background it is not improbable that changes may arise to the details of the statements made herein. The reason for this are the negotiations still to be held between the Special Negotiating Committee and the Board of Directors of Deufol AG about an employee participation agreement. These negotiations are scheduled to begin after the constituent meeting of the Special Negotiating Committee, which is scheduled for August. It is to be expected that the negotiations will be concluded with the signing by both parties of an Employee Participation Agreement for Deufol SE that reflects the current status of co-determination in Deufol AG. Legal statute provides for the conclusion of the negotiation within the space of six months after the constituent meeting, with the option that the negotiating parties can extend the procedure one time by a further six months. If no negotiation can be reached within the negotiation period, the statutory standard provision in accordance with §§ 22 et. seq. SEBG shall apply.

The details of the Employee Participation Procedure are described in the Conversion Plan and are explained in Section VI. items 5 and 6 of this Report.

6. Registration of the Conversion into Deufol SE

In order to be valid, the Conversion of Deufol AG into Deufol SE must be entered into the Commercial Register of the District Court of Frankfurt am Main. The application for registration shall be submitted once the Meeting of the Shareholders has issued its approval of the Conversion Plan and the Employee Participation Procedure has been completed.

7. Application and entry into the Commercial Register

The Company founders, the members of the Administrative Board and the Managing Directors have to make the application to register the Conversion in the Commercial Register , (Art. 15 para. 1 SE Regulation in conjunction with § 21 SEAG). In the case of a form-changing conversion, the founder is the company itself, represented by its Board of Directors. When making the application, the Board of Directors has to declare that no legal action has been lodged within the deadline for such action against the validity of the Conversion resolution, or that any such action has been withdrawn or dismissed with legal effect (negative declaration, Art. 15 para. 1 SE Regulation in conjunction with §§ 198 para. 3, 16 para. 2 UmwG).

In the case of a lawsuit against the validity of the Conversion resolution of the Meeting of the Shareholders, an approval procedure can be conducted in accordance with Art. 15 para. 1 SE Regulation in conjunction with §§ 198 para. 3, 16 para. 3 UmwG. According to this procedure, Deufol AG can apply to have the registration block surmounted if the claim made is not admissible or obviously unfounded, if the quorum of shares required to file the claim is not achieved or if the court is convinced, upon consideration of the severity of the legal infringements being claimed in the action, that the upcoming implementation of the Conversion is more important to avoid material disadvantages to the Company and its Shareholders (§ 16 para. 3 sent. 3 UmwG).

In addition, the Conversion of Deufol AG into Deufol SE may only be entered in the Commercial Register when the Employee Participation Procedure is concluded (cf., the elucidation in Section VI. item 5 of this Report). This is the case when the Employee Participation Agreement is concluded or the deadline for the negotiation of the Employee Participation Agreement has been reached without an agreement having been reached (Art. 12 para. 2 SE Regulation). Similarly, a resolution of the Special Negotiating Committee not to enter into or to discontinue negotiations in accordance with § 16 SEBG would also have the effect of ending the procedure. A resolution of this kind is possible here because Deufol AG is not subject to the DrittelbG or the MitbestG and hence § 16 para. 3 SEBG does not oppose such a resolution.

The SE Articles of Association must at no time be in contradiction of the negotiated Employee Participation Agreement (Art. 12 para. 4 SE Regulation). In the event of them doing so, the Articles of Association are to be amended by resolution of the Meeting of the Shareholders of Deufol AG.

If no Employee Participation Agreement is reached, the co-determination regulation is retained that applied in Deufol AG before the Conversion (§§ 35 para. 1, 34 para. 1 no. 1 in conjunction with 22 SEBG).

If all the preconditions for registration have been met, the Conversion is to be registered in the Commercial Register at the location of Deufol AG. With the registration, the SE gains its legal capacity (Art. 16 para. 1 SE Regulation). However, the principle of the identity of the legal entity shall apply, i.e., Deufol AG does not cease to exist, it merely changes its legal form.

8. Establishing the first Administrative Board of Deufol SE and appointing the Managing Directors

The tenures of the existing Board of Directors and Supervisory Board members of Deufol AG end upon the Conversion becoming effective. Unlike Deufol AG, Deufol SE is to be structured in accordance with the monistic management system and have an Administrative Board at its head and Managing Directors in charge of its affairs.

a. Administrative Board of Deufol SE

The first Administrative Board of Deufol SE comprises seven members (the "**Members of the Administrative Board**"). The members of the first Administrative Board of Deufol SE will be appointed in accordance with § 9 item 3 of the SE Articles of Association. For this reason they will be appointed in this way in the event of the Articles of Association being approved by the Meeting of the Shareholders on 4 July 2012.

As the members of the Administrative Board have to sign the application for registration of the Conversion in the Commercial Register , the first Administrative Board will form after the Meeting of the Shareholders but before the application for registration of the Conversion in the Commercial Register . In its constituent meeting the Administrative Board will also elect a Chairperson and a Deputy Chairperson of the Administrative Board and appoint the Managing Directors. Mr Detlef W. Hübner Senator E. h. is earmarked to be the Chairman of the Administrative Board.

b. Managing Directors of Deufol SE

The first Administrative Board of Deufol SE will appoint the Managing Directors (Art. 43 para. 1 sent. 2 SE Regulation in conjunction with § 40 para. 1 sent. 1 SEBG) in its constituent meeting. This must take place before the Conversion comes into effect, as the Managing Directors have to be named when applying to have the Conversion entered into the Commercial Register , and they have to sign the registration (§ 21 SEAG). It is intended that the current members of the Board of Directors of Deufol AG will also be appointed as Managing Directors of Deufol SE.

VI. EXPLANATION OF THE CONVERSION PLAN

1. Conversion of Deufol AG into Deufol SE (§ 1 Conversion Plan)

In accordance with § 1 of the Conversion Plan, Deufol AG will be converted into a European company in accordance with Article 2 para. 4 in conjunction with Article 37 SE Regulation.

Deufol AG has had a subsidiary together with Deufol België N.V. with its seat of business in Tienen, Belgium, founded on 10 December 1998, which is registered in the register of legal persons in Leuven, Belgium with the registration number 0464.886.257. This company is subject to the laws of another EU state, namely Belgium. The precondition for a Conversion of Deufol AG into Deufol SE is thus fulfilled.

The Conversion Plan also states that the participation of the shareholders in the Company will continue in unchanged form after the Conversion, due to the identity of the legal entity.

2. Effective date of the Conversion (§ 2 Conversion Plan)

Pursuant to § 2 of the Conversion Plan, the Conversion comes into effect upon the registration of Deufol AG in the Commercial Register . The registration can only take place after completion of the Employee Participation Procedure. To this end, negotiations are to be held with the Special Negotiating Committee of the employees about an agreement on employee participation in the Company (cf., § 5 of the Conversion Plan and item 5 below).

3. Company name, seat, share capital and Articles of Association of Deufol SE, no offer of cash compensation (§ 3 Conversion Plan)

§ 3 of the Conversion Plan regulates the company name, seat of business and the Articles of Association of Deufol SE and clarifies that legal statute does not provide for an offer of cash compensation in the event of a form-changing Conversion. The company name of Deufol AG will in the future be Deufol SE. The change in company name is necessary, as the "SE" has

to be placed before or after the name (Article 11 para. 1 SE Regulation). The seat of the Company will remain in Hofheim am Taunus, Germany (item 3.2 of the Conversion Plan).

Item 3.4 of the Conversion Plan contains provisions pertaining to the share capital. The share capital of Deufol SE will comprise the share capital of Deufol AG to the amount applicable at the time of entry of the Conversion into the Commercial Register (currently EUR 43,773,655.00). The shareholders of Deufol AG will participate in the share capital of Deufol SE to the same extent and with the same number of shares as they held in the share capital of Deufol AG immediately before the Conversion became legally valid. The pro rata share of the share capital of each no-par-value share held will be retained at the same level as it was immediately before the Conversion became legally valid.

The same also applies for the existing conditional and authorised capital amounts in accordance with § 5 items 3, 4 and 5 of the Articles of Association of Deufol AG. Item 3.5 of the Conversion Plan illustrates the continuity by means of corresponding references to the SE Articles of Association attached to the Conversion Plan. Item 3.5 of the Conversion Plan shows that the respective amounts of authorised and contingent capital of Deufol SE (§ 5 Items 3 to 5 of the SE Articles of Association) correspond to the amounts of authorised and contingent capital in the Articles of Association of Deufol AG on the date of the Conversion coming into effect. Against this background, the synchronism of the share capital and of the authorised and contingent capital amounts of Deufol AG and Deufol SE is shown in item 3.5 of the Conversion Plan.

In order to record the changes arising in the amounts of share capital, authorised capital and contingent capital in the SE Articles of Association until the effective date of the Conversion, the Supervisory Board of Deufol AG is authorised and instructed to make any changes arising in the SE Articles of Association before the entering of the form-changing Conversion into the Commercial Register (item 3.5 of the Conversion Plan).

Furthermore, item 3.6 of the Conversion Plan explains that shareholders not consenting to the Conversion will not be offered cash compensation, as an offer of a cash compensation of this kind is not provided for by statute in the case of a form-changing conversion such as this one.

4. Executive bodies of the Company (§ 4 Conversion Plan)

Item 4.1 of the Conversion Plan appoints the Council and the Meeting of the Shareholders as executive bodies of Deufol SE. In addition, item 4.3 of the Conversion Plan determines that the Managing Directors shall run the affairs of the Company by implementing the principles and requirements set by the Administrative Board. The right to choose between the dualistic

management system and the monistic management system in favour of the monistic management system was exercised with these declarations in accordance with Article 38 lit. b SE Regulation.

In item 4.2 of the Conversion Plan it is explained that the Administrative Board must comprise at least three members in accordance with § 9 item 1 of the SE Articles of Association. The members of the Administrative Board are to be appointed by the Meeting of the Shareholders, whereas the members of the first Administrative Board are to be appointed by the SE Articles of Association.

Item 4.3 of the Conversion Plan explains that the Administrative Board appoints the Managing Directors in accordance with § 14 item 1 of the SE Articles of Association.

5. Information about the procedure for employee participation (§ 5 Conversion Plan)

a) Basic principles and terminology (§ 5 items 5.1 and 5.2 Conversion Plan)

Items 5.1 and 5.2 of the Conversion Plan contain an introductory description of the basic principles and the relevant terminology for das Employee Participation Procedure in Deufol SE. They state that within the course of the Conversion into an SE a procedure is to be undertaken to enable the employees to participate in the Company, in order to preserve the right of co-determination in decision-making procedures that the employees of Deufol AG have acquired. The goal is to sign an Employee Participation Agreement, which regulates in particular the co-determination of the employees in the Supervisory Board of the SE and the procedure for informing and hearing the statements of the employees, either by forming an SE works council or in some other way.

In the case of founding an SE by means of a conversion, the SNC is to be made up of representatives of the employees and of the company directly involved in the conversion – in this case Deufol AG – and its subsidiaries and undertakings, in as much as their employees are employed in a member state of the European Union or a signatory state of the European Economic Area (**"Member State"**). The subsidiaries and undertakings (of subsidiaries) that are under the direct or indirect control of Deufol AG are to be included here. Control in this sense is to be defined in accordance with the definition in Council Directive 94/95 EC on European works councils, which is also to be found in the SEBG. Deufol AG directly or directly controls subsidiaries in Belgium, Italy, Austria, Slovakia and the Czech Republic (Deufol AG and its direct and indirect subsidiaries are also referred to collectively in the following as "**Deufol Group**").

In accordance with the provisions of the SEBG, the number of seats in the SNC allocated to each Member State is based on the number of employees employed in that Member State. See the explanation of item 5.4 of the Conversion Plan below for information on the composition of the SNC of the Deufol Group.

The Employee Participation Procedure is shaped by the objective of securing the acquired rights of the employees of Deufol AG. No agreement may reduce the existing participation rights of the employees (§ 15 para. 5 SEBG). The scope of the participation of the employees in the SE results from the definition of employee participation in § 2 para. 8 SEBG, which essentially follows Art. 2 lit. h) of the SE Employee Participation Directive.

"Employee participation" means any procedure, including informing, hearing and co-determination, through which the representatives of the employees can have an influence on the resolutions passed by the Company. Rights of participation are rights to which the employees and their representatives are entitled in the areas informing, hearing, co-determination and other forms of participation. These can also include exercising these rights in the companies belonging to the SE group (§ 2 para. 9 SEBG).

"Informing" refers to the informing of the SE works council or other employee representatives by the SE management, about matters that pertain to the SE itself or one of its subsidiaries or one of their undertakings in another Member State or that go beyond the authority of the relevant executive bodies at the level of the particular Member State. The time, type and content of the information are to be selected in such a way that it is possible for the employee representatives to carefully examine the expected consequences and, where applicable, organise a hearing with the management of the SE (§ 2 para. 10 SEBG).

"Hearing" refers to the setting up of a dialogue and an exchange of opinions between the SE works council or other employee representatives and the management of the SE or another relevant management level with its own decision-making competence. The time, type and content of the hearing must enable the SE works council to form an opinion on the activities planned by the SE management based on the information gained, which can then be taken into account in the decision-making process in the SE (§ 2 para. 11 SEBG).

In accordance with § 2 para. 12 SEBG, co-determination means the employees' influencing of the Company's affairs by means of

(i) Making use of its right to elect or appoint some of the members of the supervisory or administrative bodies of the Company, or

(ii) Making use of its right to recommend or reject the appointment of some or all members of the Company's supervisory or administrative bodies.

b) Initiating the procedure for employee participation (§ 5 item 5.3 Conversion Plan)

Item 5.3 of the Conversion Plan describes the initiation of the Employee Participation Procedure by informing the employees or existing employee representative bodies (works councils and executive representative committees) about the plan to execute the Conversion and asking them to form a Special Negotiating Committee.

The procedure for regulating the employee participation in Deufol SE must be initiated as prescribed by the provisions of the SEBG. These require that the management of the company involved in the conversion – in this case the Board of Directors of Deufol AG – first informs the employees or their representative bodies about the planned conversion and asks them to form the SNC.

The information to be given to the employees' representative bodies or employees themselves shall encompass, in accordance with § 4 SEBG (i) the identity and structure of the company involved in the conversion – in this case, therefore, of Deufol AG – and the subsidiaries and undertakings affected by the conversion and their distribution among the Member States, (ii) the employee representative bodies in these companies and undertakings, (iii) the number of employees employed in these companies and undertakings at the time of being informed, and the total number of people employed in a Member State that can be calculated out of this, and (iv) the number of employees who have rights of co-determination in the executive bodies of these companies at the time of being informed.

The Board of Directors of Deufol AG will inform the employees' representative bodies or employees in Germany and the Member States in which Deufol Group employees are employed (these are: Belgium, the Czech Republic, Slovakia, Austria and Italy) of the plan to convert Deufol AG, by means of a letter that is to be sent or posted in the usual places in the company in question for such notifications immediately after the day on which the Conversion Plan is disclosed, and request them to form the SNC.

c**) Forming the Special Negotiating Committee (§ 5 item 5.4 Conversion Plan)**

Item 5.4 of the Conversion Plan explains the formation and composition of the Special Negotiating Committee. Statute prescribes that the employees in an EU or EEA state must elect or appoint the members of the Special Negotiating Committee within a maximum of ten weeks after initiation of the procedure by means of the prescribed informing of the employees. The Special Negotiating Committee comprises all employee representatives of all EU and EEA states which Deufol AG or one of its subsidiaries has employees. The Special Negotiating Committee's task is to negotiate the procedural aspects of the employee participation with the company's management and determine the employees' rights of participation.

In this case the formation and composition of the SNC are based on § 5 para. 1 SEBG.

According to this regulation, members are to be elected or appointed to the SNC for the employees of the involved companies in each Member State - here Deufol AG – their involved subsidiaries and undertakings. One member of the SNC is to be elected or appointed from this Member State for each share of the employees employed in a Member State that exceeds 10 percent of the total employees in the involved subsidiaries and undertakings or part thereof.

Based on the numbers of employees in the companies of the Deufol Group in the Member States of the European Union (including Germany) the following distribution of seats in the SNC will result:

Country	**Number of employees**	**Share of the total number of employees (rounded off)**	**Seats in the SNC**
Germany	1566	69.69 %	7
Belgium	400	17.80 %	2
Italy	59	2.63 %	1
Austria	24	1.07 %	-
Czech Republic	162	7.21 %	1
Slovakia	36	1.60 %	1
Total (6 countries)	2,247	100 %	12

The election or appointment of the members of the SNC from the various member states shall be conducted in accordance with the respective national regulations.

In Section II. item 5 d. of this Conversion Report, it is stated that Deufol Mitte GmbH will outsource its Euskirchen venue with currently 139 employees to a third party. This will mean that staff of Deufol Mitte GmbH will be reduced by 139 on the date of the outsourcing. This will not lead to a required adjustment of the composition of the

SNC. Hence, even after this date, the seat distribution shown in the above table shall be retained.

If there is no appointment or election of SNC members by the applicable committees or employees in individual countries, these countries will not be represented in the SNC.

Austria will presumably not elect a member of the SNC due to national regulations that do not allow it to do so. This is because the SNC members from Austria are appointed from the works council members. However, there is no works council at the Austrian subsidiary Deufol Austria GmbH. Hence, in as much as no works council is formed at this company, it will not be possible for it to elect a member for the SNC. In this case, the SNC would comprise 13 members.

d) Election procedure in Germany (§ 5 item 5.5 Conversion Plan)

Item 5.5 of the Conversion Plan explains the election procedure in Germany. According to it, an election committee is to be formed by the various works council committees of the German companies of the Deufol Group, which shall then elect the people from Germany who are to become members of the Special Negotiating Committee. In detail:

Pursuant to § 8 para. 1 sent. 1 SEBG, the members of the SNC chosen to represent the employees employed in Germany by companies involved in the foundation of the SE, their affected subsidiaries and undertakings, are to be elected by an election committee in a secret and direct ballot. The election committee shall, in doing so, also represent those employees, in accordance with § 8 para. 2 sent. 2 SEBG, who do not have a works council in their companies or undertakings.

The election committee shall be staffed in accordance with which employees' representative bodies exist at the founding company or an affected subsidiary or undertaking. Here, the employees' representative bodies at the highest level of the works council shall be responsible for executing the election. If only one domestic group of companies participates in the foundation of the SE, the election committee shall comprise the members of the Group Works Council or, if there is no Group Works Council, the members of the General Works Council or, if there is no General Works Council, the members of the works council or works councils.

As there is no Group Works Council in the Deufol Group, Deufol Mitte GmbH will be represented by its General Works Council (8 members). Deufol Nord GmbH will be represented by its only Works Council (Peine) (7 members), as will Dualogis GmbH (5 members). There are two local works councils at Deufol Nürnberg GmbH, but no general

works council. In accordance with § 47 BetrVG (*Betriebsverfassungsgesetz*, the Works Constitution Act), the general works council has to be formed. This means that the local works councils in Frankenthal and Hinterweidenthal will soon be asked to establish a general works council. The members of this General Works Council are then represented in the election committee (here 2 members of the General Works Council). Hence, the election committee comprises 22 members. As the election committee comprise a maximum of 40 members (§ 8 para. 6 sent. 1 SEBG) and these works council committees have less than 40 members in total, the number of members in the election committee does not have to be reduced to accord with their numerical ratio (§ 8 para. 6 sent. 2 SEBG).

Domestically, employees of the companies and undertakings and union representatives can be elected to the SNC (§ 6 para. 2 sent. 1 SEBG). One replacement member is to be elected for each member (§ 6 para. 2 sent. 3 SEBG). The number of women and men elected should accord with their numerical ratios. Pursuant to § 7 para. 2 SEBG, one female and one male employee in Deufol AG should be in the SNC. If there are more than two SNC members from Germany, every third member is to be elected at the suggestion of a union represented in Germany (§ 8 para. 1 sent. 2 in conjunction with § 6 para. 3 SEBG). If there are more than six German members of the SNC, at the nomination of the executive committees or, if there are no executive committees, at the nomination of the management employees, at least every seventh member should be a management employee (§ 8 para. 1 sent. 5 in conjunction with § 6 para. 4 SEBG). Hence, two union members are to be elected to the SNC. The management employees shall also have the right to nominate, because seven members of the SNC are to come from Germany.

At least two-thirds of the members of the election committee must be present at the election, representing at least two-thirds of the employees. The members of the election committee each have as many votes as the employees they represent. The election shall be by simple majority of the votes cast (§ 10 para. 1 SEBG). The members of the election committee must adhere to the principles of the secret and direct ballot (cf., § 8 para. 1 sent. 1 SEBG).

The procedure for forming the SNC is to be completed within 10 weeks of the informing of the employees' representative bodies and employees described here in item 5.3 of the Conversion Plan, (§ 11 para. 1 sent. 1 SEBG). The negotiating procedure in accordance with §§ 12 to 17 SEBG shall also take place if the above-mentioned 10-week deadline is not met for reasons for which the employees are responsible (§ 11 para. 2 sent. 1 SEBG). It is in the best interests of the employees to complete the election or appointment of the members of the SNC within the 10-week period. Members elected or appointed after this deadline can join the negotiation procedure at any time, (§ 11 para. 2 sent. 2 SEBG). A member entering the SNC at a later date, however, has to accept the current status of negotiations. There is no right to demand the extension of the six-month negotiating period (cf., § 20 SEBG).

e) Negotiating procedure of the Special Negotiating Committee (§ 5 items 5.6 and 5.7 Conversion Plan)

The negotiation procedure as from the constituent meeting of the Special Negotiating Committee is described in items 5.6 and 5.7. Here, the possible results of the negotiating procedure, including the standard statutory solution in the event of a failure of the negotiations, are described. In detail:

The procedure for forming the SNC ends with its constituent meeting. The Board of Directors of Deufol AG assumes that the constituent meeting will take place at the end of August/beginning of September 2012. The negotiations begin on the day that the Board of Directors of Deufol AG is invited to the constituent meeting of the SNC. Statute provides for a period of up to six months for the negotiations, which can be extended to one year by means of a unanimous resolution of the negotiating parties (§ 20 SEBG). The negotiating procedure shall also take place if the requirements are not met for reasons that the employees are responsible for (§ 11 para. 2 sent. 1 SEBG). It is in the best interests of the employees to complete the election or appointment of the members of the SNC within the 10-week period. Members elected or appointed after this deadline can join the negotiation procedure at any time, (§ 11 para. 2 sent. 2 SEBG). A member entering the SNC at a later date, however, has to accept the current status of negotiations. There is no right to demand the extension of the six-month negotiating period (§ 20 SEBG).

If material changes to the structure or number of employees in the involved companies, subsidiaries or undertakings should arise during the negotiation phase, i.e., after the formation of the SNC, for example due to layoffs or company acquisitions, the composition of the SNC is to be adjusted to account for this. A change shall be deemed "material" if it has an effect on the composition of the SNC.

The goal of the negotiations is to reach an Employee Participation Agreement. § 21 SEBG determines certain minimum contents for the Employee Participation Agreement. Here, a distinction is to be made between the creation of a procedure for informing and hearing the employees, either by forming an SE works council or by any other means provided for in the Employee Participation Agreement, and the corporate co-determination of the employees in the Administrative Board of Deufol SE.

If the Employee Participation Agreement is not reached within the specified deadline, the standard regulation of the SEBG shall come into effect. It can also be made part of the Employee Participation Agreement from the outset if desired.

The standard solutions would have the consequence for the employee participation in the Administrative Board of Deufol SE that employees would not be represented in the Administrative Board. This is because at the moment Deufol AG is subject to neither the

MitbestG nor the DrittelbG. As Deufol AG is already not subject to co-determination, Deufol SE does not have to provide for co-determination in its executive bodies either (cf., also § 21 para. 6 SEBG). The Board of Directors of Deufol AG has assumed, for the purpose of the information in this Conversion Plan, that the statutory standard solution will be used. According to it there would be no employee participation at the company co-determination level. As a result, the SE Articles of Association attached hereto do not provide for a participation of employee representatives in the Administrative Board either. If, in the course of the negotiating process or as a result of this process, a participation of the employees in the Administrative Board of Deufol SE should result in accordance with an Employee Participation Agreement, the Articles of Association of Deufol SE would (have to) be amended accordingly. The Conversion of Deufol AG into an SE would not be entered into the Commercial Register until such amendment to the Articles of Association of Deufol SE has been made, and it would therefore not be effective until such time.

If the parties agree to create an SE works council, the number of its members and the distribution of the seats in the council, the informing and hearing powers, the related procedure, the frequency of its meetings and the financial and material means to be provided for it are to be determined in accordance with § 21 para. 1 SEBG. The negotiating parties also have to agree upon the scope of validity of the Employee Participation Agreement, the date of its coming into effect, the term of its validity, the cases in which the Employee Participation Agreement has to be renegotiated and the procedure to be employed when doing so. It is also to be determined in the Employee Participation Agreement that before structural changes are made to the SE that could result in a reduction of the employees' participation rights, the negotiations pertaining to the employees' participation rights in the SE have to be resumed.

As the negotiating parties are not forced to set up an SE works council, they may also agree to employ another procedure by which the informing and hearing of the employees is ensured. It is to be determined in the Employee Participation Agreement that before structural changes are made to the SE that could result in a reduction of the employees' participation rights, further negotiations pertaining to the employees' participation rights in the SE are to be held (§ 21 para. 4 in conjunction with § 18 para. 3 SEBG). If no Employee Participation Agreement is reached, the standard statutory solution shall come into effect in accordance with § 22 para. 1 no. 2 SEBG; i.e.,, an SE works council will have to be formed. This shall not apply if the SNC passes a resolution in accordance with § 16 para. 1 SEBG, i.e., has either decided not to enter into negotiations or to discontinue negotiations that have already begun. In such case, the SE can be registered without a co-determination ruling (cf., Art. 12 para. 2 SE Regulation) and without the standard statutory regulations for the SE works council (cf., § 16 para. 2 SEBG) having to be applied. A resolution of this kind is not in contradiction of § 16 para. 3 SEBG, because according to the DrittelbG and the MitbestG,

Deufol AG does not have to form a supervisory board in which the employees have rights of co-determination.

The SE works council would be responsible for the issues relating to the SE itself, one of its subsidiaries or undertakings in another Member State, or that go beyond the authorities of the responsible bodies at the level of that Member State. The SE works council would have to be informed of and heard with respect to the annual development of the business situation and the prospects of the SE. It would also have to be informed and heard in good time with regard to extraordinary circumstances arising. The composition of the SE works council and the election of its members would adhere to the same rules as apply to the composition and appointment of the members of the SNC.

An SNC resolution is required to sign the Employee Participation Agreement. This resolution is to be passed by the majority of its represented employees. No resolution that results in the reduction of the rights of co-determination can be passed here (cf., § 15 para. 5 SEBG). Nor can it be resolved not to enter into negotiations or to discontinue negotiations already in progress (§ 16 para. 3 SEBG). The two statutory regulations are not applicable to this Conversion, because Deufol AG is not subject to either the MitbestG or the DrittelbG.

If the statutory standard regulation has to be applied, the management of the SE would have to review every two years whether changes have occurred in the in the SE, its subsidiaries or undertakings, and whether these make another composition of the SE works council necessary (cf., § 25 SEBG). If the statutory standard regulation were to apply, the SE works council would also have to decide with the majority of its members, four years after its establishment, whether negotiations for an Employee Participation Agreement should be entered into, or whether the existing regulation should continue to apply (§ 26 para. 1 SEBG). If the decision is taken to negotiate an Employee Participation Agreement, the SE works council would take the place of the SNC for these negotiations (§ 26 para. 2 SEBG).

f) Costs of the Special Negotiating Committee (§ 5 item 5.8 Conversion Plan)

The costs arising due to the establishment and activities of the Special Negotiating Committee shall be borne by Deufol AG, and, upon its foundation, by Deufol SE. Pursuant to no. 5.8 of the Conversion Plan, the costs to be borne include the material and personnel costs arising in connection with the activities of the Special Negotiating Committee, including travel and accommodation costs for the members of the Special Negotiating Committee and other negotiation-related costs, room costs, material costs (e.g. telephone, fax, required literature), and the cost of interpreters and office staff required for the negotiations.

6. Other consequences of the Conversion for the employees and their representatives (§ 6 Conversion Plan)

The Conversion has the following consequences for the employees and their representatives:

a) The rights and obligations of the employees of Deufol AG arising from the existing employment agreements remain unchanged. § 613a BGB is not to apply to the Conversion, as there is no business transfer due to the identity of the legal entity. The same applies to the employees of subsidiaries and other undertakings of the Deufol Group.

b) Company agreements, collective wage agreements and other rules applying collectively to the employees of Deufol AG shall continue to apply in unchanged form for die employees of Deufol SE, as stipulated in the respective agreements. The same applies for the employees of subsidiaries and other undertakings of the Deufol Group.

c) The Conversion does not give rise to any changes for the existing employees' representative bodies and executive committees in the subsidiaries and undertakings of the Deufol Group. The existing employees' representative bodies and executive committees will remain in place.

d) Finally, there are no measures planned or provided for as a result of the Conversion that have any consequences for the situation of the employees.

7. Fiscal year, auditor (§ 7 Conversion Plan)

§ 7 of the Conversion Plan states that the fiscal year of Deufol SE will be the calendar year, as for Deufol AG, and it provides for the appointment of Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as the auditor for the first fiscal year of Deufol SE.

8. Holders of special rights or special advantages (§ 8 Conversion Plan)

a. Special rights

Under the *mutatis mutandis* application of the statutory regulations for the merger plan (cf., Article 20 para. 1 lit. f SE Regulation), the Conversion Plan contains information on the rights that the SE grants the shareholders with special rights and the holders of other securities than shares and on the actions provided for these persons.

There are no shareholders with special rights in Deufol AG.

b. Special advantages

In accordance with the regulations for a merger (Article 20 para. 1 lit. g SE Regulation), a provision for possible special advantages is included in the Conversion Plan (Item 8.2 of the Conversion Plan). Special advantages are advantages that are granted within the scope of the conversion to the conversion Auditor issuing Certificate of Capital Cover (cf., Article 37 para. 6 SE Regulation) or the members of the administrative, management, supervisory or controlling bodies of the converting company, i.e., of Deufol AG.

No special advantages will be promised in the course of the conversion, neither to individual Shareholders of Deufol AG, nor to members of the Board of Directors or Supervisory Board of Deufol AG, nor to members of the Administrative Board of Deufol SE or to Managing Directors of Deufol SE, or to the Conversion Auditor.

9. Costs (§ 9 Conversion Plan)

§ 9 of the Conversion Plan determines that the costs arising as a result of the prepartion of the Conversion Plan and its implementation are to be borne by Deufol SE.

VII. EXPLANATION OF THE SE ARTICLES OF ASSOCIATION

Upon the conversion becoming effective, Deufol AG changes its legal form into that of an SE. The existing Articles of Association of Deufol AG will be replaced by the new Articles of Association of Deufol SE. The SE Articles of Association are a component part of the Conversion Plan, which will be submitted for approval at the Meeting of the Shareholders of Deufol AG being held on 4 July 2012.

1. Company name and seat (§§ 1 and 2 of the SE Articles of Association)

Deufol SE will have the same seat of business as Deufol AG in Hofheim im Taunus (Wallau), Germany.

As a result of the conversion, the name of the Company will be changed from "Deufol Aktiengesellschaft" to "Deufol SE". The change of the legal form abbreviation ("SE" in lieu of "AG") is obligatory pursuant to Article 11 para. 1 SE Regulation.

2. Purpose of the company (§ 3 of the SE Articles of Association)

Deufol SE will have the same commercial purpose as Deufol AG. Deufol SE will continue to administer existent and yet to be acquired interests as well as acting as a managing holding company, in particular for logistics companies. In the SE Articles of Association, the scope of this activity will be extended to encompass IT and consulting companies, as this reflects the reality of the business activities of the Deufol Group.

3. Fiscal year and announcement (§ 4 of the SE Articles of Association)

As for Deufol AG, the fiscal year of Deufol SE will be the calendar year.

As has been the case for Deufol AG, the Company's announcements will be made in the electronic *Bundesanzeiger* (Federal Gazette).

4. Share capital (§ 5 of the SE Articles of Association)

As the conversion is to be effected under retention of the Company identity, the share capital of Deufol SE will comprise the share capital of Deufol AG at the time of the registration of the conversion in the Commercial Register (so the share capital amounts to EUR 43,773,655.00 and is divided up into 43,773,655.00 no-par-value shares).

The same applies for the conditional and authorised capital of Deufol AG, which will become the conditional and authorised capital of Deufol SE at the time of the registration of the conversion in the Commercial Register .

Should there be a change in the share capital, the contingent capital and/or the authorised capital before the conversion into an SE becomes effective, the Supervisory Board of Deufol AG is authorised and instructed to make any resulting changes to the SE Articles of Association before the form-changing conversion is entered into the Commercial Register in accordance with § 3.5 of the Conversion Plan.

5. Shares (§ 6 of the SE Articles of Association)

The provisions met in § 6 of the SE Articles of Association with regard to the shares correspond to the provisions in § 6 of the Articles of Association of Deufol AG. These will, however, be registered shares and not bearer shares, in order to provide more transparency as to the shareholder structure of Deufol SE. The shares are no-par-value shares. Pursuant

to § 6 no. 2 of the SE Articles of Association, the profit participation of new shares issued in the event of an increase of share capital can be determined in deviation from § 60 AktG.

The Administrative Board can also determine the form of the share certificates and the dividend warrants and renewal certificates. The same applies for bonds and interest coupons.

A document can still be issued for several shares of a shareholder (global note). There is still no entitlement to claim the issue of individual share certificates.

6. Monistic system and executive bodies of the Company (§ 7 of the SE Articles of Association)

In accordance with § 38 lit. b, the SE Regulation provides for the choice between the dualistic system with a Board of Directors and a supervisory board and the monistic system with an administrative council. In § 7 no. 1 of the SE Articles of Association, the installation of the monistic form of management and control is provided for at Deufol SE. Furthermore, in § 7 no. 2 of the SE Articles of Association, the Administrative Board and the Meeting of the Shareholders are named as corporate bodies of Deufol SE. The decision on the part of Deufol AG to choose the monistic system of management for Deufol SE is also supplemented by § 14 no. 3 of the SE Articles of Association, which states that the Managing Directors of the Company shall manage the Company in accordance with applicable law, the Articles of Association, the internal rules of procedure for the Managing Directors and the instructions of the Administrative Board, by implementing the principles and guidelines that the Administrative Board prescribes.

7. Administrative Board (§§ 8 to 13 of the SE Articles of Association)

a. Responsibilities of the Administrative Board (§ 8 of the SE Articles of Association)

The responsibilities of the Administrative Board are regulated in § 8 of the SE Articles of Association. The Administrative Board is the management body of an SE with a monistic management system. Accordingly, the Administrative Board is responsible for managing the Company, determining the guidelines for its activities and monitoring their implementation (§ 22 para. 1 SE AG). The Administrative Board acts in accordance with applicble law, the SE Articles of Association and its internal rules of procedure.

The Administrative Board monitors the Managing Directors and issues the internal rules of procedure for them.

Furthermore, in accordance with § 8 para. 3 of the SE Articles of Association, the Administrative Board is authorised to resolve amendments to the Articles of Association that only pertain to the version.

b. Composition of the Administrative Board (§ 9 of the SE Articles of Association)

Pursuant to § 9 para. 1 of the SE Articles of Association, the Administrative Board comprises at least three members.

The first members of the Administrative Board are appointed in § 9 para. 3 of the SE Articles of Association. These are Detlef W. Hübner, Senator E.h., Dr. Tillmann Blaschke, Helmut Olivier, Dr. Wolfgang König, Wulf Matthias, Dennis Hübner and Dr. Helmut Görling. The replacement member for each of the above-mentioned members of the Administrative Board is Mark Hübner. In compliance with the applicable legal regulations (§ 30 para. 3 AktG), they are appointed for the period up until the end of the Meeting of the Shareholders, which decides on their exoneration for the first fiscal year of Deufol SE, and for a maximum of three years. As provided for by law (§ 40 para. 1 para. 1 SE-AG), § 9 para. 2 of the SE Articles of Association determines that members of the Administrative Board that are not also Managing Directors of the Company must also be in the majority of the members of the Administrative Board. This ruling also applies for committees of the Administrative Board.

Irrespective of § 8 para. 3 of the SE Articles of Association, the tenure of each member of the Administrative Board ends at the end of the Meeting of the Shareholders that decides on their exoneration for the 4th fiscal year since the start of their tenure (the fiscal year in which the tenure begins is not included in the calculation), and at the latest six years after the appointment of the respective Administrative Board member. The members of the Administrative Board may be re-elected.

Pursuant to § 9 para. 5 of the SE Articles of Association, members of the Administrative Board that were appointed by the Meeting of the Shareholders can be removed from this office by resolution of the Meeting of the Shareholders with a simple majority of the votes cast.

§ 9 para. 6 provides that replacement members for members of the Administrative Board can be appointed. The replacement member joins the Administrative Board if the Administrative Board member that s/he is appointed to replace, withdraws from the Administrative Board before the end of the foreseen tenure. § 9 para. 7 provides that every member of the Administrative Board and every replacement member can lay down the mandate with one month's notice, even without cause, by means of a written resignation from the position to the chairperson of the Administrative Board.

c. Chairperson, Deputy Chairperson, internal rules of procedure (§ 10 of the SE Articles of Association)

The Administrative Board elects a Chairperson and a Deputy Chairperson. Unless shorter tenures are determined at the election of the Chairperson and Deputy Chairperson, their tenures will correspond to those of the respective Administrative Board member. If the Chairperson or the Deputy Chairperson lay down the mandate, the Administrative Board must immediately hold an election to choose a replacement for the remainder of the tenure.

The Administrative Board shall issue itself internal rules of procedure with a simple majority of the votes, in accordance with § 10 para. 2.

d. (Meetings and resolutions (§ 11 of the SE Articles of Association)

§ 11 of the SE Articles of Association determines the rules for the meetings of the Administrative Board, its quorum and the passing of its resolutions. Administrative Board meetings are to be called by the Chairperson in writing by fax or e-mail at least 14 days in advance, stating the venue and time the meeting and the agenda. In urgent cases the Chairperson can determine that the advance notice is to be shortened and that the meeting is to be called orally or by telephone. The Chairperson decides on the venue for the Administrative Board meeting.

If no member of the Administrative Board objects, resolutions can also be passed on agenda items that are not properly announced in advance.

The Administrative Board is quorate when more than half of its members, including the Chairperson, or in his/her absence the Deputy Chairperson, take part in the ballot personally or by means of written vote. It is also possible that a member of the Administrative Board communicates his/her vote by fax or e-mail to another member of the Administrative Board for submission at the Administrative Board meeting. Votes of this kind will be treated as written votes.

If a quorum is not obtained in an Administrative Board meeting, a new meeting is to be called with the same agenda within a week of the originally planned meeting. The new meeting is then quorate if at least three members, the majority of which must not be executive members of the Administrative Board, take part in the newly called meeting. The invitation to the new meeting must be issued at least one week at least three business days ???before the date of the new meeting.

Administrative Board meetings will be chaired by the Chairperson or, in his/her absence, by the Deputy Chairperson. If both are unable to attend, the attending members of the

Administrative Board shall elect a chairperson for the meeting at the beginning of the meeting.

In principle, resolutions are to be passed in meetings. At the Chairperson's request, members of the Administrative Board can also attend meetings by means of video or telephone conference or other electronic media. They shall then be deemed as attending. Resolutions can be passed outside of Administrative Board meetings by fax, e-mail, telephone, electronic media, or by a combination of these methods of communication, if ordered by the Chairperson.

Resolutions passed outside of meetings are to be recorded by the Chairperson and copies sent to all members of the Administrative Board.

In as much as mandatory statutory provisions and these Articles of Association do not require otherwise, Administrative Board resolutions are to be passed by the majority of the votes cast. In the event of a tied vote, the Chairperson shall have the deciding vote. If the Chairperson is unable to attend, the same shall apply for the vote of the Deputy Chairperson.

Declarations issued or received by the Administrative Board to execute Administrative Board resolutions, and other Administrative Board documents, announcements or actions are to be issued by the Chairperson or – if s/he is legally or factually prevented from attending – by the Deputy Chairperson.

e. Committees of the Administrative Board (§ 12 of the SE Articles of Association)

§ 12 of the SE Articles of Association repeats the Administrative Board's authorisation to transfer tasks and obligations incumbent on it – including passing related resolutions – to committees elected from its members, as long as such transferral is legally admissible.

The Administrative Board determines the tasks and obligations and the rules of procedure for these committees by determining the internal rules of procedure of the committees.

The Chairperson casts the deciding vote in the event of a tied vote in a committee.

f. Remuneration of the members of the Administrative Board (§ 13 of the SE Articles of Association)

The remuneration of the members of the Administrative Board is determined on the basis of the reference of § 38 para. 1 SEAG to § 113 AktG on the basis of the regulations of the AktG for the remuneration of supervisory board members. Accordingly, § 13 of the SE Articles of Association states that each Administrative Board member shall receive a fixed annual

remuneration of EUR 25,000, payable in four equal amounts at the end of the quarter. The Chairperson receives twice this amount and the Deputy Chairperson of the Administrative Board receives EUR 40,000.

It is also determined that a member of the Administrative Board that is only active as an Administrative Board member for part of the fiscal year shall receive the remuneration corresponding to the part of the year in which s/he holds the position of Administrative Board member, and that members of the Administrative Board shall be reimbursed all their reasonable expenses.

The Company assumes the costs of a D&O insurance policy with reasonable coverage for the members of the Administrative Board, up to a maximum annual premium payment of EUR 50,000.

8. Managing Directors (§§ 14 to 16 of the SE Articles of Association)

a. Appointment, responsibilities, removal from office (§ 14 of the SE Articles of Association)

In accordance with § 40 para. 1 SE-AG, § 14 of the SE Articles of Association specifies that the Administrative Board shall appoint one or more Managing Directors. The Administrative Board can appoint one of these Managing Directors to the position of Chief Executive Officer and one or two to Deputy Chief Executive Officers. The Administrative Board can – as provided for in § 40 para. 9 SE-AG– also appoint Deputy Managing Directors.

§ 14 para. 3 of the SE Articles of Association regulates the responsibilities of the Managing Directors. These shall run the affairs of the Company in accordance with applicable law, the Articles of Association, the internal rules of procedure for the Managing Directors and the instructions of the Administrative Board. The Administrative Board is authorised to prescribe internal rules of procedure for the Managing Directors in accordance with § 8 para. 2 of the SE Articles of Association. Further, the Administrative Board is also authorised to issue instructions to the Managing Directors in accordance with § 44 para. 2 SE-AG.

In accordance with § 14 para. 4 of the SE Articles of Association, Managing Directors can be removed from office by Administrative Board resolution. Managing Directors that are also members of the Administrative Board, however, can only be removed from office for cause within the meaning of § 84 para. 3 AktG or if their employment agreement ends. In both cases, a resolution of the Administrative Board with a simple majority of the cast votes is required.

b. Transactions requiring approval (§ 15 of the SE Articles of Association)

The Administrative Board is authorised to give the Managing Directors internal rules of procedure, in which the actions and transactions are specified that require the approval of all the Managing Directors or the prior approval of the Administrative Board.

c. Representation (§ 16 of the SE Articles of Association)

§ 16 of the SE Articles of Association regulates the representation of Deufol SE by the Managing Directors. According to it the Company will be represented by two Managing Directors or by one Managing Director together with an procurist. If only one Managing Director is appointed, s/he shall represent the Company alone.

The Administrative Board can issue individual Managing Directors the power to represent the Company alone and release individual Directors from the restrictions of § 181 2nd Alternative BGB. The Administrative Board represents the Company vis-à-vis the Managing Directors. This is provided for in § 16 para. 1 of the SE Articles of Association by reference to § 41 para. 5 SE-AG.

In accordance with § 16 para. 2 of the SE Articles of Association, the Deputy Managing Directors have the same rights as the Managing Directors.

9. Meeting of the Shareholders (§§ 17 to 21 of the SE Articles of Association)

§§ 17 to 21 of the SE Articles of Association govern the call and holding of the Meeting of the Shareholders of Deufol SE. The wording of the corresponding regulation in the Articles of Association of Deufol AG has essentially been retained.

a. Venue and call (§ 17 of the SE Articles of Association)

In accordance with § 17 of the SE Articles of Association the Meeting of the Shareholders takes place at the seat of the Company or in a German city with more than 50,000 inhabitants.

The statutory provisions apply for the advance notice required to call the Meeting of the Shareholders.

b. Participation in the Meeting of the Shareholders (§ 18 of the SE Articles of Association)

Shareholders are only permitted to attend the Meeting of the Shareholders and exercise their voting rights if they have announced that they will be attending the Meeting of the Shareholders to the Company in written or text form. The announcement must be delivered to the Company at the address provided for this purpose in the call for the meeting, by the statutory deadline for prior notice before the meeting.

c. Chairing and procedure of the Meeting of the Shareholders (§§ 19 to 20 of the SE Articles of Association)

The Chairperson of the Administrative Board shall chair the Meeting of the Shareholders. S/he can also appoint another member of the Administrative Board to do so. If the Chairperson of the Administrative Board does not appoint another member to chair the Meeting, another of the attending members of the Administrative Board is to be appointed by the Administrative Board members to chair the Meeting.

The Chairperson of the Administrative Board determines the order in which the agenda items are to be addressed and the type and form of the vote.

The Chairperson can restrict the right to speak and ask questions of people attending the Meeting of the Shareholders in an appropriate timely manner. S/he can order that the Shareholders' General Meeting be recorded audio-visually in part or in full or broadcast on the Internet.

The further details of the procedure and execution of the Meeting of the Shareholders will be regulated by the rules of procedure for the Company's Meeting of the Shareholders.

d. Voting rights (§ 21 of the SE Articles of Association)

In accordance with § 21 para. 1 of the SE Articles of Association, each share in the Company equates to one vote.

It is possible to exercise the voting right through a representative. This requires the delivery of a relevant proxy authorisation to the Company in text form (§ 126 BGB). For banks and financial institutes that hold shares on behalf of others, § 21 para. 2 of the SE Articles of Association refers to § 135 AktG.

The Administrative Board can allow shareholders to attend the Meeting of the Shareholders online. The Administrative Board will determine the requirements of an online attendance in the letter calling the Meeting of the Shareholders.

10. Annual financial statement (§ 22 of the SE Articles of Association)

The responsibilities for preparing and approving the annual financial statements of Deufol SE, the consolidated financial statements of the Deufol Group and the management report are specified as follows in § 22 of the SE Articles of Association in accordance with § 47 SE-AG. The Managing Directors must prepare the annual financial statement, the consolidated financial statement, the management report and the Group management report for the previous fiscal year and to submit these immediately to the auditor and the Administrative

Board. The Managing Directors must also submit a proposal to the Administrative Board for the use of the net profits.

11. Use of the net profits (§ 23 of the SE Articles of Association)

In accordance with § 23 of the SE Articles of Association, the Meeting of the Shareholders decides on how to use the net profits.

12. Assets in kind and costs of formation (§§ 24 to 25 of the SE Articles of Association)

On the basis of the *mutatis mutandis* application of the provisions of the UmwG, the ascertainments as to the cost of foundation are to be integrated into the Articles of Association of Deufol AG and with the identical wording into the Articles of Association of Deufol SE.

§ 25 also states that the foundation costs for the conversion of Deufol AG into the SE will be borne by the Company to the amount of up to EUR 350,000.

VIII. COMPARISON OF DEUFOL AG AND DEUFOL SE, TAKING INTO PARTICULAR ACCOUNT THE LEGAL POSITION OF THE SHAREHOLDERS

The following compares the main statutory regulations and those contained in the Articles of Association that currently apply to Deufol AG, to those that will apply to Deufol SE in the future. The comparison pays special attention to the rights of the shareholders and corporate governance.

1. Introduction and basic legal principles

The SE is a legal person in the form of a European company (Art. 1 para. 1 SE Regulation). This is a supranational legal form created by European lawmakers by adoption of the SE Regulation. The SE Regulation is prevailing law in all Member States. It ensures that the SE is acknowledged throughout Europe, regardless of where it has its registered office. Subject to the provisions of the SE Regulation, the SE is treated as a corporation founded according to the laws of the country in which the SE was founded in all Member States (Art. 10 SE Regulation). Just as does the corporation under national law, the SE has legal personality (Art. 1 para. 3 SE Regulation). Its nominal capital is divided up into shares. As do shareholders in corporations, each shareholder is liable only up to the amount of the individually subscribed capital (Art. 1 para. 2 SE Regulation). As European Community law, the SE Regulation prevails over the provisions of national law. The terms of the SE

Regulation are, however, not conclusive. The limited regulatory density of the SE Regulation makes subsidiary recourse to national law necessary. The SE Regulation makes use of the referencing techniques of comprehensive reference and reference to national convention to determine the applicable law. In the case of comprehensive reference, it has to be reviewed on the basis of international private law, which national conventions are to be applied. As Deufol SE will be founded in Germany and will have its head office there, German law shall apply to Deufol SE. When referencing national conventions, on the other hand, direct reference is made to the laws of a specific state. For Deufol SE these are also the applicable provisions of German law, predominantly corporation law. There is no actual threat of reference conflicts, as the recourse to comprehensive and national reference is based on German law. The rights of the shareholders and the corporate governance of Deufol SE with seat in Germany are therefore based on the SE Regulation, the Articles of Association of Deufol SE, the SEAG and the laws applicable to German corporations, hence in particular the AktG (cf., Art. 9 para. 1 lit. c) (ii) SE Regulation).

2. Consequences of the conversion, general regulations

a. Share capital, shares

As for a corporation, the share capital of an SE is denominated in Euro (Art. 4 para. 1 SE Regulation). Whereas the minimum nominal value of the share capital of a corporation is EUR 50,000.00 (§ 7 AktG), the subscribed capital of an SE is at least EUR 120,000.00 (Art. 4 para. 2 SE Regulation). The share capital of Deufol AG is currently EUR 43,773,655.00. The share capital of Deufol SE after the conversion will correspond to the share capital of Deufol AG at the time of the entry of the conversion into the Commercial Register (cf., § 3 para. 3 of the Conversion Plan). The minimum capital of EUR 120,000.00 will hence be exceeded to a great extent. Just as with the shares of a corporation, the shares in an SE can have various forms, as due to the reference to national law of Art. 5 SE Regulation, the regulations applicable to a corporation apply in principle to a German SE. The shares of an SE can therefore be issued as ordinary bearer shares or as registered shares. Furthermore, the SE shares can also be either bearer shares or registered shares. Registered shares can be registered with restricted transferability, as with a corporation. It is also possible that various classes of shares may be issue, also preferred shares. The share capital of Deufol SE will remain divided up into 43,773,655.00 no-par-value shares. These will, however, be registered shares. They will not be subject to any disposal restrictions. No preferred shares will be issued.

b. Seat

The seat of a corporation is determined in the Articles of Association (§ 5 para. 1 AktG). This also applies for the SE (Art. 9 para. 1 lit. c) (ii) SE Regulation in conjunction with § 5 AktG). The seat must be in the Member State of the European Community in which the head office is situated (Art. 7 para. 1 SE Regulation). The seat of the AG (corporation) and the seat of the SE can only be relocated by means of an amendment to the Articles of Association (cf., for the AG §§ 179 et. seq., 45 AktG; for the SE Art. 8 SE Regulation in conjunction with Art. 9 para. 1 lit. c) (ii) SE Regulation in conjunction with §§ 179 et. seq. AktG). Each Member State can also demand of SEs registered in their sovereign territory, in accordance with Art. 7 sent. 2 SE Regulation, that they have their seat and head office at the same venue. § 2 SEAG contained such a provision, but it has been nullified. In the AG, a resolution of the Meeting of the Shareholders to move the Company's seat to another country is a resolution to wind up the Company within the meaning of § 262 para. 1 no. 2 AktG. Contrastingly, the SE can move its seat within the EU without having to wind up the Company. If the seat is moved outside Germany to another EU Member State, § 12 SEAG provides, however, that every shareholder that declared its objection to the decision to relocate in writing must be offered a fair and equitable cash compensation for the purchase of its shares.

c. The German Corporate Governance Codex

In accordance with § 161 AktG, the Board of Directors and supervisory board of a listed German corporation (AG) must declare annually that it adhered and continues to adhere to the recommendations of the German Corporate Governance Codex issued by the German ministry of justice in the official section of the electronic *Bundesanzeiger*, or which recommendations it did not and does not comply with, and why not. The declarations are to be permanently publicly available on the company web site. The Codex contains material regulations for the management and monitoring (corporate governance) of the company, regulations that describe the German regulatory standards and recommendations and suggestions. Only the statutory regulations are mandatory. With regard to the recommendations, § 161 AktG provides that listed companies issue a declaration every year that they were and are adhered to and whether and if so for what reason the company did not or does not adhere to them (adherence declaration). The SE Regulation does not contain any explicit regulations on the applicability of the Codex. However, through Art. 9 para. 1 lit. c) (ii) SE Regulation, § 161 AktG is applicable, so that Deufol SE will declare annually – as does Deufol AG – whether and to what extent it adheres to the recommendations of the German Corporate Governance Codex.

d. Notification obligations

Deufol AG must meet the notification obligations with regard to percentages of voting rights in accordance with §§ 21 et. seq. WpHG. By virtue of the comprehensive reference of Art. 9 para. 1 lit c) (ii) SE Regulation, this will also apply to Deufol SE as a listed SE.

3. Founding the Company

The regulations for founding a corporation with approval of the Articles of Association, provisions on the cost of foundation, appointment of the supervisory board, the Board of Directors and the auditor, the requirements for the foundation report and foundation audit, the application for registration of the company in the Commercial Register , the court examination and the entry into the Commercial Register are provided in §§ 23 et. seq. AktG. For a change of company form, §§ 190 et. seq. UmwG also apply, which in turn take partial reference to §§ 23 et. seq. AktG. As the laws applying to corporations of the state in which the SE establishes its seat (Art. 15 SE Regulation) also apply in principle for the founding of an SE, and an SE is treated as a corporation upon its foundation (Art. 3 para. 1 SE Regulation), the laws governing the foundation of German corporations apply in principle to the foundation of Deufol SE. When applying these regulations, the company changing its form is treated as the founder, i.e., in this case Deufol AG. The strict regulations of the AktG regarding the provision of capital also apply to the SE (cf., Art. 5 SE Regulation). However, these regulations are modified or replaced by Art. 37 SE Regulation in the case of a conversion of a German corporation into an SE.

4. Legal relationships of the Company and shareholders

§ 53 a AktG demands the equal treatment of the shareholders with the same prerequisites. This principle also applies to the SE without restriction by virtue of the comprehensive reference of Art. 9 para. 1 lit.) ii) SE Regulation. Pursuant to Art. 5 SE Regulation the provisions of the AktG on the maintenance of capital also apply to the SE. For example, § 56 AktG prohibits the subscribing of own shares and § 57 AktG does not allow the returning of capital contributions. The provisions for the use of the net annual profit and the formation of reserves (§ 58 para. 1 to 3 AktG) and for the distribution of profits (§ 58 para. 4 AktG) also apply to the SE. Partial payments of the net profits are only possible when observing the terms of § 59 AktG. The distribution of profits is determined in principle by the participation of the shareholders, whereby the Articles of Association of the SE can provide for varied forms of profit distribution to ordinary and preferred shares, as with the AG. Restrictions apply to the SE with regard to its right to acquire shares in itself – as is also the case with the AG (§§ 71 to 71 d AktG).

5. Management structure of the Company: Dualistic system – monistic system

The AG has a dualistic system with a Board of Directors (§§ 76 et. seq. AktG) and a supervisory board (§§ 95 et. seq. AktG). No person can be a member of both the Board of Directors and the supervisory board of an AG at the same time. The Board of Directors runs the affairs of the company, while the supervisory board monitors the Board of Directors. The Board of Directors manages the AG at its own responsibility (§ 76 para. 1 AktG). It is independent of the supervisory board in doing so. The Board of Directors is obliged to report to the supervisory board at regular intervals in accordance with § 90 AktG and in important cases. The supervisory board monitors the management (§ 111 para. 1 AktG). It is not authorised to assume responsibilities of the Board of Directors. Certain types of transactions may, however, only be entered into with its consent. The catalogue of transactions requiring the consent of the supervisory board is to be determined in the Articles of Association or by the supervisory board (§ 111 para. 4 sent. 2 AktG). The supervisory board may not, however, intervene in ordinary business operations, either directly or indirectly.

In contrast to this, the SE can choose between the dualistic system with a Board of Directors and a supervisory board (Art. 39 et. seq. SE Regulation in conjunction with §§ 15 et. seq. SEAG) and the monistic system with an administrative council (Art. 43 et. seq. SE Regulation in conjunction with §§ 20 et. seq. SEAG). In § 7 item 1 of its SE Articles of Association, Deufol AG has decided in favour of the monistic system with a single executive body - the Administrative Board. This decision is supplemented by § 7 items 2 and 3 of the SE Articles of Association, in which the Administrative Board and Meeting of the Shareholders are the corporate bodies of Deufol SE and the Managing Directors run the affairs of the Company by implementing the principles and instructions issued by the Administrative Board. The Administrative Board heads the Company, determines the basic principles of its activities and monitors their execution. It is assisted in doing so by the Managing Directors. Members of the Administrative Board can be appointed as Managing Directors, as long as the majority of the Administrative Board continues to consist of members that are not also Managing Directors (§ 40 para. 1 sent. 2 SEAG). The Managing Directors run the business affairs of the Company. Unlike the Board of Directors of a corporation, they are bound to the instructions of the Administrative Board.

a. Administrative Board

aa. Size and composition of the Administrative Board

The size and composition of the Administrative Board are regulated in §§ 23 et. seq. SEAG in conjunction with Art. 43 et. seq. SE Regulation. The Administrative Board comprises [at least three members]/[seven members]. The Administrative Board is made up of representatives of the shareholders and employee representatives, in as much an Employee Participation Agreement provides for this or, if there is no such Agreement, §§ 34 et. seq. of the SEGB provides for this– which is not the case at Deufol SE. The first Administrative Board of Deufol SE is to have seven members. § 25 SEAG provides for a procedure for determining the composition of the Administrative Board, which the Chairperson of the Administrative Board is authorised to initiate by means of announcement, if s/he is of the opinion that the Administrative Board does not have the proper composition. The composition of the Administrative Board will be reviewed by the court, if and when the Administrative Board, shareholders or other parties authorised in accordance with § 98 para. 2 sent. 1 no. 4-10 AktG apply for such a court decision. The court proceeding is largely comparable to that for the composition of the supervisory board in the corporation in accordance with § 99 AktG (Status Procedure, cf., § 26 para. 4 SEAG). If the court is not called upon, the Administrative Board is to be restaffed using the regulations stated by the Chairperson of the Administrative Board in the announcement. The grounds preventing a membership in the Administrative Board in accordance with § 27 SEAG are comparable to those applying to supervisory board members in a corporation in accordance with § 100 para. 2 sent. 1 nos. 1-3 and sents. 2 and 3 and para. 1 sent. 1 AktG. At least one member of the Administrative Board of a listed SE must – as is also the case for a listed corporation – dispose over expertise in the field of accounting or auditing (§ 27 para. 1 sent. 4 SEAG in conjunction with § 100 para. 5 AktG). The Administrative Board of Deufol SE shall form itself after the Meeting of the Shareholders on 4 July 2012, and appoint a Chairperson and at least one Deputy Chairperson, who shall only assume the rights and obligations of the Chairperson if the latter is unable to meet his/her obligations (§ 34 para. 1 SEAG). The Administrative Board can issue itself rules of procedure (§ 34 para. 2 SEAG).

bb. Appointment and removal of members of the Administrative Board, tenure

In accordance with Art. 43 para. 3 sent. 1 SE Regulation, the members of the Administrative Board are appointed by the Meeting of the Shareholders. The members of the first Administrative Board can be appointed by the SE Articles of Association (Art. 43 para. 3 sent. 2 SE Regulation). Shareholders can appoint members to the Administrative Board if this is provided for in the SE Articles of Association. § 28 para. 2 SEAG refers here to the requirements for appointing a member to the supervisory board of a corporation in accordance with § 101 para. 2 AktG. In addition, § 28 para. 3 SEAG states that no deputies can be appointed for members of the Administrative Board, but that a replacement member can be appointed for each member. The appointment of members of the Administrative

Board by a court of law is provided for in § 30 SEAG – similarly to § 104 AktG. Accordingly, the court shall, at the request of a member of the Administrative Board, a shareholder or a person authorised to make such an application in accordance with § 104 para. 1 sent. 3 AktG supplement the Administrative Board if it does not dispose over the required number of members for a quorum (§ 30 para. 1 SEAG). In addition, upon request, the court shall supplement the Administrative Board in accordance with § 30 para. 2 SEAG if the Administrative Board is quorate but has had less members than provided for by agreement, law or Articles of Association for more than three months. In urgent cases the court shall supplement the Administrative Board upon request even before the end of such period. In other events, § 104 AktG on the referencing in Art. 9 para. 1 lit. c) (ii) SE Regulation shall apply accordingly. § 29 SEAG regulates the removal of members of the Administrative Board. This provision is to a great extent comparable to § 103 AktG for the removal of members of the supervisory board of a corporation. Members of the Administrative Board elected by the Meeting of the Shareholders without being bound to a nomination, can be removed from this office in accordance with § 29 para. 1 SEAG by the Meeting of the Shareholders before the end of their tenure. The resolution requires a majority of at least three-quarters of the votes cast unless the SE Articles of Association demand another majority or other requirements. Pursuant to § 9 item 5 of the SE Articles of Association, the members of the Administrative Board elected by the Meeting of the Shareholders can be removed on the basis of a resolution of the Meeting of the Shareholders with a simple majority of the votes cast. Furthermore, upon request of the Administrative Board, the court shall remove a member if there is cause in the member's person to do so (§ 29 para. 3 SEAG). The tenure of the members of the Administrative Board shall be determined in the SE Articles of Association. The tenure must not exceed six years in accordance with Art. 46 para. 1 SE Regulation. Pursuant to Art. 46 para. 2 SE Regulation, the members of the Administrative Board can be re-elected one or more times for the period determined in accordance with Art. 46 para. 1 SE Regulation. The members of the first Administrative Board can – in accordance with § 30 para. 3 AktG – not be appointed for a longer period than until the end of the Meeting of the Shareholders that decides over the exoneration of the members for the first full or short fiscal year, and for three years as from their appointment at the longest.

cc. Responsibilities, principles of the business of Deufol SE and supervision

§ 22 SEAG describes the rights and obligations of the Administrative Board. According to its para. 1, the Administrative Board heads the company, determines the principles of its activities and monitors their implementation. The Administrative Board shall call a Meeting of the Shareholders if the wellbeing of the Company requires such (§ 22 para. 2 SEAG). It shall prepare such meeting in accordance with the obligations of the Board of Directors of a

corporation as provided for by § 83 AktG. Accordingly, the Administrative Board can transfer related responsibilities to the Managing Directors. In the same way as the Board of Directors of a corporation does so in accordance with § 91 AktG, the Administrative Board shall ensure, in accordance with § 22 para. 3 SEAG, that the necessary account books are kept. It shall take appropriate measures, in particular setting up a monitoring system, to ensure that developments endangering the further existence of the Company are recognised in a timely fashion (Monitoring System). In accordance with § 22 para. 4 SEAG, the Administrative Board can inspect and review the books and documents of the Company and its assets, namely the Company's cash and securities and goods. It issues the auditor the audit assignment for the annual and consolidated financial statements in accordance with § 290 HGB (*Handelsgesetzbuch*, the Commercial Code, hereinafter the "**HGB**"). If it is found while preparing the annual or interim balance sheets, or if it to be expected at reasonable discretion, that these will show a loss to the value of half of the share capital, the Administrative Board shall immediately call a Meeting of the Shareholders in accordance with § 22 para. 5 sent. 1 SEAG and announce this to it. In the event of insolvency or over indebtedness of the Company, the Administrative Board shall make the application for insolvency in accordance with § 15a para. 1 InsO (*Insolvenzordnung*, the Insolvency Statute) (§ 22 para. 5 sent. 2 SEAG). In doing so, the Administrative Board shall also observe the obligations arising from § 92 para. 2 AktG for the Board of Directors of a corporation. Apart from this, § 22 para. 6 SEAG, determines that legal regulations that assign rights or obligations to the management or supervisory board of a corporation outside the SEAG, shall apply *mutatis muntandis* to the Administrative Board, in as much as the SEAG does not contain specific provisions for the Administrative Board and Managing Directors.

dd. Authority to instruct

As controlling body of the SE with monistic system, the Administrative Board has the right to issue instructions to the Managing Directors regarding the management of the SE's affairs (§ 44 para. 2 SEAG). These instructions may be contained in the rules of procedure or issued individually.

ee. Administrative Board meetings, resolutions

The responsibility for calling Administrative Board meetings is not explicitly regulated in the SEAG. In accordance with § 37 para. 1 SEAG, each Administrative Board member can demand, stating the purpose and reasons, that the Chairperson of the Administrative Board immediately call Administrative Board. Accordingly the Chairperson is also generally responsible for calling the Administrative Board. If a request for a meeting is not responded

to, the applicable member of the Administrative Board can call the Administrative Board him/herself, stating the reason and the agenda for the meeting (§ 37 para. 2 SEAG). Persons not belonging to the Administrative Board are not to take part in meetings of the Administrative Board and its committees in accordance with § 36 para. 1 SEAG. Experts and respondents can be asked to attend to advise on certain matters. The SE Articles of Association can allow that persons not belonging to the Administrative Board attend the meetings of the Administrative Board and its committees in the place of members unable to attend, if they have authorised them to do so in text form (§ 36 para. 3 SEAG). Members of the Administrative Board that do not belong to a committee, can attend meetings of that committee if the Chairperson of the Administrative Board does not decide otherwise (§ 36 para. 2 SEAG). Resolutions of the Administrative Board are to be passed when the members of the Administrative Board convene for an Administrative Board meeting. § 35 SEAG does allow exceptions to this rule, however. Pursuant to § 35 para. 1 SEAG, absent members can participate in resolutions of the Administrative Board and its committees by casting written votes through other members of the Administrative Board or other persons, if these persons fulfil the requirements of § 109 para. 3 AktG – which corresponds to § 36 para. 3 SEAG – authorising them to take part in the meeting. Resolutions of the Administrative Board and its committees can, in accordance with § 35 para. 2 SEAG, be made in written form, by fax, e-mail, telephone or another comparable form of resolution, subject to closer regulation by the Articles of Association or internal rules of procedure of the Administrative Board, if no member objects to such procedure. If a Managing Director is also a member of the Administrative Board and unable to take part in the Administrative Board resolution for legal reasons, the Chairperson of the Administrative Board shall have an additional vote to replace this member's vote (§ 35 para. 3 SEAG).

ff. Remuneration of the members of the Administrative Board, prohibition of competition, granting of loans

The remuneration of members of the Administrative Board, agreements with members of the Administrative Board and the granting of loans to members of the Administrative Board is regulated in § 38 SEAG by reference to §§ 113 et. seq. AktG. Accordingly, the remuneration of the members of the Administrative Board must be determined in the SE Articles of Association or approved by resolution of the Meeting of the Shareholders. The remuneration shall be appropriate for the tasks of the members of the Administrative Board and the situation of the SE. If the remuneration is defined in the SE Articles of Association, the Meeting of the Shareholders can pass an amendment to the Articles of Association reducing the remuneration, with a simple majority. These above regulations shall not apply to the remuneration for the members of the first Administrative Board. Only the Meeting of the Shareholders can grant the members of the first Administrative Board a remuneration for

their work. The resolution cannot be passed until the Meeting of the Shareholders that decides on the exoneration of the members of the first Administrative Board.

gg. Duty of care and liability

The members of the Administrative Board shall be liable in accordance with § 39 SEAG in conjunction with § 93 AktG for losses arising to the SE as a result of a breach of their legal obligations, obligations from the Articles of Association or other obligations as Administrative Board members. The standard of care of a proper and conscientious manager, the Business Judgement Rule and all further provisions for the liability of the Board of Directors of a corporation within the meaning of § 93 AktG shall hence apply to the Administrative Board of Deufol SE. Furthermore, Art. 49 SE Regulation states that members of the Administrative Board must not disclose information about the SE that could harm the interests of the Company if disclosed, even after their withdrawal or dismissal from their position on the Council, unless a disclosure is admissible in exceptional circumstances.

hh. Committees

The Administrative Board can form one or more committees from its members, in accordance with § 34 para. 4 sent. 1 SEAG, to prepare its negotiations and resolutions or to monitor the implementation of its resolutions. Possible committees and details as to their rights and obligations can be found in the following sentences of § 34 para. 4 SEAG, comparable to the provisions of the AktG about committees of the supervisory board of a corporation. If the Administrative Board makes use of its right to set up an audit committee, statute demands that the majority of the members of this committee must be people who are not also Managing Directors of the Company (§ 34 para. 4 sent.5 SEAG). Also, at least one member of the audit committee must have expertise in the field of accounting or auditing and the chairperson of the audit committee must not be a Managing Director (§ 34 para. 4 sent. 6 SEAG in conjunction with § 100 para. 5 AktG).

b. Managing Directors

aa. Appointing and removing Managing Directors, tenure

The Administrative Board appoints one or more Managing Directors (§ 40 para. 1 SEAG). The personnel responsibility of the Administrative Board for the Managing Directors is hence comparable to that of the supervisory board of a corporation for its Board of Directors. In

accordance with § 40 para. 1 sent. 2 SEAG, members of the Administrative Board can be appointed Managing Directors as long as the majority of the Administrative Board are still not management members. Apart from this, the appointment procedure and the prerequisites are comparable to those for the appointment of a Board of Directors member of a corporation. Like the Board of Directors of a corporation, Managing Directors can also be appointed by courts of law in urgent cases (§ 45 SEAG in conjunction with § 85 AktG). In accordance with § 40 para. 5 SEAG, Managing Directors can be removed by an Administrative Board resolution at any time, unless the SE Articles of Association otherwise determine. In accordance with § 40 para. 5 sent. 2 SEAG, the general provisions for claims arising from employment agreements of the Managing Directors shall apply. For the Managing Directors of Deufol SE, § 14 item 4 of the SE Articles of Association states that they can be removed by Administrative Board resolution. The Managing Directors that are also members of the Administrative Board can only be removed for cause within the meaning of § 84 para. 3 AktG or if their employment agreement is terminated. In both cases a resolution of the Administrative Board with simple majority of the cast votes is required.

bb. Responsibility, instructions

Pursuant to § 40 para. 2 sent. 1 SEAG, the Managing Directors run the business affairs of Deufol SE. Unlike the Board of Directors of a corporation in accordance with § 76 AktG, the Managing Directors do not, however, run the Company "in their own responsibility", because the superior management competence lies with the Administrative Board. This becomes apparent when comparing § 22 para. 1 SEAG and § 40 para. 2 sent. 2 SEAG in conjunction with § 44 SEAG. In as much as the SEAG does not otherwise determine, as e.g. in § 21 para. 1 SEAG, the Managing Directors shall make applications and submissions of documents to the Commercial Register , if they are obliged to do so in accordance with the legal regulations for the Board of Directors of a corporation (§ 40 para. 2 sent. 4 SEAG and § 46 SEAG). If more than one Managing Directors are appointed, they can give themselves rules of procedure if the SE Articles of Association has not given the Administrative Board the duty of passing internal rules of procedure – as is provided for in § 8 para. 2 of the SE Articles of Association – or the Administrative Board passes internal rules of procedure for the Managing Directors (§ 40 para. 4 sent. 1 SE Regulation).

cc. Representation

The Managing Directors' rights to represent the Company in court and extra-judicially in accordance with § 41 SEAG encompass the same rights and obligations as the

representative powers of the Board of Directors of a corporation in accordance with § 78 AktG.

dd. Reports to the Administrative Board

In accordance with § 40 para. 6 SEAG, the reporting obligations of the Managing Directors vis-à-vis the Administrative Board correspond to those of the Board of Directors of a corporation vis-à-vis the supervisory board, in as much as the Articles of Association or internal rules of procedure do not specify other obligations.

ee. Obligations in the event of losses, excessive debt or insolvency

If it is found while preparing the annual accounts or an interim account, or if it to be expected at reasonable discretion, that these will show a loss to the value of half of the share capital, the Managing Directors must report this immediately to the Chairperson of the Administrative Board. The same applies in the event of insolvency or over indebtedness of the Company (§ 40 para. 3 SEAG).

ff. Emoluments, prohibition of competition and granting of loans to Managing Directors

With regard to the remuneration of the Managing Directors, prohibitions of competition and granting of loans to Managing Directors § 40 para. 7 SEAG refers to the corresponding provisions for the Board of Directors of a corporation in accordance with §§ 87 to 89 AktG.

gg. Duty of care and liability

In accordance with § 40 para. 8 SEAG in conjunction with § 93 AktG, the Managing Directors are liable for losses arising to the SE as a result of breaches of their statutory obligations, duties derived from the Articles of Association or other obligations as Managing Directors. The standard of care of a proper and conscientious manager, the Business Judgement Rule and all further provisions for the liability of the Board of Directors of a corporation within the meaning of § 93 AktG shall hence also apply to the Managing Directors of Deufol SE.

hh. Deputy Managing Directors

In accordance with § 40 para. 9 SEAG, the regulations applying to the Managing Directors also apply to their deputies.

c. Meeting of the Shareholders

aa. Rights of the Meeting of the Shareholders

The shareholders of a corporation exercise their rights in the affairs of the Company in the Meeting of the Shareholders, unless statute specifies otherwise (§ 118 para. 1 sent. 1 AktG). The members of the Board of Directors and the Supervisory Board are to attend the Meeting of the Shareholders (§ 118 para. 3 sent. 1 AktG). This also applies to the SE (cf., Art. 9 para. 1 lit c) (ii) SE Regulation and Art. 53 SE Regulation), so that the conversion of Deufol AG into an SE does not result in any changes in this respect. The Meeting of the Shareholders of an SE with its seat in Germany decides on matters for which the Meeting of the Shareholders of a corporation has been given competence. These matters are the appointment of the shareholder representative of the Supervisory Board, the use of the net profits, the exoneration of the members of the Board of Directors and the Supervisory Board, the appointment of the auditor, amendments to the Articles of Association, capital procurement and capital reduction measures, the appointment of auditors to examine the foundation procedures or those of the management and the dissolution of the Company (§ 119 para. 1 AktG, Art. 52 para. 2 SE Regulation). Due to the monistic management structure, the resolution to exonerate the management of Deufol SE will refer to the Administrative Board and Managing Directors after the effective conversion, in lieu of the Board of Directors and Supervisory Board. The Meeting of the Shareholdersof a corporation can only decide on activities of the management if the Board of Directors demands (§ 119 para. 2 AktG). This also applies for an SE with monistic management structure and seat in Germany (Art. 52 para. 2 SE Regulation). Exceptions apply for the so-called *Holzmüller/Gelatine* cases, i.e., for structural measures that lie in principle within the management competence of the Board of Directors, but that have an effect on the shareholders' rights due to their importance, with the result that the Board of Directors is not authorised to execute these measures without the consent of the shareholders. This also applies to an SE with its seat in Germany (cf., Art. 52 para. 2 SE Regulation), so that no changes arise in this respect due to the conversion of Deufol AG into an SE. Further, the Meeting of the Shareholdersof a corporation and of an SE with its seat in Germany decides on measures covered by the UmwG (e.g. mergers, divisions, asset transfers or form changes). In addition to this, in the SE, the Meeting of the Shareholdersdecides in accordance with Art. 52 para. 1 SE Regulation on matters for which it is given sole competence by the SE Regulation or legal regulations of the country in which the company has its seat, by application of the SE Employee Participation Directive. These matters are in particular the relocation of the seat (Art. 8 SE Regulation) and the re-

conversion back into a national corporation (Art. 66 para. 6 SE Regulation). Pursuant to Art. 66 para. 1 SE Regulation, a resolution to convert the SE into a corporation may only be passed after a period of two years after registration of the SE or after approval of the first two annual financial statements.

bb. Ordinary Meeting of the Shareholders

By virtue of the reference in Art. 52 para. 2 SE Regulation and Art. 53 SE Regulation, corporation laws relating to the Meeting of the Shareholdersapply to the SE without restriction. Accordingly, the shareholders of an SE shall hold a Meeting of the Shareholders once a year (ordinary Meeting of the Shareholders). The only change to this caused by the conversion of Deufol AG into an SE arises if the Meeting of the Shareholders of the SE convenes within six months (instead of eight months in the case of the corporation) of the end of the fiscal year (Art. 54 para. 1 SE Regulation). In a corporation the Meeting of the Shareholdersdecides on the exoneration of the members of the Board of Directors and the supervisory board in the first eight months of the fiscal year, by which it approves the management of the company by the members of the management and supervisory boards (§§ 119 para. 1 no. 3, 120 AktG). In an SE this period is reduced to six months after the end of a fiscal year (Art. 54 sent. 1 SE Regulation). Pursuant to Art. 52 para. 2 SE Regulation and § 48 para. 2 SEAG, the subject matter of the ordinary Meeting of the Shareholders of an SE are the same agenda items that are the subject matter of the ordinary Meeting of the Shareholdersof a corporation.

cc. Calling the Meeting of the Shareholders

The requirements on calling the Meeting of the Shareholders are defined in Art. 53, 54 para. 2 SE Regulation and § 48 para. 1 SEAG. The statutory provisions are largely comparable to legal provisions for the calling of the Meeting of the Shareholdersof a corporation, with the exception of the right to call specified in Art. 54 para. 2 SE Regulation. In addition to this, the applicable regulations of the SE Articles of Association correspond to those of Deufol AG, so that no changes arise in this respect due to the conversion of Deufol AG into an SE (cf., §§ 17 and 18 of the SE Articles of Association).

dd. Calling the Meeting of the Shareholders, additions to the agenda on minority request

The Meeting of the Shareholders of the corporation is to be called when shareholders whose shares together amount to 5 % of the share capital demand such call in writing, stating the

reasons and purpose (§ 122 para. 1 AktG). The shareholders must prove that they have been the owners of the shares for at least three months before the date of the Meeting of the Shareholdersand that they will hold the shares until the decision on the application (§ 122 para. 1 sent. 3 in conjunction with § 142 para. 2 sent. 2 AktG). In the same fashion, shareholders whose shares together amount to 5 % of the share capital or a share of the share capital amounting to EUR 500,000 can demand that items are put onto the agenda and announced (§ 122 para. 2 sent. 1 AktG). If the Administrative Board does not comply with this request, the court can authorise the shareholders who made the request to call the shareholders' meeting, or to announce the matter themselves (§ 122 para. 3 sent. 1 AktG). One or more shareholders can apply to have a Meeting of the Shareholdersof an SE called and the agenda prepared, as long as they hold at least 5 % of the share capital (Art. 55 para. 1 SE Regulation, § 50 para. 1 SEAG). The call application must contain the items for the agenda (Art. 55 para. 2 SE Regulation). The court can demand the call of the Meeting of the Shareholders upon application, or authorise the shareholders to do so, if the Meeting of the Shareholdersis held no later than two months after the call application is made (Art. 55 para. 3 SE Regulation). In contrast to the provision of §§ 122 para. 1 sent. 3, 142 para. 2 sent. 2 AktG, holding the shares for at least three months before making the call application is not a prerequisite in the case of the SE. One or more shareholders can apply to have an item or items added to the agenda of the Meeting of the Shareholdersof an SE, as long as the shares they hold together amount to 5 % of the share capital or a share of the share capital amounting to EUR 500,000 (Art. 56 SE Regulation, § 50 para. 2 SEAG). The procedure and the deadlines for the application are those provided for by the state in which the SE has its seat (cf., Art. 56 sent. 2 SE Regulation).

ee. Organisation and procedure of the shareholders' meeting

The SE Regulation refers to the national reference of Art. 53, 54 para. 2 and the comprehensive reference of Art. 9 para. 1 lit c) (ii) SE Regulation to the provisions of the AktG with regard to the organisation and procedure of the Meeting of the Shareholdersof an SE, so that in this respect, the conversion of Deufol AG into an SE does not lead to any changes.

ff. Rights of shareholders to information, to speak and to pose questions in the shareholders' meeting

Shareholders of a corporation must have sufficient information about the company to exercise their rights. The basis for this information are the annual financial statement and notes and the management report of the Board of Directors (§ 175 para. 2 AktG) and

supervisory boards report (§ 171 para. 2 AktG). In addition, § 131 AktG grants each shareholder a right to information in the shareholders' meeting, regardless of the amount of the share held, as long as this is necessary in order to be able to properly judge the items on the agenda. The Board of Directors may only refuse information for the reasons specified in § 131 para. 3 AktG. It has such a right to refuse information, for example if, at the reasonable discretion of a professional, giving the information might be suitable to cause a not immaterial disadvantage to the company. The shareholders of an SE also have the right to adequate information. The above provisions of the AktG also apply to the SE via the comprehensive reference of Art. 9 para. 1 lit. c) (ii) SE Regulation, so that the information rights of the Shareholders remain unchanged after the conversion of Deufol AG into an SE.

gg. Internal rules of procedure

Die Meeting of the Shareholdersof a corporation can give itself internal rules of procedure with rules for the preparation and holding of the Meeting of the Shareholders (§ 129 para. 1 sent. 1 AktG) with a majority of at least three-quarters of the share capital represented at the passing of the resolution. This also applies to the SE (cf., Art. 53 SE Regulation in conjunction with § 129 para. 1 AktG). Whereas the AktG provides for a majority of at least three-quarters of the share capital represented at the passing of the resolution for the establishment of internal rules of procedure with rules for the preparation and holding of the shareholders' meeting, the establishment of such internal rules of procedure in the SE requires a majority of three-quarters of the (valid) votes cast, as the regulations of the AktG for the respectively required resolution majority are to be interpreted in compliance with the SE. Unlike the AktG, the SE Regulation bases its ruling on the number of votes cast (cf., Art. 57, 58, 59 SE Regulation). As there are no shares with multiple voting rights, the capital majority of a corporation and an SE equates to the majority of capital, so that this change has no practical consequences.

hh. Ordinary resolutions (not amending the Articles of Association) of the Meeting of the Shareholders

The resolutions of the Meeting of the Shareholdersof a corporation require a majority of the votes cast (simple majority) to be valid, in as much as statute or the Articles of Association do not require a larger majority or further prerequisites (§ 133 para. 1 AktG). The resolutions of the Meeting of the Shareholdersof an SE are passed with a majority of the votes cast, in as much as the SE Regulation or corporate law does not prescribe a larger majority (Art. 57 SE Regulation). Hence, the conversion of Deufol AG into an SE does not change the

principle of a simple majority being required for resolutions of the Meeting of the Shareholders.

ii. Shareholders' meeting resolutions amending the Articles of Association

Resolutions of a corporation amending the Articles of Association require a majority of at least three-quarters of the share capital represented at the passing of a resolution, and a majority of the votes cast (§§ 179 para. 2, 133 para. 1 AktG). The Articles of Association can specify another capital majority for resolutions, although only a greater capital majority for a resolution for a change of the company's purpose (§ 179 para. 2 sent. 2 AktG). The Articles of Association of Deufol AG do not contain and provisions for changing the majority requirements. Amendments to the Articles of Association of an SE require a resolution of the Meeting of the Shareholderspassed with a majority of not less than two-thirds of the votes cast, in as much as the legal requirements for corporations do not demand or allow larger majorities (Art. 59 para. 1 SE Regulation). The amendments to the Articles of Association that require a capital majority of three-quarters pursuant to the AktG, therefore require, according to prevailing opinion, a three-quarter majority of the (valid) votes cast in the SE. The Articles of Association of an SE can determine that a simple majority of the cast votes is sufficient for a Meeting of the Shareholdersresolution on the amendment of the Articles of Association, as long as these represent at least half of the share capital (§ 51 sent. 1 SEAG). This does not apply for a change of the company's purpose, for a resolution on the changing of the company's seat or for cases in which a greater capital majority is required by law (§ 51 sent. 2 SEAG). The Articles of Association of Deufol SE do not contain any such provision. The majority requirements for the passing of a Meeting of the Shareholders resolution to amend the SE Articles of Association hence correspond, for all intents and purposes, to those of Deufol AG. Changes to the SE Articles of Association will require a three-quarter majority of the cast votes. In an SE, if there are more than one type of share, any Meeting of the Shareholdersresolution requires a separate vote of each group of shareholders whose specific rights are affected by the resolution (Art. 60 para. 1 SE Regulation). In as much as the Meeting of the Shareholdersresolution requires qualified majority, this is also required for the special resolution (Art. 60 para. 2 SE Regulation). Hence, as is the case with a corporation, a three-quarter majority of the cast votes is required to cancel or limit the preference of preferred shares. As there is only one type of share in Deufol AG, the conversion of Deufol AG into an SE changes nothing in this regard. Should there be different types of shares in Deufol SE in the future, these will be treated in the same way as for a corporation. As Art. 60 SE Regulation only speaks of a special vote and not of a special meeting, there is no freedom to decide on whether to hold a special meeting; there shall simply be a Meeting of the Shareholders in which special resolutions are passed.

jj. Special audit

Through the comprehensive reference of Art. 9 para. 1 lit. c) (ii) SE Regulation and Art. 52 para. 2 SE Regulation the corporation laws apply (§§ 142, 258 AktG), so that the conversion of Deufol AG into an SE leads to no changes in this respect.

kk. Assertion of compensation claims against Company bodies and shareholder claims

The SE Regulation and the SEAG do not contain any provisions on the assertion of compensation claims or shareholder claims. Through the comprehensive reference in Art. 9 para. 1 lit. c) (ii) SE Regulation the provisions of corporation law therefore apply (§§ 147 et. seq. AktG).

6. Annual financial statement/consolidated financial statement

As regards the preparation of the annual and financial statements, including the management report, and the auditing and publication of these statements, the SE is subject to the same laws that apply to a corporation (Art. 61 SE Regulation). Apart from that, the provisions of the AktG and the HGB apply to Art. 9 para. 1 lit. c) (ii) SE Regulation and Art. 52 para. 2 SE Regulation, so that the conversion of Deufol AG into an SE leads to no changes in this respect.

7. Capital procurement and capital reduction measures

In the event of capital measures, the same corporate laws apply to the SE as for a corporation. However, capital measures of an SE, in as much as they can only be resolved with a simple majority of the share capital by virtue of the authorisation of the Articles of Association, still only require a simple majority of the votes, but this only applies if this simple majority also represents at least half of the share capital. Otherwise, a two-thirds majority of the votes cast is required (and not the simple majority of votes and capital). The capital measures for a corporation that pursuant to the AktG require higher majorities for a corporation (such as capital increases excluding subscription rights or capital reductions), also require a three-quarter majority of the votes cast for an SE. The latter also applies to all capital measures that require an amendment to the SE Articles of Association to be valid.

8. Invalidity of Meeting of the Shareholdersresolutions and of the approved annual financial statement/special audit due to inadmissible undervaluation

a. Invalidity of Meeting of the Shareholdersresolutions

The SE Regulation and the SEAG do not contain any provisions for contesting resolutions or for the material control of resolutions. As regards the invalidity and contesting of the election of members of the Administrative Board, the provisions of the AktG apply by virtue of the reference of §§ 31 to 33 SEAG. By virtue of the comprehensive reference of Art. 9 para. 1 lit c) (ii) SE Regulation and Art. 5 SE Regulation, the regulations on the invalidity and contesting of Meeting of the Shareholders resolutions provided for by the AktG apply for other Meeting of the Shareholders resolutions (§§ 241 et. seq. AktG).

b. Invalidity and contestability of the election of members of the Administrative Board

In accordance with § 31 para. 1 SEAG, the invalidity of the election of a member of the Administrative Board by the Meeting of the Shareholders can result from a breach of the rules of procedure standardised in the SE Regulation and AktG or the regulations of the SEAG on the composition of the Administrative Board. Any such resolution of the Meeting of the Shareholders shall be invalid if it is (i) passed in a Meeting of the Shareholders that was called in breach of § 121 para. 2 and 3 sent. 1 or para. 4 AktG, (ii) was not certified in accordance with § 130 para. 1 and 2 sent. 1 and para. 4, (iii) is judged by court of law to be invalid as a result of an action for annulment made by a shareholder (§ 241 no. 1, 2 and 5 AktG) or if (iv) the Administrative Board is composed in breach of § 24 para. 2 SEAG, § 25 para. 2 sent. 1 SEAG or § 26 para. 3 SEAG (cf., Chapter F. V. no. 1. a) of this Report), (v) the election leads to the maximum number of members of the Administrative Board being exceeded in accordance with § 23 SEAG (cf., Chapter F. V. no. 1. a) of this Report) or (vi) if the elected person cannot be a member of the Administrative Board at the start of that person's tenure, in accordance with Art. 47 para. 2 SE Regulation. The legal capacity for the action determining that the election of the Administrative Board member is invalid is based on § 250 para. 2 AktG. With regard to further statutory regulations for the court proceedings, § 31 para. 3 SEAG refers to the provisions of the AktG. In addition, § 31 para. 3 sent. 2 SEAG explicitly states that it is not ruled out (as is also provided for in § 250 para. 3 sent. 2 AktG) that the invalidity can be asserted by another means than by legal action. Furthermore, Meeting of the Shareholders resolutions on the election of the members of the Administrative Board can be contested in accordance with § 32 sent. 1 (first half) SEAG under the same conditions as for the election of the members of the supervisory board of a German

corporation in accordance with § 251 AktG (e.g. due to a breach of the SE Articles of Association). A legal action must be brought within one month of the resolution by the Meeting of the Shareholders. A court judgement that legally establishes the invalidity or valid contestation of the election, shall be effective in particular for and against all Shareholders, members of the Administrative Board and Managing Directors (§ 33 SEAG in conjunction with § 252 AktG).

c. Invalidity of the approved annual financial statement

As the SEAG does not contain any special provisions covering the invalidity of approved annual financial statements, the provisions on the invalidity of approved annual financial statements (§§ 256, 257 AktG) provided for by corporate law apply by virtue of the comprehensive reference of Art. 9 para. 1 lit. c) (ii) SE Regulation. Therefore, the conversion does not lead to any changes in this regard.

d. Special audit due to inadmissible undervaluation

The rules on special audits due to inadmissible undervaluation (§§ 258-261a AktG) also apply to the SE by virtue of the comprehensive reference of Art. 9 para. 1 lit. c) (ii) SE Regulation. Therefore, the conversion does not lead to any changes in this regard.

9. Dissolution and annulment of the Company

With regard to the dissolution, liquidation, insolvency, suspension of payments and other similar procedures, the SE is subject to the legal provisions that apply for a corporation. This also applies to the regulations for resolutions by the Meeting of the Shareholders (Art. 63 SE Regulation), so that the conversion of Deufol AG into an SE leads to no changes in this respect. In contrast to a stock company, a resolution to change the seat of an SE to another Member State is not deemed a resolution to dissolve, as Art. 8 para. 1 SE Regulation explicitly allows the relocation of the seat of an SE to another Member State. The relocation of the seat requires a Meeting of the Shareholders resolution that demands a majority capably of making an amendment to the Articles of Association. The SE must offer any Shareholder objecting to the resolution to relocate the seat to purchase their shares for a fair and equitable cash amount (§ 12 para. 1 sent. 1 SEAG). By virtue of the comprehensive reference of Art. 9 para. 1 lit. c) (ii) SE Regulation and Art. 63 SE Regulation, the provisions of the AktG pertaining to the court dissolution of a corporation (§§ 396-398 AktG) also apply

to an SE with its seat in Germany, so that the conversion of Deufol AG into an SE leads to no changes in this respect.

10. Affiliated companies

The German legislation covering company groups also apply to the SE. This also applies, in accordance with prevailing opinion, to an independent SE. Therefore, shareholders not included in the scope of a control and/or profit sharing agreement have the rights to a fair and equitable compensation and settlement as applicable to a corporation. This also applies for the exclusion of minority shareholders for a fair and equitable cash compensation (§§ 327a et. seq. AktG). Hence, in accordance with prevailing opinion the conversion leads to no changes in this respect.

11. Penalties and fines

The penal and monetary find provisions applicable under corporate law (§§ 399 et. seq. AktG) shall also apply to the SE (§ 53 SEAG and Art. 9 para. 1 lit c) (ii) SE Regulation). Thus, no changes arise to these as a result of the conversion.

IX. EFFECTS OF THE CONVERSION

1. Other corporate law consequences

a. Legal consequences of the conversion

The conversion of Deufol AG into Deufol SE comes into effect upon the entry of Deufol SE into the Commercial Register of the District Court of Frankfurt am Main. The conversion of Deufol AG into an SE results neither in the dissolution of the Company nor in the foundation of a new legal person (Art. 37 para. 2 SE Regulation). The conversion is a case of a change of legal form in which the legal and commercial identities are retained. There is no transfer of assets. The participation of the shareholders in the Company continues due to the identity of the legal entity. However, the legal system that applies to the legal form changes (discontinuity of the Articles). Furthermore, Art. 37 para. 9 SE Regulation expressly states that the rights and obligations of the converting company with regard to terms of employment as arising from employment agreements or employment relationships existing at the time of the registration of the new company transfer to the SE upon its registration.

b. Dividend rights

The Shareholders' dividend rights do not change due to the conversion of Deufol AG into Deufol SE. As for Deufol AG, the Meeting of the Shareholders decides on the usage of the net profits. As the participation of the Shareholders of Deufol AG and of the Company remains unchanged due to the identity of the legal entity, the conversion of Deufol AG into Deufol SE does not change the share ratios. The Shareholders shall receive the same number of no-par-value shares that they held at the time of the conversion of Deufol AG becoming valid. The share of each no-par-value share in the share capital will remain the same as at the time of the conversion becoming valid. However, the bearer shares will become registered shares within the scope of the conversion. The shares shall be exchanged upon entry of the conversion into the Commercial Register .

2. Balance sheet and tax continuity

The conversion of Deufol AG into an SE leads neither to the dissolution of the Company nor to the foundation of a new legal person (Art. 37 para. 2 SE Regulation). The legal and commercial identity of the Company remain the same. The requirements on the annual financial statements and management report, the consolidated accounts and the group management report, in particular on their composition, are based on those applicable for a German corporation (cf., Chapter E. II. no. 10 of this Report). Hence, the conversion has no effect on accounting. Deufol AG assumes that the identity-retaining conversion of Deufol AG into an SE with its seat in Germany is tax neutral. Future dividend payments by Deufol SE and sales of Deufol SE shares shall have the same tax consequences for the Shareholders of Deufol SE in terms of German income tax as dividend payments and sales before the conversion, unless the applicable legislation or actual foundations change. No material German tax on capital movements, turnover tax or stamp duty arises in the conversion of Deufol AG into an SE. Shareholders of Deufol AG are recommended to consult a tax consultant, with a view to special tax-relevant characteristics that may apply to them.

3. Consequences of the conversion for securities and stock exchange trading

a. Effects on the shares of Deufol AG

The conversion has the effect that the current shareholders of Deufol AG by law become shareholders of Deufol SE when the conversion of Deufol AG into an SE comes into effect. The shares of Deufol AG will be registered no-par-value shares.

b. Effects on the stock exchange listing

The conversion will have no consequences for the stock exchange listing of Deufol AG and the exchange trading of Deufol AG shares. The shareholders of Deufol AG will also continue to be able to trade their (then) Deufol SE shares on any stock exchange on which the shares are currently listed, after the conversion of Deufol AG into Deufol SE. The conversion will have no consequences for the inclusion of Deufol SE shares in the above-mentioned stock indices. The shares of Deufol SE do not have to be separately admitted to stock exchange trading, as the conversion of the Company does not lead to it either being dissolved or refounded.

Hofheim am Taunus, 23 May 2012

The Board of Directors of Deufol AG