

# STOCKHOLDERS' MEETING

## Invitation

We hereby give notice of the **Annual Stockholders' Meeting** of LANXESS Aktiengesellschaft, seated in Cologne, **to be held on Tuesday, May 15, 2018, at 10:00 a.m.** at the LANXESS arena, Willy-Brandt-Platz 1, 50679 Cologne.

## I. Agenda

### 1. Presentation of the approved annual financial statement and the adopted consolidated financial statement for the year ended December 31, 2017 together with the consolidated management report for LANXESS Aktiengesellschaft and for the group of companies, including the explanatory report on the information pursuant to Section 289a Para. 1 as well as Section 315a Para. 1 of the German Commercial Code (HGB), as well as presentation of the report of the Supervisory Board for the fiscal year 2017

The Supervisory Board has approved the annual financial statement and the consolidated financial statement prepared by the Board of Management. The annual financial statement thus has been adopted pursuant to Section 172 Para. 1 German Stock Corporation Act (AktG). Accordingly, there will be no adoption of a resolution by the Stockholders' Meeting.

### 2. Adoption of a resolution regarding the appropriation of the balance sheet profits

The Board of Management and the Supervisory Board propose that the net retained profits of EUR 115,662,155.44 for the fiscal year 2017 shall be used as follows:

– Distribution of a dividend of EUR 0.80	
per dividend-bearing no-par value share	EUR 73,218,348.80,
– Profit carried forward	EUR 42,443,806.64,
Total net retained profits	<u>EUR 115,662,155.44.</u>

The stated amounts available for dividends and profit carried forward were based on the dividend-bearing no-par value shares existing when the appropriation of profits proposed by the Board of Management and the Supervisory Board were determined. Should the number of dividend-bearing no-par value shares change by the date of the Annual Stockholders' Meeting, a motion for a resolution adapted as follows to such change shall be submitted to the Annual Stockholders' Meeting: the dividend per dividend-bearing no-par value share of EUR 0.80 remains unchanged. Insofar as the number of dividend-bearing no-par value shares and therefore the sum of dividends increases, the amount of profit carried forward shall decrease accordingly. Insofar as the number of dividend-bearing shares and therefore the sum of dividends decreases, the amount of profit carried forward shall increase accordingly.

According to Section 58 Para. 4 Sentence 2 AktG, the claim to the dividend is due on the third business day following the resolution of the Annual Stockholders' Meeting, i.e. on May 18, 2018, which is when it will be paid out.

### **3. Adoption of a resolution on the ratification of the actions of the members of the Board of Management**

The Board of Management and the Supervisory Board propose that formal approval be given for the actions of the members of the Board of Management in office during the fiscal year 2017 with respect to that fiscal year.

The intention is to have the Annual Stockholders' Meeting vote on the ratification of the actions of the members of the Board of Management by way of a ratification of individual members.

### **4. Adoption of a resolution on the ratification of the actions of the members of the Supervisory Board**

The Board of Management and the Supervisory Board propose that formal approval be given for the actions of the members of the Supervisory Board in office during the fiscal year 2017 with respect to that fiscal year.

The intention is to have the Annual Stockholders' Meeting vote on the ratification of the actions of the members of the Supervisory Board by way of a ratification of individual members.

### **5. Appointment of the auditor**

Upon recommendation of the Audit Committee, the Supervisory Board proposes that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, shall be appointed as

- a) auditor of the annual financial statements and the consolidated financial statements for the fiscal year 2018, as well as;
- b) auditor for the review of the abbreviated financial statements and the interim management report as contained in the 2018 half-year report.

The Audit Committee has stated that its recommendation pursuant to the requirements in Article 16 Para. 2 and Para. 6 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16, 2014 is free from improper influence by a third party and no clause has in particular been imposed upon it that restricts its choice to certain statutory auditors.

## 6. Adoption of a resolution on the new election of a member of the Supervisory Board

The Chairman of the Supervisory Board, Dr. Rolf Stomberg, has resigned his office with effect from the end of the Annual Stockholders' Meeting of LANXESS Aktiengesellschaft on May 15, 2018. A new election is therefore required.

Pursuant to Sections 96 Para. 1 and 2, 101 Para. 1 AktG, Sections 1 Para. 1, 7 Para. 1 Sentence 1 No. 1, Para. 2 No. 1 and Para. 3 of the German Co-Determination Act (Mitbestimmungsgesetz) and Section 8 Para. 1 of the Articles of Association, the Supervisory Board of LANXESS Aktiengesellschaft is composed of 12 members, six of whom are elected by the Stockholders and six of whom are elected by the employees.

In total, at least four seats on the Supervisory Board must be occupied by women and at least four by men in order to meet the minimum requirements under Section 96 Para. 2 Sentence 1 AktG. At the time of convening the Annual Stockholders' Meeting, there have been no objections pursuant to Section 96 Para. 2 Sentence 3 AktG to the overall fulfillment. At the time of convening the Annual Stockholders' Meeting, the Supervisory Board has two female members, one a Stockholders' representative and the other a representative of the employees, so that the minimum share of female Supervisory Board members has not yet been reached at this point in time.

Based on the recommendations of the Nomination Committee of the Supervisory Board, the Supervisory Board proposes to appoint

**Ms. Pamela Knapp, Erlangen,**

formerly the Chief Financial Officer of GfK SE, member of the board of directors and member of the supervisory board at various European commercial enterprises,

as Stockholders' representative to the Supervisory Board effective as of the close of this Annual Stockholders' Meeting to the close of the Annual Stockholders' meeting adopting a resolution on the ratification of the actions of the members of the Supervisory Board for the fiscal year 2022.

Ms. Pamela Knapp's memberships in other supervisory boards to be formed in accordance with the law:

- none

Ms. Pamela Knapp's memberships in comparable domestic and foreign supervisory organs of commercial enterprises:

- Member of the Board of Directors of NV Bekaert SA, Kortrijk, Belgium (listed company)
- Member of the Board of Directors of Panalpina World Transport (Holding) AG, Basel, Switzerland (listed company)
- Member of the Board of Directors (*Conseil d'Administration*) of Compagnie de Saint-Gobain S.A., Courbevoie, France (listed company)
- Member of the Supervisory Board (*Conseil de Surveillance*) of Peugeot S.A., Rueil-Malmaison, France (listed company)
- Member of the Board of Directors of HKP Group AG, Zurich, Switzerland (unlisted company)

The proposal takes into account the objectives determined by the Supervisory Board in terms of its composition and at the same time aims to fulfill the competence profile elaborated by the Supervisory Board for the full board.

In the opinion of the Supervisory Board there are no personal or business relationships as defined in Clause 5.4.1 of the German Corporate Governance Code between the proposed candidate Pamela Knapp and LANXESS Aktiengesellschaft, its group companies, the corporate bodies of LANXESS Aktiengesellschaft, or a Stockholder with a substantial interest in LANXESS Aktiengesellschaft with any significance for the election decision of the Annual Stockholders' Meeting. It is pointed out that, in the event of her election to the Supervisory Board of LANXESS Aktiengesellschaft, Ms. Pamela Knapp shall also become a member of the Supervisory Board of LANXESS Deutschland GmbH.

Reference is made to Ms. Pamela Knapp's résumé and overview of main activities in addition to her Supervisory Board appointment in Section II of the invitation.

**7. Adoption of a resolution regarding the cancellation of the authorized capital I and of the authorized capital II and the creation of new authorized capital I (also with the option of excluding subscription rights) as well as the amendments of Section 4 (capital stock) Paras. 2, 3 and 6 of the Articles of Association.**

The authorization of the Board of Management granted by the Annual Stockholders' Meeting on May 23, 2013 to increase the capital stock by up to EUR 16,640,534 (authorized capital I) and the authorization of the Board of Management granted

on May 13, 2015 to increase the capital stock by up to EUR 18,304,587 (authorized capital II) both expire on May 22, 2018, thus subsequent to this Annual Stockholders' Meeting. The authorized capital I and the authorized capital II are therefore to be canceled and replaced by a new authorized capital I in order to place the Company in a position also in the future that will enable it to quickly and flexibly cover its financial needs by means of equity financing.

The Articles of Association are to be amended accordingly. The authorized capital I in Section 4 Para. 2 of the Articles of Association and the authorized capital II in Section 4 Para. 3 of the Articles of Association are to be canceled and replaced by a new authorized capital I in Section 4 Para. 3 of the Articles of Association. The previous Section 4 Para. 6 of the Articles of Association will become the new Section 4 Para. 2.

The Board of Management and the Supervisory Board propose that the following resolution shall be adopted:

**a) Cancellation of the authorized capital I and of the authorized capital II**

The authorization of the Board of Management pursuant to Section 4 Para. 2 of the Articles of Association granted by the Annual Stockholders' Meeting on May 23, 2013 and expiring on May 22, 2018, and the authorization of the Board of Management pursuant to Section 4 Para. 3 of the Articles of Association granted by the Annual Stockholders' Meeting on May 13, 2015 and also expiring on May 22, 2018, to increase the capital stock each time with the approval of the Supervisory Board by way of issuance of new no-par value bearer shares against cash or non-cash contributions are canceled and replaced by the following new authorized capital I under b).

**b) Creation of a new authorized capital I**

The Board of Management is authorized to increase the capital stock by May 14, 2023, with the approval of the Supervisory Board, by way of issuance of new no-par value bearer shares against cash or non-cash contributions, either once or several times, by up to a total of EUR 18,304,587 (authorized capital I).

Stockholders will be granted a subscription right with the following restrictions:

The Board of Management is authorized, with the approval of the Supervisory Board, to exclude the Stockholders' subscription rights with regard to fractional amounts in the case of capital increases against cash or non-cash contributions.

The Board of Management is authorized, with the approval of the Supervisory Board, to exclude the subscription rights in the case of capital increases also insofar as it is necessary to grant holders or creditors of the option or conversion rights granted or obligations imposed by the Company or by its direct or indirect subsidiaries a subscription right to the new no-par value bearer shares in the scope to which they would be entitled after exercising the option or conversion rights or after fulfilling the option or conversion obligation as Stockholders.

The Board of Management is further authorized, with the approval of the Supervisory Board, to exclude the subscription rights of the Stockholders if the capital increase is carried out in return for non-cash contributions, especially where companies, parts of companies, interests in companies, or other assets including rights and claims are acquired or in the context of business combinations.

The Board of Management is additionally authorized, with the approval of the Supervisory Board, in the case of capital increases against cash contributions, to exclude subscription rights if the amount for which the new no-par value bearer shares are issued does not significantly fall short of the market price at the time of final determination of the amount for which the shares are issued, which should be as close as possible to the placement of the no-par value bearer shares (simplified exclusion of subscription rights in accordance with Section 186 Para. 3 Sentence 4 AktG). The shares issued under exclusion of the subscription right in accordance with Section 186 Para. 3 Sentence 4 AktG may not exceed 10% of the capital stock existing at the time when the resolution is passed by the Annual Stockholders' Meeting or – if the value is lower – when the resolution regarding the initial exploitation of authorized capital is passed. This upper limit of 10% of capital stock shall be reduced by the prorated amount of the capital stock attributable to those shares issued or sold during the period of effectiveness of this authorization under the exclusion of the subscription right in direct or analogous application of Section 186 Para. 3 Sentence 4 AktG. Furthermore, this limit is decreased by shares that have been or must be issued in order to satisfy option or conversion rights or obligations, if the option or conversion rights or obligations were granted or imposed under exclusion of the subscription right in accordance with Section 186 Para. 3 Sentence 4 AktG during the period of effectiveness of this authorization.

The Board of Management is also authorized, with the approval of the Supervisory Board, to determine the further particulars of the capital increase and its implementation.

**c) Amendments of Section 4 (capital stock) Paras. 2, 3 and 6 of the Articles of Association**

Section 4 Para. 3 of the Articles of Association is canceled and rewritten as follows:

“(3) The Board of Management is authorized to increase the capital stock by May 14, 2023, with the approval of the Supervisory Board, by way of issuance of new no-par value bearer shares against cash and/or non-cash contributions, either once or several times, by up to a total of EUR 18,304,587 (authorized capital I). Stockholders will be granted a subscription right with the following restrictions: The Board of Management is authorized, with the approval of the Supervisory Board, to exclude the Stockholders’ subscription rights with regard to fractional amounts in the case of capital increases against cash or non-cash contributions. The Board of Management is authorized, with the approval of the Supervisory Board, to exclude the subscription rights in the case of capital increases also insofar as it is necessary to grant holders or creditors of the option or conversion rights granted or obligations imposed by the Company or by its direct or indirect subsidiaries a subscription right to new no-par value bearer shares in the scope to which they would be entitled after exercising the option or conversion rights or after fulfilling the option or conversion obligation as Stockholders. The Board of Management is further authorized, with the approval of the Supervisory Board, to exclude the subscription rights if the capital increase is carried out in return for non-cash contributions, especially where companies, parts of companies, interests in companies, or other assets including rights and claims are acquired or in the context of business combinations. Furthermore, with the approval of the Supervisory Board, in the case of capital increases against cash contributions, the Stockholders’ subscription rights can be excluded if the amount for which the new no-par value bearer shares are issued does not significantly fall short of the market price at the time of final determination of the amount for which the shares are issued, which should be as close as possible to the placement of the no-par value bearer shares (simplified exclusion of subscription rights in accordance with Section 186 Para. 3 Sentence 4 AktG). The shares issued under exclusion of the subscription right in accordance with Section 186 Para. 3 Sentence 4 AktG may not exceed 10% of the capital stock existing at the time when the resolution is passed by the Annual Stockholders’ Meeting or – if the value is lower – when the resolution regarding the initial exploitation of authorized capital is passed. This upper limit of 10% of capital stock shall be reduced by the prorated amount of the capital stock attributable to those shares issued or sold during the period of effectiveness of this authorization under the exclusion of the subscription right in di-

rect or analogous application of Section 186 Para. 3 Sentence 4 AktG. Furthermore, this limit is decreased by shares that have been or must be issued in order to satisfy option or conversion rights or obligations, if the option or conversion rights or obligations were granted or imposed under exclusion of the subscription right in accordance with Section 186 Para. 3 Sentence 4 AktG during the period of effectiveness of this authorization. The Board of Management is also authorized to determine the further particulars of the capital increase and its implementation with the approval of the Supervisory Board.”

The previous Section 4 Para. 2 of the Articles of Association is canceled and the previous Section 4 Para. 6 of the Articles of Association becomes Section 4 Para. 2 of the Articles of Association.

By way of a voluntary commitment the Board of Management undertakes to conduct capital measures under exclusion of the Stockholders' subscription rights to a maximum overall scope totaling 20% of the current existing capital stock of the company. This restriction applies when new shares are issued on account of the utilization of authorized capital, the use of treasury shares, or the issuance of bonds with option or conversion rights or obligations on account of which shares have to be issued, each time under exclusion of the Stockholders' subscription rights. The Board of Management will be bound to this declaration until a future Annual Stockholders' Meeting passes another resolution about the authorization of the Board of Management regarding capital measures under exclusion of the Stockholders' subscription rights.

Please see the reports of the Board of Management to the Annual Stockholders' Meeting on this item of the agenda as well as on item 8 of the agenda.

- 8. Adoption of a resolution regarding the cancellation of the previous authorization to issue convertible and/or option bonds, participation rights and/or participating bonds (or combinations of these instruments) as well as the conditional capital; creation of a new authorization to issue convertible and/or option bonds, participation rights and/or participating bonds (or combinations of these instruments), also under exclusion of subscription rights, creation of new conditional capital as well as corresponding amendments of the Section 4 (capital stock) Para. 5 of the Articles of Association.**

The authorization approved at the Annual Stockholders' Meeting of May 13, 2015 on the issuance of convertible and/or option bonds, participation rights and/or participating bonds (or combinations of these instruments) expires on May 22, 2018. In order

to open up for the Company the opportunity also in the future to make flexible use of beneficial debt instruments, a new authorization to issue convertible and/or option bonds, participation rights and/or participating bonds (or combinations of these instruments) as well as corresponding conditional capital that should correspond to a scope of 10% of the capital stock existing at the time of the resolution are to be created.

The Board of Management and the Supervisory Board propose that the following resolution shall be adopted:

**a) Cancellation of the authorization to issue convertible and/or option bonds, participation rights and/or participating bonds (or combinations of these instruments); creation of a new authorization to issue convertible and/or option bonds, participation rights and/or participating bonds (or combinations of these instruments), also under exclusion of subscription rights**

The authorization of the Board of Management granted by the Annual Stockholders' Meeting on May 13, 2015 to issue, with the approval of the Supervisory Board, option and convertible bonds, participation rights and/or participating bonds (and combinations of these instruments) in a total nominal amount of up to EUR 1,000,000,000 by May 22, 2018, is canceled and replaced by the following authorization.

The Board of Management is authorized to issue, with the approval of the Supervisory Board, bearer or registered option and convertible bonds, participation rights and/or participating bonds or a combination of these instruments (together referred to as "bonds") in a total nominal amount of up to EUR 1,000,000,000 with or without a maturity restriction on one or more occasions up to May 14, 2023 in return for a cash contribution and to grant option rights to or impose option obligations on the holders or creditors (hereinafter jointly the "holders") of option bonds or option participation rights or option participating bonds or to grant conversion rights to or impose conversion obligations on the holders of convertible bonds or convertible participation rights or convertible participating bonds in respect of no-par value bearer shares of the Company with a prorated amount of the capital stock totaling up to EUR 9,152,293 under the more detailed terms of the conditions of these bonds.

In addition to euros, the bonds can also be issued – limited to the corresponding euro equivalent value – in the legal currency of another OECD country. They can also be issued by a subordinate group company of the Company; in this event, the Board of Management is authorized to assume the guarantee for the repayment of the bonds on behalf of the compa-

ny with the approval of the Supervisory Board and to grant or impose option or conversion rights or obligations for new no-par value bearer shares of the Company to the holders of the bonds.

The Stockholders are entitled in principle to a subscription right to the bonds. If the Stockholders are not allowed to subscribe directly for the bonds, the Stockholders will be granted the statutory subscription right in such a way that the bonds are taken on by a bank or a syndicate of banks which have the obligation to offer them to the Stockholders for subscription. If the bonds are issued by a subordinate group company, the Company has to ensure that the statutory subscription right is granted to the Stockholders of the Company under the terms of the sentence above.

The Board of Management is authorized, however, with the approval of the Supervisory Board, to exclude from the Stockholders' subscription rights fractional shares that arise on account of the subscription ratio and also to exclude the subscription rights to the extent that this is necessary so that holders of option or conversion rights or obligations that have previously been granted or imposed can be granted a subscription right in the scope to which they would be entitled after exercising the option or conversion rights or fulfilling the option or conversion obligation.

The Board of Management is furthermore authorized to exclude completely, with the approval of the Supervisory Board, the Stockholders' subscription rights for bonds issued for cash and with an option or convertible right or obligation, if the Board of Management, after conducting an examination with due care and diligence, comes to the opinion that the issue price of the bond is not significantly lower than the hypothetical market value ascertained on the basis of recognized methods, in particular methods of financial mathematics. This authorization to exclude the subscription right applies, however, only for bonds that are issued with an option or conversion right or obligation, with an option or conversion right or an option or conversion obligation for shares representing a proportion of the capital stock that may not in total exceed 10% of the capital stock, either at the time that this authorization becomes effective or – if the value is lower – at the time this authorization is exercised. Set off against the above-mentioned 10% limit are shares that have been disposed of or issued under exclusion of the subscription right pursuant to Section 186 Para. 3 Sentence 4 AktG during the term of this authorization up to the issue of bonds with option and/or conversion rights or obligations where the subscription rights are excluded pursuant to Section 186 Para. 3 Sentence 4 AktG.

If participation rights or participating bonds are issued without a conversion right/obligation or option right/obligation, the Board of Management is authorized to exclude the Stockholders' subscription rights with the approval of the Supervisory Board as a whole if these participation rights or participating bonds are structured in a similar way to bonds, i.e. they do not establish any membership rights in the company, do not grant any share in the liquidation proceeds and the level of the interest rate is not calculated on the basis of the amount of the net income, the net retained profit or the dividend. Furthermore, in this case the interest rate and the issue amount of the participation rights or participating bonds must be consistent with the market conditions prevailing at the time of the issue.

In the event that option bonds are issued, one or more warrants shall be attached to each individual bond (hereinafter also "partial bond") that entitle the holder to subscribe for no-par value bearer shares of the Company under the more detailed terms of the option conditions to be established by the Board of Management. For option bonds denominated in euros that are issued by the Company, the option conditions can stipulated that the option price can also be settled by the transfer of partial bonds and, where appropriate, an additional cash payment. The proportion of the capital stock that is attributed to the shares to be subscribed for per partial bond may not exceed the nominal amount of the partial bond. If fractions of shares are produced, it can be stipulated that these fractions can be combined under the terms of the option or bond conditions, if appropriate in return for an additional cash payment, so that whole shares can be subscribed for. The same applies when warrants are attached to a participation right or a participating bond.

In the event that convertible bonds are issued, the holders of the partial bonds receive the right to convert their partial bonds into no-par value bearer shares of the Company in accordance with the convertible bond conditions defined by the Board of Management. The conversion ratio is produced by dividing the nominal amount or the issue price of a partial bond that is below the nominal amount by the conversion price that has been fixed for a no-par value bearer share of the Company and can be rounded up or down to a whole number; furthermore, it can be stipulated that an additional payment has to be made in cash and that non-convertible fractions be consolidated or offset. The bond conditions can provide that the conversion ratio is variable and that the conversion price is set (subject to the minimum price determined in the following) within a specified range depending on the performance of the price of the Company's no-par share during the term of the bond. The same shall apply for convertible participation rights and convertible participating bonds.

The option or conversion price to be established each time for a no-par share of the Company's stock must – with the exception of cases in which an option or conversion obligation or a right to delivery of shares is provided – amount to at least 80% of the volume-weighted average closing price of the Company's no-par shares in electronic trading on the Frankfurt Stock Exchange on the last 10 trading days before the day that the Board of Management decides to issue the bond or – in the event that a subscription right is granted – no less than 80% of the volume-weighted average closing price of the Company's shares in electronic trading on the Frankfurt Stock Exchange during the subscription period, with the exception of the days of the subscription period that are required so that the option or conversion price can be announced in due time in accordance with Section 186 Para. 2 Sentence 2 AktG. Section 9 Para. 1 AktG and Section 199 AktG remain unaffected.

The bond conditions can also establish a conversion obligation or option obligation at the end of the term (or at another point in time) or provide the right of the Company upon the final maturity date of the bond to which option or conversion rights or obligations are attached (this also includes maturity on account of termination) to grant the holders no-par shares on the Company or in another listed company in full or in part in lieu of payment of the monetary amount owed. In these cases, the option or conversion price can, under the more detailed terms of the bond conditions, be equivalent to the volume-weighted average closing price of the Company's no-par share in electronic trading of the Frankfurt Stock Exchange during the 10 trading days before or after the date of final maturity, even if this average price is below the minimum price stated above. The proportion of the capital stock of the Company's no-par shares to be issued upon conversion or exercise of the option may not exceed the nominal amount of the bonds. Section 9 Para. 1 AktG in conjunction with Section 199 Para. 2 AktG has to be complied with.

The authorization also includes the possibility of granting protection against dilution or carrying out adjustments, provided the adjustments are not already regulated by law, in certain cases under the more detailed terms of the relevant conditions. Protection against dilution and adjustments can be stipulated in particular if changes in capital arise at the company during the term of the bonds (for example a capital increase or reduction or a share split), but also in connection with dividend payments, the issuance of other convertible/option bonds, as well as in the case of extraordinary events that occur during the term of the bonds or of the warrants (e.g. a third party gains control). Protection against dilution and adjustments can be provided in particular by granting subscription rights, by amending the conversion/option price, and by

amending or granting cash components. Section 9 Para. 1 AktG and Section 199 AktG remain unaffected.

The bond conditions can stipulate that the bond to which option or conversion rights are attached can be converted at the discretion of the Company into new shares from authorized capital or into existing shares of the Company or of another listed company instead of into new shares from conditional capital or that the option right can be fulfilled by delivering shares of this kind or that an option obligation can be serviced with the delivery of shares of this kind. The bond conditions can also stipulate the right of the Company not to grant new no-par value shares in the event of conversion or the exercise of options, but to pay a monetary amount.

The Board of Management is authorized to determine, with the approval of the Supervisory Board, the further details of the issuance and structure of the bonds, in particular the interest rate, issue price, term and denomination, anti-dilution provisions, the option or conversion period, and, within the above-mentioned framework, the option and conversion price or to establish these details in agreement with the executive bodies of the group company issuing the option or convertible bond.

**b) Cancellation of the conditional capital and creation of a new conditional capital as well as corresponding amendments of Section 4 (capital stock) Para. 5 of the Articles of Association**

The previous conditional capital is canceled. The capital stock will be conditionally increased by up to EUR 9,152,293 through the issue of up to 9,152,293 new no-par value bearer shares (conditional capital). The conditional capital increase serves to grant no-par value bearer shares upon the exercise of conversion and option rights or upon the fulfillment of conversion or option obligations to the holders or creditors of convertible and/or option bonds, participation rights and/or participating bonds (or combinations of these instruments) which are issued on the basis of the authorization resolution of the Annual Stockholders' Meeting of May 15, 2018 by the company or by a subordinate group company in return for cash contributions by May 14, 2023. The new shares are issued at the option or conversion price to be determined in each case in accordance with the authorization resolution described above.

The conditional capital increase is to be carried out only in the event that bonds that are structured with option or conversion rights or obligations are issued, only in accordance with the authorization resolution of the Annual Stockholders' Meeting of May 15, 2018, and only insofar as use is made of option or conversion rights or holders of bonds required to convert

them or to exercise an option fulfill their obligation to convert them / exercise their option or if the Company exercises an option to grant no-par value shares of the Company in full or in part in lieu of payment of the monetary amount that is due. The conditional capital increase is not carried out if a cash settlement is granted or treasury shares, shares from authorized capital or shares from another listed company are used to service the increase. The new shares that are issued shall participate in the profit from the beginning of the fiscal year in which they are created; if permitted by law, the Board of Management can, with the approval of the Supervisory Board, lay down that new shares participate in the profit in deviation from this and from Section 60 Para. 2 AktG also for a fiscal year that has already closed.

The Board of Management is authorized to stipulate the further details of the implementation of the conditional capital increase with the approval of the Supervisory Board.

Section 4 Para. 5 of the Articles of Association is canceled and rewritten as follows:

“(5) The capital stock is conditionally increased by up to EUR 9,152,293 divided into up to 9,152,293 no-par value bearer shares (conditional capital). The conditional capital increase is carried out only insofar as the holders or creditors of option or conversion rights or the parties required to convert them/exercise their option arising from option and/or convertible bonds issued in return for cash contributions, participation rights and/or participating bonds (or combinations of these instruments) that are issued or guaranteed by May 14, 2023 by the Company or by a subordinate group company on the basis of the authorization of the Board of Management by resolution of the Annual Stockholders' Meeting of May 15, 2018 make use of their option or conversion rights or, if they are required to convert these/exercise their option, fulfill their obligation to convert them/exercise their option or if the Company exercises an option to grant no-par value shares of the Company in full or in part in lieu of payment of the monetary amount that is due. The conditional capital increase is not carried out if a cash settlement is granted or treasury shares, shares from authorized capital or shares from another listed company are used to service the increase. The new shares are issued at the option or conversion price to be determined in each case in accordance with the authorization resolution described above. The new shares shall participate in the profit from the beginning of the fiscal year in which they are created; if permitted by law, the Board of Management can, with the approval of the Supervisory Board, lay down that new shares participate in the profit in deviation from this and from Section 60 Para. 2 AktG also for a fiscal year that has already closed. The Board of Directors

is authorized to stipulate the further details of the implementation of the conditional capital increase with the approval of the Supervisory Board.”

In its decision to exclude the subscription right when issuing convertible and/or option bonds, participation rights and/or participating bonds (or combinations of these instruments), the Board of Management shall take other capital measures under exclusion of the Stockholders' subscription rights into consideration. By way of a voluntary commitment the Board of Management undertakes to conduct capital measures under exclusion of the Stockholders' subscription rights to a maximum overall scope totaling 20% of the current existing capital stock of the company. This restriction applies when new shares are issued on account of the utilization of authorized capital, the use of treasury shares, or the issuance of bonds with option or conversion rights or obligations on account of which shares have to be issued, each time under exclusion of the Stockholders' subscription rights. The Board of Management will be bound to this declaration until a future Annual Stockholders' Meeting passes another resolution about the authorization of the Board of Management regarding capital measures under exclusion of the Stockholders' subscription rights.

Please see the reports of the Board of Management to the Annual Stockholders' Meeting on this item of the agenda as well as on item 7 of the agenda.

## **II. Résumé of the Stockholders' representative proposed for election to the Supervisory Board under item 6 of the agenda, Ms. Pamela Knapp, and overview of her main activities in addition to her Supervisory Board appointment**

### **Pamela Knapp**

Born in Nuremberg on March 8, 1958

Graduate economist, formerly the Chief Financial Officer of GfK SE, member of the board of directors and member of the supervisory board at various European commercial enterprises,

- 2009 – 2014 Member of the Board of Management and CFO of GfK SE, responsible for Accounting, Controlling, Treasury, Legal, Facilities and Human Resources
- 1992 – 2008 Career at the Siemens Group
  - o 2004 – 2008 Member of the Board of Management of the Power Transmission and Distribution division and CFO of the business unit
  - o 2000 – 2004 Senior Head of Department for management development and senior management remuneration of the group
  - o 1997 – 2000 Member of the Board of Management and CFO of the Siemens Belgium/Luxembourg subsidiary
  - o 1992 – 1997 Transportation Systems business unit, strategic projects manager, departmental manager for vehicle maintenance
- 1990 – 1992 M&A consulting at Fuchs Consult GmbH
- 1987 – 1990 Deutsche Bank AG (graduate trainee program and M&A consulting at DB Consult and DB Morgan Grenfell GmbH)

Ms. Knapp studied economics in Munich and Berlin. She also completed the Advanced Management Program (AMP) of the Harvard Business School, Boston, USA.

Main activities in addition to her Supervisory Board appointment:

- since 2017 – Member of the continuing education commission of the University of St. Gallen
- since 2016 – Member of the Board of Directors and of the Audit Committee of NV Bekaert SA, Kortrijk, Belgium (listed company)
- since 2015 – Member of the Board of Directors of the German-French Chamber of Commerce

- since 2015 – Member of the Board of Directors and of the Audit Committee of Panalpina World Transport (Holding) AG, Basel, Switzerland (listed company)
- since 2013 – Member of the Board of Directors of HKP Group AG, Zurich, Switzerland (unlisted company)
- since 2013 – Member of the Board of Management (*Conseil d'Administration*) and (since 2015) of the Audit and Risk Committee (*Comité d'Audit et des Risques*) of Compagnie de Saint-Gobain S.A., Courbevoie, France (listed company)
- since 2011 – Member of the Supervisory Board (*Conseil de Surveillance*) and of the Finance and Audit Committee (*Comité d'Audit et de Finance*) and (since 2014) of the Remuneration Committee (*Comité de Renumération*) of Peugeot S.A., Rueil-Malmaison, France (listed company)

### **III. Reports of the Board of Management**

#### **1. The report of the Board of Management to the Annual Stockholders' Meeting concerning Item 7 of the Agenda in accordance with Section 203 Para. 2 Sentence 2 AktG in conjunction with Section 186 Para. 4 Sentence 2 AktG**

The Board of Management submits to the Company's Annual Stockholders' Meeting convened for May 15, 2018 the following written report pursuant to Section 203 Para. 2 Sentence 2 AktG in conjunction with Section 186 Para. 4 Sentence 2 AktG regarding the resolution to be adopted under item 7 of the agenda proposing the cancellation of the previous authorized capital I and of the previous authorized capital II and the creation of a new authorized capital I:

The authorization of the Board of Management granted by the Annual Stockholders' Meeting on May 23, 2013 to increase the capital stock by up to EUR 16,640,534 (authorized capital I) and the authorization of the Board of Management granted on May 13, 2015 to increase the capital stock by up to EUR 18,304,587 (authorized capital II) both expire on May 22, 2018. The previous authorized capital I and the previous authorized capital II are therefore to be canceled and replaced by new authorized capital I.

#### **Creation of a new authorized capital I**

The new authorized capital I that is to take the place of the previous authorized capital I and II provided for in Section 4 Para. 2 and Para. 3 of the Articles of Association amounts to EUR 18,304,587 and is thus equal to 20% of the current capital stock in totaling EUR 91,522,936.

The proposed new authorized capital I places the Company, within reasonable limits, in a position that will continue to enable it to quickly and flexibly cover its financial needs in the future. Decisions about the coverage of need for capital generally have to be made quickly. It is therefore important that the Company does not depend on the annually scheduled Annual Stockholders' Meetings or on an Extraordinary Stockholders' Meeting and that authorized capital is available at any time. By providing the instrument of authorized capital, the legislator has taken this fact into account.

The chemical industry is currently going through a process of global consolidation. With the new authorized capital I, the Company creates for itself the necessary room for maneuver to be able to respond appropriately to the changes and to play an active part in this process. In particular, the necessary financial foun-

dation will be created to align the strategic focus on less cyclical, high-income growth options. In the past, the Board of Management has taken responsible steps in the interests of the Company and of its Stockholders in the strategic reorganization of the Company. The previous authorizations to carry out capital measures have never been fully utilized. The amount of the new authorized capital I of 20% of the Company's current capital stock is additionally significantly reduced from the capital resources provided by the previous authorized capital I and II that is to be replaced. The Company takes into consideration the justified interest of the Stockholders in anti-dilution protection by ensuring that the Board of Management undertakes by way of a voluntary commitment not to exceed an overall scope of capital measures excluding subscription rights totaling 20% of the capital stock existing at the time of the resolution. This threshold is also significantly lower than the previous possibilities allowing capital measures excluding subscription rights.

Against this background, the new authorized capital I covers capital increases against cash and non-cash contributions and, as usual, will have a term of five years.

The Stockholders are entitled in principle to a statutory subscription right when the authorized capital I is utilized. With the Supervisory Board's approval, it shall however be possible to exclude this subscription right in the following cases:

### **Subscription right exclusion for fractional amounts relating to capital increases**

It should be possible to exclude the subscription right with regard to fractional amounts in the case of capital increases against cash and non-cash contributions. This is to facilitate the processing of an issue with a basic subscription right for Stockholders. Fractional amounts may result from the respective issue volume and from the fact that it is necessary to constitute a technically feasible subscription right relationship. The value of such fractional amounts is usually low for the individual Stockholder. The potential dilution effect can also be disregarded due to the limitation to fractional amounts. Also, the effort necessary for an issue without such an exclusion is much greater for the Company, which leads to additional costs. The exclusion of the subscription right thus serves the purpose of practicability and cost efficiency and simplifies the implementation of an issue. The new shares that are excluded from the Stockholders' subscription right as fractional shares are liquidated in a manner that is most beneficial for the Company, either by selling them on a stock exchange or in another way.

### **Exclusion of subscription rights in favor of holders of option and conversion rights or obligations**

Furthermore, the possibility should exist to exclude the subscription rights in the case of capital increases, with the approval of the Supervisory Board, also insofar as it is necessary to grant holders of the option and conversion rights granted or obligations imposed by the Company or by its direct or indirect subsidiaries a subscription right to new no-par value bearer shares in the scope to which they would be entitled after exercising the option or conversion rights or after fulfilling the option or conversion obligation. The corresponding terms and conditions of issue generally provide for anti-dilution protection in order to make it easier to place bonds on the capital market. One possibility for protecting against dilution consists in also granting the holders of option or conversion rights or obligations a right to subscribe to the new shares in a share issue in which the Stockholders have a subscription right. They are thus treated in such a way as if they had already made use of their option of conversion right or had already fulfilled their option or conversion obligation. As in this case the anti-dilution protection does not have to be guaranteed by a reduction of the option or conversion price, a higher issue price can be achieved for the no-par value bearer shares to be issued when conversion is carried out or an option is exercised. However, this procedure is only possible if the subscription right of the Stockholders is excluded in this respect. As the placing of bonds with conversion and/or option rights or obligations is facilitated by the guarantee of appropriate anti-dilution protection, the exclusion of the subscription right serves the interests of the Stockholders in an optimal financial structure of their Company.

### **Exclusion of subscription rights in the event of capital increases against non-cash contributions**

Furthermore, the possibility should exist of excluding the Stockholders' subscription rights, with the approval of the Supervisory Board, if the capital increase is carried out in return for non-cash contributions, especially where companies, parts of companies, interests in companies, or other assets including rights and claims are acquired or in the context of business combinations. This will provide the Company with the necessary room for maneuver that will allow it to flexibly take advantage of opportunities that arise to acquire other companies, equity interests in companies or units of companies as well as to carry out business combinations, but also to acquire other assets, such as rights or claims, in order to improve its competitive position and to strengthen its profitability. The owners of attractive companies or other attractive acquisition targets frequently request voting shares from the buyer as consideration. So that the Company can also acquire companies or other acquisition targets of this kind, it must be able to offer shares as consideration. As an acquisition of this kind mostly

takes place at short notice, it can generally not be decided on by the Annual Stockholders' Meeting, which is held only once a year. This requires the creation of authorized capital that the Board of Management can quickly access – with the approval of the Supervisory Board. In such a case, the Board of Management will ensure that the interests of the Stockholders are adequately safeguarded when the valuation ratios are determined. The Board of Management will take the stock exchange price of the Company's share into account in this process. However, a mechanical coupling of the valuation to a stock market price is not provided for here, in particular so as to prevent fluctuations in the stock market price from jeopardizing negotiation outcomes once they have been achieved. As already explained, as a result the Company will be put in a position where it can play an active part in shaping the global consolidation process in the chemical industry. The Board of Management will make use of this authorization only when exclusion of the subscription right is in the best interests of the Company in the individual case.

### **Subscription right exclusion regarding capital increases against cash contributions pursuant to Section 186 Para. 3 Sentence 4 AktG**

Finally, the Stockholders' subscription right may also be excluded with the approval of the Supervisory Board if the no-par value bearer shares against cash contributions are issued at a price that is not significantly lower than the stock market price. Such an authorization enables the Company to quickly and flexibly utilize market opportunities and to quickly cover possible capital requirements. Section 186 Para. 2 Sentence 2 AktG does allow publication of the subscription price up until the third from last day of the subscription period. In light of the frequently observed volatility of the stock markets, however, there is also a market risk over several days, which leads to safety discounts in the determination of the subscription price and thus to conditions that are not close to the market. Also, in the case of the existence of a subscription right, the uncertainty surrounding the exercise of a granted subscription right (subscription behavior) jeopardizes successful placement with third parties or gives rise to associated costs. On the other hand, the exclusion of the subscription right allows for quick action and a placement close to the stock exchange price without the usual discounts when issuing subscription rights due to the high volatility on the stock markets. This way, a speedy capital procurement for the Company can be optimized even further, in particular since experience has shown that the ability to act more quickly results in larger cash inflow. Therefore, this form of capital increase is also in the Stockholders' best interest.

Protection against dilution is addressed by the fact that no-par value bearer shares may only be sold at a price that is not significantly lower than the prevailing stock exchange price. The Board

of Management will strive to minimize any discount on the stock exchange price, giving due consideration to the current market conditions. In this context, the Stockholders are protected by the fact that the discount on the stock exchange price at the time of the utilization of the authorized capital cannot be significant, i.e. that it may never exceed 5% of the current stock exchange price. Stockholders shall furthermore have the option of maintaining their share in the Company's capital stock at any time by acquiring shares on the stock market.

The capital increase against cash contribution with exclusion of the subscription rights in accordance with Section 186 Para. 3 Sentence 4 AktG must not exceed 10% of the respective existing capital stock, neither at the time this authorization becomes effective nor at the time it is exercised. This limit relevant for the simplified exclusion of the subscription right is reduced by the prorated amount of the capital stock attributable to those shares that were issued or sold during the time this authorization was effective under the exclusion of the subscription right in direct or analogous application of Section 186 Para. 3 Sentence 4 AktG. Furthermore, this limit is decreased by shares that have been or must be issued in order to satisfy option or conversion rights or obligations, if the option or conversion rights or obligations were granted or imposed under exclusion of the subscription right in accordance with Section 186 Para. 3 Sentence 4 AktG during the period of effectiveness of this authorization.

The authorization described above to exclude subscription rights in accordance with Section 186 Para. 3 Sentence 4 AktG accompanies the existing authorized capital III totaling EUR 9,152,293 approved by the Annual Stockholders' Meeting of the Company held on May 26, 2017, which includes a corresponding authorization to exclude subscription rights. In contrast to the authorized capital III, the term of which runs to May 25, 2022, the authorized capital I has a term that runs to May 14, 2023. This phasing is intended to ensure that authorized capital with the possibility of excluding subscription rights in accordance with Section 186 Para. 3 Sentence 4 AktG is available to the Company without any transition periods arising. A transition period without authorized capital with the possibility of excluding subscription rights in accordance with Section 186 Para. 3 Sentence 4 AktG that may otherwise arise after the authorized capital III expires should thus be avoided. The Stockholders are adequately protected against dilution as a result of the offsetting rules described above, according to which the subscription right in direct or analogous application of Section 186 Para. 3 Sentence 4 AktG can be excluded only on one occasion.

## **Overall scope of the capital measures excluding subscription rights**

By way of a voluntary commitment the Board of Management undertakes to conduct capital measures excluding the Stockholders' subscription rights to a maximum overall scope totaling 20% of the current existing capital stock of the Company. This restriction applies when new shares are issued on account of the utilization of authorized capital, the use of treasury shares, or the issuance of bonds with option or conversion rights or obligations on account of which shares have to be issued, each time under exclusion of the Stockholders' subscription rights. The Board of Management will be bound to this declaration until a future Annual Stockholders' Meeting passes another resolution about the authorization of the Board of Management regarding capital measures under exclusion of the Stockholders' subscription rights. Please refer to the report of the Board of Management to the Annual Stockholders' Meeting on the authorization to issue option or convertible bonds (item 8 of the agenda) in this respect.

## **Utilization of the new authorized capital I**

There are currently no specific plans to exercise the new authorized capital I. Appropriate precautionary resolutions with the option to exclude subscription rights are standard at national and international level. In each of the individual cases mentioned in this authorization, the Board of Management will carefully review whether it will use the authorization to increase capital under exclusion of the Stockholders' subscription right. The Board of Management will only do so if the exclusion of the subscription right lies, in the opinion of the Board of Management and the Supervisory Board, in the interest of the Company and therefore in the interest of its Stockholders. As in the past, the Board of Management will also exercise this authorization responsibly.

In the event of each utilization of the above authorization, the Board of Management will issue a corresponding report to the Annual Stockholders' Meeting.

## **2. The report of the Board of Management to the Annual Stockholders' Meeting concerning Item 8 of the Agenda in accordance with Section 221 Para. 4 Sentence 2 AktG in conjunction with Section 186 Para. 4 Sentence 2 AktG**

The Board of Management submits to the Company's Annual Stockholders' Meeting convened for May 15, 2018 the following written report pursuant to Section 221 Para. 4 Sentence 2 AktG in conjunction with Section 186 Para. 4 Sentence 2 AktG regarding the resolution to be adopted under item 8 of the agenda proposing the cancellation of the previous authorization to issue con-

vertible and/or option bonds, participation rights and/or participation bonds (or combinations of these instruments) as well as the conditional capital and to create a new authorization to issue convertible and/or option bonds, participation rights and/or participation bonds (or combinations of these instruments) as well as new conditional capital:

The authorization approved at the Annual Stockholders' Meeting of May 13, 2015 on the issuance of convertible and/or option bonds, participation rights and/or participating bonds (or combinations of these instruments) (jointly "bonds") and the conditional capital expires on May 22, 2018. It is therefore to be canceled and replaced by a new authorization as well as a new conditional capital.

The proposed authorization is intended to authorize the Board of Management, with the approval of the Supervisory Board, to issue bonds with a total nominal amount of up to EUR 1,000,000,000 on one or more occasions as well as to create conditional capital of up to EUR 9,152,293 to service the option and conversion rights or obligations that will thus correspond to a scope of 10% of the capital stock existing at the time the resolution is adopted.

Suitable capital resources provide an essential basis for the development of the Company. By issuing bonds, the Company can utilize attractive financing opportunities on the capital market in addition to the classic options of raising debt or equity capital. Issuing bonds allows, for example, low-interest debt to be raised that can be classified both for rating purposes and for accounting purposes as equity or near equity.

### **Stockholders' subscription rights**

Stockholders are entitled in accordance with Section 221 Para. 4 AktG in conjunction with Section 186 Para. 1 AktG in principle to a right to subscribe for bonds to which option or conversion rights or obligations are attached. If direct subscription for the bonds is not facilitated for the Stockholders, the Board of Management can make use of the possibility of issuing the bonds to a bank or a syndicate of banks with the obligation to offer the bonds to the Stockholders pursuant to their subscription right (indirect subscription right within the meaning of Section 186 Para. 5 AktG).

### **Exclusion of subscription rights for fractional amounts and in favor of the holders or creditors of conversion rights and options rights or obligations that have already been issued**

The exclusion of the subscription right for fractional shares allows the requested authorization to be utilized through rounded amounts. This makes it easier to process the Stockholders' subscription rights.

The exclusion of the subscription right in favor of the holders of conversion and option rights or obligations that have already been issued has the advantage that the conversion or option price for the conversion or option rights or obligations already issued does not need to be reduced and a higher cash inflow overall is enabled as a result.

Both instances of excluding the subscription rights are therefore in the interests of the Company and thus also of its Stockholders.

**Exclusion of subscription rights pursuant to Section 221 Para. 4 Sentence 2 AktG, Section 186 Para. 3 Sentence 4 AktG**

Furthermore the Board of Management is authorized, with the approval of the Supervisory Board, to exclude the Stockholders' subscription rights completely if the issue of bonds to which option or conversion rights or obligations are attached is carried out in return for cash payment at a price that is not significantly lower than the market value of these bonds. As a result, the Company gains the ability to take advantage of favorable market situations quickly and at short notice and, by setting conditions close to the market, of obtaining better conditions when determining the interest rate, option or conversion price, and issue price of the bonds. If the subscription right were granted, it would not be possible to set conditions close to the market or to conduct a smooth placement. Section 186 Para. 2 AktG does allow the subscription price (and thus the conditions of these bonds) to be published up until the third from last day of the subscription period. In light of the frequently observed volatility of the stock markets, however, there is also a market risk over several days, which leads to safety discounts in the determination of the bond conditions and thus to conditions that are not close to the market. Also, in the case of the existence of a subscription right, the uncertainty surrounding the exercise of a granted subscription right (subscription behavior) jeopardizes successful placement with third parties or gives rise to associated costs. Finally, if a subscription right is granted, the Company is unable to react at short notice to favorable or unfavorable market conditions on account of the length of the subscription period, but is exposed to declining share prices during the subscription period, which can lead to equity funding that is not favorable for the Company

In accordance with Section 221 Para. 4 Sentence 2 AktG, the provision of Section 186 Para. 3 Sentence 4 AktG applies *mutatis mutandis* for this case where the subscription right is completely excluded. The limit on exclusions of the subscription right of 10% of the capital stock regulated there is to be complied with on the basis of the content of the resolution. The volume of the conditional capital that is to be made available as a maximum in this case to secure the option or conversion rights or obligations may

not exceed 10% of the capital stock existing when the authorization to exclude subscription rights in accordance with Section 186 Para. 3 Sentence 4 AktG comes into effect. A corresponding requirement in the authorization resolution also ensures that the 10% limit is not exceeded even in the case of a capital reduction, as expressly 10% of the capital stock may not be exceeded in accordance with the authorization to exclude subscription rights either at the time that this authorization becomes effective or – if the value is lower – at the time this authorization is exercised. This limit relevant for the simplified exclusion of the subscription right is reduced by the prorated amount of the capital stock attributable to those shares that were issued or sold during the time this authorization was effective under the exclusion of the subscription right in direct or analogous application of Section 186 Para. 3 Sentence 4 AktG. It furthermore results from Section 186 Para. 3 Sentence 4 AktG that the issue price may not be significantly lower than the stock market price. This is intended to ensure that the financial value of the shares is not appreciably diluted. Whether such a dilution occurs in the issue of bonds to which option or conversion rights or obligations are attached when the subscription right is excluded can be determined by calculating the hypothetical market value of the bonds using recognized methods, in particular methods of financial mathematics, and comparing it with the issue price. If, after an examination that exercises due care and diligence, this issue price is only insignificantly lower than the hypothetical market price at the time the bonds are issued, then in accordance with the meaning and intention of the regulation in Section 186 Para. 3 Sentence 4 AktG the exclusion of the subscription right is permitted on account of the only minor discount. The resolution therefore stipulates that, before issuing the bonds to which option or conversion rights or obligations are attached, the Board of Management must, after conducting an examination with due care and diligence, come to the opinion that the stipulated issue price does not lead to any appreciable dilution of the value of the shares, as the issue price of the bonds is not significantly lower than their hypothetical market value calculated using recognized methods, in particular methods of financial mathematics. The arithmetic market value of a subscription right would thus be reduced almost to zero, such that the Stockholders cannot incur an appreciable financial disadvantage by the exclusion of the subscription right. All of this ensures that an appreciable dilution of the value of the shares as a result of the exclusion of the subscription right will not occur.

The Stockholders furthermore have the option of maintaining their share in the Company's capital stock also after conversion or option rights are exercised or after the option or conversion obligation occurs by acquiring additional shares on the stock market at any time. In contrast, the authorization to exclude subscription rights allows the Company to set conditions that are close to

market, ensure the greatest possible security concerning the ability to make placements with third parties, and to take advantage of favorable market conditions at short notice to the benefit of the Company and thus also of its Stockholders.

**Exclusion of subscription rights in the case of participation rights or participating bonds that are structured in a similar way to bonds and do not have an option or conversion right or obligation**

The Board of Management is furthermore authorized, with the approval of the Supervisory Board, to exclude the Stockholders' subscription rights as a whole if participation rights or participating bonds without option or conversion rights or obligations are to be issued when these participation rights or participating bonds are structured in a similar way to bonds. This is the case if they do not establish any membership rights in the company, do not grant any share in the liquidation proceeds and the level of the interest rate is not calculated on the basis of the amount of the net income, the net retained profit or the dividend. Moreover, it is necessary that the interest rate and the issue amount of the participation rights or participating bonds are consistent with the market conditions prevailing at the time of the issue. If the stated requirements are fulfilled, no disadvantages arise for the Stockholders from the exclusion of the subscription right, as the participation rights and participating bonds do not establish any membership rights and also do not grant any share in the liquidation proceeds or in the profit of the Company.

**Issue amount**

With the exception of a conversion obligation or a right to delivery of shares, the issue amount for the new shares must correspond to no less than 80% of the stock market price ascertained contemporaneously when the bonds to which option or conversion rights or obligations are attached are issued. The possibility of a markup (which can increase after the term of the option or convertible bond) creates the requirement that the terms and conditions of the convertible or option bonds take into account the relevant capital market conditions at the time that they are issued.

In the cases involving a conversion obligation or a right to delivery of shares, the issue price of the new shares can, under the more detailed terms of the bond conditions, be equivalent to the volume-weighted average closing price of the Company's no-par share in electronic trading of the Frankfurt Stock Exchange during the 10 trading days before or after the date of final maturity, even if this average price is below the minimum price stated above.

## **Overall scope of the capital measures excluding subscription rights**

In its decision to exclude the subscription right when issuing convertible and/or option bonds, participation rights and/or participating bonds (or combinations of these instruments), the Board of Management shall take other capital measures under exclusion of the Stockholders' subscription rights into consideration. By way of a voluntary commitment the Board of Management undertakes to conduct capital measures excluding the Stockholders' subscription rights to a maximum overall scope totaling 20% of the current existing capital stock of the company. This restriction applies when new shares are issued on account of the utilization of authorized capital, the use of treasury shares, or the issuance of bonds with option or conversion rights or obligations on account of which shares have to be issued, each time under exclusion of the Stockholders' subscription rights. The Board of Management will be bound to this declaration until a future Annual Stockholders' Meeting passes another resolution about the authorization of the Board of Management regarding capital measures under exclusion of the Stockholders' subscription rights. Please refer to the report of the Board of Management to the Annual Stockholders' Meeting on the authorized capital I (item 7 of the agenda) in this respect.

## **Utilization of the authorization to issue convertible or option bonds**

There are currently no specific plans to utilize the authorization to issue convertible or option bonds. In each case, the Board of Management will carefully review whether the utilization of the authorization is in the interests of the Company and its Stockholders. The Board of Management will report to the Annual Stockholders' Meeting on each and any utilization of this authorization.

## **IV. Additional information regarding the convening**

### **1. Total number of shares and voting rights**

At the time of the notice convening the Annual Stockholders' Meeting, a total of 91,522,936 no-par value shares have been issued. Each issued share carries one voting right. The Company holds no own shares at the time the Annual Stockholders' Meeting is convened. Therefore, the total number of voting rights is 91,522,936.

### **2. Requirement for the participation in the Annual Stockholders' Meeting and execution of voting rights**

Stockholders are entitled to attend the Annual Stockholders' Meeting and to exercise voting rights provided that they have furnished proof of their right to attend the Annual Stockholders' Meeting in form of a special verification of stock ownership issued in text form by the depositary institution and have registered with the Company in text form, in German or English, no later than on or before Tuesday, May 8, 2018 (24:00 hours CEST). The verification of stock ownership must refer to the beginning of the 21st day prior to the Annual Stockholders' Meeting, i.e. Tuesday, April 24, 2018 (0:00 hours CEST) (evidence reference date), and must be drawn up in the German or English language. Both verification of stock ownership and registration must be received by the Company no later than Tuesday, May 8, 2018 (24:00 hours CEST) at the following address:

**LANXESS Aktiengesellschaft  
c/o Deutsche Bank AG  
Securities Production  
General Meetings  
Postfach 20 01 07  
60605 Frankfurt am Main**

**email: [wp.hv@db-is.com](mailto:wp.hv@db-is.com)  
Fax: + 49 (0)69 12012-86045**

The evidence reference date shall be authoritative for exercising participation rights and for the scope of voting rights in the Annual Stockholders' Meeting. In the relationship with the Company, as regards participation in the Annual Stockholders' Meeting and exercising voting rights, only a person having furnished such special verification of stock ownership as of the evidence reference date shall be considered a Stockholder. Changes in stock ownership after the evidence reference date shall be without relevance for the participation right and the scope of voting rights. Anyone who as of the evidence reference date has not yet held

any shares and who has acquired their shares only after the evidence reference date, therefore shall not be entitled to attend or vote, unless they are appointed as authorized representatives or proxy. Stockholders who have duly registered and furnished special verification of stock ownership, shall continue to be entitled to attend and to vote to the extent of the demonstrated stock ownership if they sell all or part of their shares after the evidence reference date. The evidence reference date is of no importance for dividend rights.

Upon receipt of registration and verification of stock ownership, Stockholders entitled to attend shall be sent admission tickets for the Annual Stockholders' Meeting. We ask Stockholders to ensure in a timely way their registration and provision of the verification of stock ownership by their depository institution so as to facilitate the organization of the Annual Stockholders' Meeting.

### **3. Proxy procedure**

#### Third-party authorization

Stockholders have the option of having their voting rights exercised by an authorized representative, also including a financial institution or a stockholders' association as proxy. Issuing, revoking, or evidencing of such proxy vis-à-vis the Company shall be made in text form unless a financial institution or a stockholders' association or any other similar institution or person under Section 135 Para. 8 and Para. 10 AktG are to be authorized to exercise voting rights.

To nominate proxies to third parties, Stockholders may use the proxy section of their admission tickets, which shall be mailed to them upon registration. A proxy form is also available on the Internet at [www.asm.lanxess.com](http://www.asm.lanxess.com).

It is also possible to authorize third parties electronically on the Internet. This too requires an admission ticket. Stockholders may access the Internet supported proxy system via the Company's website at [www.asm.lanxess.com](http://www.asm.lanxess.com). The electronic proxy must be forwarded in due time in order to be considered. The same applies for a possible electronic revocation of the proxy.

Evidence of the appointment of an authorized representative may also be transmitted to the Company via the email address [hv2018@lanxess.com](mailto:hv2018@lanxess.com).

If a bank or any other similar institution or enterprise (Sections 135 Para. 10, 125 Para. 5 AktG) or a Stockholders' association or a person defined in Section 135 Para. 8 AktG are to be authorized, there is no text form requirement. However, the proxy statement must be in a verifiable form. It must furthermore be complete and may contain only statements related to exercising voting rights. Accordingly, if you intend to authorize a financial institution, a stockholders' association, or any other similar institution or person under Section 135 AktG, please check the form of proxy with those institutions or persons.

### Company-nominated proxies

The Company is offering its Stockholders the opportunity to appoint company-nominated proxies to exercise their voting rights. Stockholders utilizing this option must have an admission ticket. Such proxies must be given authorization and instructions on how to exercise the voting rights with regard to each relevant item on the agenda. Proxies are obligated to vote as instructed. In the absence of explicit or clear instructions, proxies shall abstain from voting on the respective item. Authorization, voting instruction, revocation of such proxy as well as evidence of authorization shall be provided to the Company in text form.

Authorization of and voting instructions to company-nominated proxies may be issued only by using the authorization and instruction section on the admission ticket unless specified otherwise below. The authorization (with instructions) must be received by the Company no later than Monday, May 14, 2018, 12:00 hours (CEST) (receipt decisive) at the following address:

**LANXESS Aktiengesellschaft  
c/o Computershare Operations Center  
80249 Munich**

**Fax: +49 (0)89 309037-4675  
email: hv2018@lanxess.com**

Company-nominated proxies may also be authorized and instructed via the Internet. Stockholders may access the Internet supported proxy system via the Company's website at [www.asm.lanxess.com](http://www.asm.lanxess.com). Authorizations and instructions issued on the Internet must have been completed by Monday, May 14, 2018, 18:00 hours (CEST) at the latest; until such time, issued authorizations may be revoked or instructions changed on the Internet.

Stockholders attending the Annual Stockholders' Meeting in person may also authorize company-nominated proxies to vote on their behalf by issuing relevant authorizations and instructions at the exit in text form. This option will be available to Stockholders regardless if they subsequently leave the Annual Stockholders' Meeting or wish to continue to attend.

Even in case of authorization of third parties or company-nominated proxies, registration and verification of stock ownership are required in due time in accordance with the above provisions.

#### **4. Minority amendments to the agenda in accordance with Section 122 Para. 2 AktG**

Stockholders whose total shares together amount to one-twentieth of the capital stock or a prorated amount of EUR 500,000 may demand that items are added to the agenda and announced. Each new item must be accompanied by a justification or proposal.

Any motions shall be sent in writing to the Company's Board of Management. We request that proposals are sent to the following address:

**To the Board of Management of  
LANXESS Aktiengesellschaft  
FAO Legal & Compliance Department  
Kennedyplatz 1  
50569 Cologne**

It must be received by the Company no later than 30 days prior to the Meeting, whereby the day of receipt and the day of the Annual Stockholders' Meeting are excluded. The last possible date of receipt is therefore Saturday, April 14, 2018, 24:00 hours (CEST). Any motions for amendments received after such day shall not be considered.

A motion for amendments will only be considered if the applicants prove that they have owned the aforementioned minimum number of shares for no less than 90 days prior to the request being received, and that they have held the minimum shareholding up until and including the decision of the Board of Management on the motion for amendments. Section 121 Para. 7 AktG shall apply mutatis mutandis to the calculation of the time period. Section 70 AktG must be complied with in calculating the minimum duration of ownership.

**5. Motions and voting nominations by Stockholders in accordance with Section 126 Para. 1 and Section 127 AktG**

Counter motions which include reasons against a proposal by the Board of Management and/or the Supervisory Board regarding a particular agenda item and proposals from Stockholders on the appointment of Supervisory Board members or annual auditors are to be sent to the following address exclusively. Counter motions and nominations sent to another addresses will not be considered.

**LANXESS Aktiengesellschaft  
FAO Legal & Compliance Department  
Kennedyplatz 1  
50569 Cologne**

**Fax: +49 (0)221 8885-4806  
email: hv2018@lanxess.com**

Counter motions and appointment proposals received at the latest 14 days before the Annual Stockholders' Meeting (not counting the date of receipt and the day of the Annual Stockholders' Meeting, i.e. by Monday, April 30, 2018, 24:00 hours (CEST)) at the aforementioned address with evidence of qualification as a Stockholder will, insofar as these are to be made available to the other Stockholders, be published immediately on the Internet at [www.asm.lanxess.com](http://www.asm.lanxess.com). Any potential position statements by the administration will also be published at the stated Internet address.

Further information, in particular about the circumstances in which motions and nominations do not have to be made available, can be found on the website of the Company at [www.asm.lanxess.com](http://www.asm.lanxess.com).

**6. Stockholders' Right to information in accordance with Section 131 Para. 1 AktG**

Upon request, each Stockholder shall be provided by the Board of Management during the Annual Stockholders' Meeting with information about matters concerning the Company, including its legal and business relationships with affiliated enterprises and the financial situation of the group and the enterprises included in the consolidated financial statements if this information is required for a proper assessment of an agenda item.

Such information shall be provided in accordance with the principles of diligent and truthful reporting. The Board of Management may refuse to provide the information under the conditions set forth in Section 131 Para. 3 AktG, and the chairman of the meeting may limit the time Stockholders have to speak and raise questions under the conditions set forth in Section 16 Para. 4 of the Company's Articles of Association.

Further information is available on the Company's website at [www.asm.lanxess.com](http://www.asm.lanxess.com).

## **7. Information on the Company's website**

In compliance with Section 124a AktG, this invitation to the Annual Stockholders' Meeting, the documents to be made available, and other information in connection with the Annual Stockholders' Meeting are available on the Company's website at [www.asm.lanxess.com](http://www.asm.lanxess.com).

## **8. Partial broadcast of the Annual Stockholders' Meeting on the Internet**

Subject to technical availability, the Company's Stockholders and other interested parties will be able to follow the speech given by the Chairman of the Board of Management during the Annual Stockholders' Meeting on Tuesday, May 15, 2018 on the Internet at [www.asm.lanxess.com](http://www.asm.lanxess.com). The other portions of the meeting will not be broadcast.

Cologne, March 2018

LANXESS Aktiengesellschaft  
The Board of Management

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