

Report of the Board of Management to the Annual Stockholders' Meeting concerning item 7 of the agenda in accordance with Section 203 Para. 2 AktG in conjunction with Section 186 Para. 4 Sentence 2 AktG

In accordance with Section 203 Para. 2 AktG in conjunction with Section 186 Para. 4 Sentence 2 AktG, the Board of Management submits the following written report to the Annual Stockholders' Meeting of the Company convened for 7 May 2009 relating to the resolution proposed in agenda item 7, cancelling the existing authorized capital I and II and creating new authorized capital:

The authorized capital in the amount of EUR 36,517,096 in accordance with Section 4 Para. 2 of the Articles of Association (authorized capital I) approved at the Extraordinary Stockholders' Meeting on 15 September 2004 will expire on 30 August 2009. It is therefore to be cancelled and replaced with new authorized capital so as to enable the Board of Management in the future as well to utilize authorized capital to strengthen the Company's equity. Thereto, in the future, the Company shall have a unitary authorized capital at its disposal. Accordingly, the authorized capital in the amount of EUR 5,793,239 in accordance with Section 4 Para. 3 of the Articles of Association (authorized capital II) which was approved by the Annual Stockholders' Meeting on 31 May 2007 and will expire on 31 May 2012 will be cancelled and replaced by the new authorized capital. The new authorized capital to replace the previous authorized capital I and II amounts to EUR 16,640,534, i.e., 20% of the current capital stock.

When exercising the authorized capital through a cash capital increase, stockholders will in principle have a statutory subscription right. Such subscription right, however, may be excluded with the Supervisory Board's approval in the following cases:

The subscription right may be excluded for fractional amounts. This should facilitate the handling of an emission with a principle subscription right of stockholders. Fractional amounts may result from the respective emission volume and from the fact that it is necessary to constitute a technically possible subscription right relationship. The value of such fractional amounts usually is low for the individual stockholder. The potential dilution effect should also be disregarded due to the restriction to fractional amounts. On the other hand, the expenses for an emission without such exclusion are much higher for the Company, incurring additional costs. The new no-par value bearer shares excluded from the subscription right due to fractional amounts will be utilized in the best interest of the Company. The exclusion of the subscription right thus serves the purpose of practicability and cost efficiency and simplifies the execution of an issue.

Furthermore, there should be an option with the Supervisory Board's approval to exclude the subscription right to the extent required to grant the holders of warrants and convertible bonds issued by the Company or by its direct or indirect affiliated companies a subscription right to new no-par value bearer shares to the extent they would be entitled to upon exercising the option or conversion right. To make it easier to place bonds on the capital market, the relevant issuing terms usually provide for protection against dilution. Dilution may be prevented, e.g., by the holder of warrants or convertible bonds also having a subscription right to the new shares if new shares are issued where the stockholders have a subscription right. They are thus placed in the same position as if they had already exercised their option

or conversion right or met their conversion obligation. Since the protection against dilution in this case does not have to be guaranteed by reducing the option or conversion price, it is possible to realize a higher issue price for the no-par value bearer shares to be issued upon conversion or exercise of the option. However, this approach is possible only if the Stockholders' subscription right is excluded to that extent. Since the placement of bonds with conversion and/or option rights or conversion obligations is facilitated if relevant protection against dilution is guaranteed, the exclusion of subscription rights serves the stockholders' interests in their Company's optimal financial structure.

In addition subscription rights may be excluded by the Board of Management with the approval of the Supervisory Board if the capital increase is made against contributions in kind, in particular, in case of acquisition of companies, parts of companies, and equity interest in companies, or other assets, including rights and receivables, or as part of mergers. This will grant the Company the required latitude to be able to respond quickly, flexibly, and without straining liquidity to attractive opportunities for mergers and acquisitions of other companies, parts of companies, and equity interests in companies, or other assets, including rights and receivables, allowing the Company to improve its competitive position and to strengthen its profitability. Oftentimes, the owners of attractive companies or other attractive acquisition assets also demand consideration in the form of voting stock of the buyer. In order for the Company to be able to acquire such companies or other acquisition assets as well, it must be able to offer consideration in the form of stock. Since such acquisitions in most cases take place on short notice, it is usually not possible to adopt a relevant resolution by the Annual Stockholders' Meeting which only takes place once a year. This requires the creation of authorized capital, which is easily accessible to the Board of Management with the Supervisory Board's approval. In such a case, the Board of Management will ensure that the interests of the stockholders are adequately protected when determining the valuation ratios. The Board of Management will also take into account the market price of the Company's shares. To prevent previously reached negotiation results from being challenged on the grounds of market price fluctuations, a systematic link to the market price is not envisaged. The Board of Management will only exercise this authorization in individual cases if the exclusion of the subscription right is in the well-understood interest of the Company and its stockholders.

The Stockholders' subscription right may also be excluded with the Supervisory Board's approval to the extent required to grant the holders and/or creditors of convertible bonds and/or warrant bonds, profit participation rights and/or income bonds (or any combination of such instruments) issued by the Company or by its direct or indirect affiliated companies new no-par value bearer shares if the conversion or option right is exercised or if the conversion obligation is met.

The addition of borrowed capital through such financing instruments is in the Company's interest, since this form of financing is possible on particularly attractive terms. It is furthermore possible to convert the borrowed capital into equity at a later stage or at least report it in the balance sheet equivalent to equity and, hence, strengthen the Company's capital base. However, such financing can be realized only if it is possible to allocate a sufficient number of no-par value bearer shares of the Company to holders or creditors of the relevant instruments if the conversion right or option is exercised or the conversion obligation is met. This is possible only if the Stockholders' subscription right is excluded.

Lastly, the Stockholders' subscription right may also be excluded with the Supervisory Board's approval if the no-par value bearer shares are issued in an amount that is not significantly below the market price. This authorization enables the Company to cover any potential capital requirements on short notice and to quickly and flexibly exploit market opportunities. The exclusion of the subscription right allows for quick action and placement close to the market price without the reductions in case of rights issues which otherwise are usual on the stock markets due to the high volatility. This allows for further optimization of speedy capital procurement for the Company, in particular since experience has shown that the ability to act more quickly results in a larger cash inflow. Accordingly, this form of capital increase is also in the stockholders' interest.

Any concerns about dilution are addressed by the stipulation that no-par value bearer shares may only be sold at a price that is not significantly lower than the prevailing market price. The Board of Management will endeavour to minimize any discount on the market price, giving due consideration to the current market conditions. In this context, the stockholders are protected by the fact that the discount on the market price at the time of the utilization of the authorized capital must not be significant, i.e., never more than 5% of the current market price. Furthermore, stockholders have the opportunity to maintain their share in the Company's capital stock at any time by purchasing additional shares on the stock exchange.

The capital increase in return for cash under exclusion of the subscription right in accordance with Section 186 Para. 3 Sentence 4 AktG may 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 upper limit for the simplified exclusion of the subscription right shall be reduced by the pro-rated amount of the capital stock attributable to those shares issued or sold during the period of effectiveness of this authorization under exclusion of the subscription right in direct or analogous application of Section 186 Para. 3 Sentence 4 AktG. Furthermore, this limit shall be reduced by shares that have been or must be issued in order to satisfy option or conversion rights if the associated bonds were issued under exclusion of the subscription right in accordance with Section 186 Para. 3 Sentence 4 AktG during the period of effectiveness of this authorization.

In each individual case that leads to an exclusion of the subscription right, the Board of Management shall carefully examine whether the exclusion of the Stockholders' subscription right is in the best interest of the Company and thus also in the best interest of its stockholders.

In the event the aforementioned authorization is exercised, the Board of Management shall report thereon at the Annual Stockholders' Meeting.

Leverkusen, den 19. März 2009

(Dr. Axel C. Heitmann)

(Dr. Werner Breuers)

(Dr. Rainier van Roessel)

(Matthias Zachert)