

**2016 General Meeting
on July 28, 2016**

**Report of the Executive Board
on exclusion of the subscription right in sale of the Company's own shares in
accordance with Section 71 (1) No. 8 Sentence 5 in conjunction with Section
186 (4) Sentence 2 AktG (German Stock Corporation Law):**

The Executive Board and Supervisory Board shall propose to the General Meeting on July 28, 2016, to authorize the Company with effect from July 29, 2016, to acquire its own shares up to July 28, 2021, at a maximum proportional amount of the capital stock of €1,834,755.48 for these shares. The Executive Board shall further be authorized to use shares acquired in the Company, with the consent of the Supervisory Board and excluding shareholders' subscription right, as consideration for the purpose of acquiring companies or holdings in companies. In addition, the Executive Board shall be authorized to exclude shareholders' subscription right in corresponding application of Section 186 (3) Sentence 4 AktG (German Stock Corporation Law) for own shares to an arithmetic amount of up to 5% of the capital stock.

1. The anticipated possible exclusions of the subscription right are justified from the following points of view:
 - a) If the authorization of the Executive Board envisages that the Executive Board, with the consent of the Supervisory Board, can sell shares in the Company for a cash payment with exclusion of the subscription right of shareholders in a way other than on the stock market or through an offering to all shareholders (cf. d) aa)), the Company is to be enabled as a result to issue shares, for example to institutional investors, financial investors or other cooperation partners. The Company is subject to strong competition on the capital markets. Adequate availability of equity is of special importance to the Company's future business development. This also includes the possibility of being able to raise equity on the market at any time and at reasonable terms and if applicable to sell its own shares flexibly within the stated constraints. In this respect, the Company must also be able to tap further groups of investors. In individual cases, this may also require the Company to acquire its own shares and pass on these shares to specific investors. Market-oriented price fixing will ensure

as high as possible proceeds from a sale and the greatest possible strengthening of internal funds. The authorizations to exclude the subscription right of shareholders are thus in the interests of the Company.

- b) The authorization to exclude the subscription right in accordance with d) bb) is intended to enable the Company to hold its own shares so as to be able to offer them as a consideration for acquiring companies or holdings in companies. This form of consideration is increasingly required as a result of globalization of the economy in the face of international and national competition. The proposed authorization will give the Company the flexibility it needs to use its own shares as currency for acquisitions and so to be able to respond flexibly to advantageous offers to acquire companies or holdings in companies.
2. The interests of shareholders will be adequately safeguarded as part of this. As regards the authorization to exclude the subscription right pursuant to d) aa), the following applies:
- a) The authorization is restricted to a maximum total of 5% of the Company's capital stock. The acquired shares in the Company may only be sold to third parties at a price that does not significantly differ from the stock market price of Company shares with the same features at the time of the sale. The applicable stock market price here is the mean value of the closing prices as established in the XETRA trading system (or a comparable successor system) at Frankfurt Stock Exchange during the last three days of trading before sale of the Company's own shares. The relevant stock market price will be determined on the basis of the closing prices at Frankfurt Stock Exchange, which as a whole is a liquid trading center and where there is admission to trading, with the result that the price is as true a reflection as possible. The definitive selling price for the Company's own shares shall be set shortly before sale of the shares by the Executive Board with the consent of the Supervisory Board. The markdown on the stock market price of the euromicron share at the time the authorization is utilized is expected to be no more than 3%, but shall be no more than 5%. Relevant impairment of shareholders' assets is therefore not to be feared.
 - b) If own shares are sold to third parties for a cash payment, shareholders' interests are largely protected by the fact that the own shares sold with exclusion of the subscription right – as a whole and together with other shares issued with exclusion of the subscription right pursuant to Section 186 (3) Sentence 4 AktG (German Stock Corporation Law) from a capital increase or authorized capital – must not exceed 5% of the capital stock that exists at the time of the sale. This ensures in the interests of shareholders that as a result there is no dilution of their stake that could not be compensated for as part of subsequent purchase of shares on the stock market, something that is also assumed by the relevant underlying assessment of legislators in Section 186 (3) Sentence 4 AktG (German Stock Corporation Law).

3. The Executive Board will report to the General Meeting on any use of this authorization.

Frankfurt am Main, in June 2016
euromicron AG
- The Executive Board -