

**SHARE CAPITAL AND VOTING RIGHTS AS WELL AS EXPLANATORY STATEMENT  
WHERE NO RESOLUTION IS TO BE PASSED IN RELATION TO AN AGENDA ITEM  
AND ON RIGHTS OF THE SHAREHOLDERS**



In the following you find further explanation to the Ordinary General Meeting of BAUER Aktiengesellschaft, BAUER-Str. 1, (prior to renaming: Wittelsbacherstr. 5), 86529 Schrobenhausen, to be held on Thursday, June 30, 2011, at 10.00 a.m.

**1. Share capital and voting rights at the time of convening**

At the time of convening the Annual General Meeting (i.e. on May 19, 2011) the share capital of the company totalling EUR 73,001,420.45 is divided into 17,131,000 no-nominal-value bearer shares with the equivalent voting rights. At the time of convening the Annual General Meeting the company holds no treasury shares.

**2. Explanatory statement where no resolution is to be passed in relation to an agenda item**

On agenda item 1 - presentation of the approved annual financial statements of BAUER AG, of the approved consolidated financial statements, of the management report and of the group management report and of the supervisory board's report, in each case for the 2010 financial year, as well as the explanatory report concerning the information pursuant to Sections 289 Subsection 4 and Subsection 5, Section 315, Subsection 4 of the German Commercial Code (HGB) - no resolution is adopted as the law does not foresee a resolution on the approved financial statements and the further documents. The annual financial statements were confirmed by the Supervisory Board and the consolidated financial statements approved on April 14, 2011. The resolution concerning the appropriation of the balance sheet profit is adopted under agenda item 2.

**Underlying law:**

**Section 175 Subsection 1 of the German Stock Corporation Act (AktG):**

“Without undue delay after receipt of the supervisory board's report, the management board shall give notice of a shareholders' meeting to receive the approved annual financial statements and the management report, individual accounts approved by the supervisory board pursuant to Section 325 Subsection 2a of the German Commercial Code and to adopt a resolution on the appropriation of a balance sheet profit, in the case of a parent company (Section 290 Subsection 1, 2 of the German Commercial Code) also to receive the consolidated financial statements and group management report approved by the supervisory board. The shareholders meeting shall be held within the first eight months of the financial year.”

**Section 175 Subsection 2 German Stock Corporation Act (AktG):**

“The annual financial statements, individual account approved by the supervisory board pursuant to Section 325 Subsection 2a of the German Commercial Code, the management report, the supervisory board's report, and the management board's proposal for the appropriation of the balance sheet profit and, in the case of listed companies, an explanatory report concerning the information pursuant to Sections 289 Subsection 4 no. 1 to 5 as well as, Section 315, Subsection 4 of the German Commercial Code shall be displayed for inspection by the shareholders in the offices of the company from the date of notice of the meeting. Upon request, a copy of the presentation shall be issued to each shareholder without undue delay. In the case of a parent company (Section 290 Subsection 1, 2 of the German Commercial Code), sentences 1 and 2 also apply to the consolidated financial statements, the group management report and the supervisory board's report about these. The obligations pursuant to sentences 1 to 3 do not apply, if the documents referred to there are available over the company's website for throughout the same period.”

**Section 176 Subsection 1 German Stock Corporation Act (AktG):**

“The management board shall make the documents specified in Section 175 Subsection 2 and, in the case of listed companies, an explanatory report on the statements pursuant to



Section 289 Subsection 4, Section 315 Subsection 4 of the German Commercial Code available to the shareholders' meeting. At the beginning of the meeting, the management board shall comment on the documents that have been presented and the chairman of the supervisory board shall comment on the report of the supervisory board. In this context, the management board shall also comment on any annual net loss or any loss that has materially adversely affected the annual result. Sentence 3 shall not apply to credit institutions."

**Section 174 German Stock Corporation Act (AktG):**

“(1) The shareholders' meeting shall decide about the appropriation of distributable profits. In this context, the annual financial statements as approved shall be binding on the shareholders' meeting.

(2) The resolution shall specify in detail the appropriation of the balance sheet profit, including in particular the following

1. the balance sheet profit;
2. the amount or value of the property to be distributed to the shareholders;
3. the amounts to be transferred to the profit reserves;
4. any profit carried forward;
5. any additional expense resulting from such resolution.

(3) The resolution does not result in a change of the approved annual financial statements.”

### **3. Additional Information on Shareholder Rights**

#### **3.1. Request for Supplementing the Agenda of the General Meeting**

Shareholders whose shares, in the aggregate, amount to at least one-twentieth of the share capital or the pro rata share of EUR 500,000 (equaling 117,334 shares) may request that items be placed on the agenda and be published. Each new item has to be accompanied by a stating of reasons or a proposed draft resolution. The demand is to be directed to the Board of Management in written form at the following address:

BAUER AG  
- Management Board -  
BAUER-Straße 1  
86529 Schrobenhausen

The applicant shall furnish evidence that they have been holders of the required number of shares for not less than three months prior to the date of the shareholders' meeting, i.e. since minimum March 30, 2011, 0.00 hours. Any supplements to the agenda of the meeting must be received by the Company at least 30 days before the shareholders' meeting, i.e. no later than 24.00 hours on May 30, 2011. Any supplements to the agenda that have to be published will – to the extent that they have not already been published together with the calling of the meeting - will be published without delay in the electronic Federal Gazette and on the Internet of the Company.

**Underlying law:**

**Section 122 Stock Corporation Act (AktG):**

„(1) The shareholders' meeting shall be called if shareholders jointly representing at least one-twentieth of the share capital, demand such meeting in writing, stating the purpose and the reasons of such meeting; such demand shall be addressed to the Management Board. The articles may provide that the right to demand a shareholders' meeting shall require another form and the holding of a lower proportion of the share capital. Section 142 Subsection 2, sentence 2 shall apply mutatis mutandis.

(2) In the same manner, shareholders whose shares amount in aggregate to not less than one-twentieth of the share capital or represent an amount of the share capital corresponding to 500,000 Euros, may demand that items be placed on the agenda and published. Each new item must be accompanied by an explanation or a draft proposal.



The demand within the meaning of sentence 1 shall be provided to the company no later than 24 days, in case of listed companies no later than 30 days, prior to the meeting; the day of receipt shall not be counted.

- (3) If any such demand is not complied with, the court may authorise the shareholders, who have made the demand, to call a shareholders' meeting or publish such items. At the same time, the court may appoint the chairman of the meeting. The notice of the meeting or the publication shall refer to such authorisation. An appeal may be made against such decision.
- (4) The company shall bear the costs of the shareholders' meeting and, in the case of (3), also the court costs if the court has granted such motion."

**Section 142, Subsection 2, sentence 2 Stock Corporation Act (AktG):**

„The parties presenting the motion shall furnish evidence that they have been holders of such shares for not less than three months prior to the date of the shareholders' meeting and that they will hold the shares until a decision on the motion.“

### 3.2. Right of Motions and Proposals for Election

All shareholders are entitled to submit motions relating to agenda items in accordance with Section 126, Subsection 1 Stock Corporation Act or proposals for the election of auditors and/or the members of the supervisory board in accordance with Section 127 Stock Corporation Act. The company will make available motions and proposals for election received from shareholders, including the name of the shareholder, the reason for the submission and any comments of the management in response, at <http://www.bauer.de> under Investor Relations/Annual General Meeting as far as stipulated by law, provided the shareholder has submitted to the company an admissible motion relating to a specific agenda item, together with the reasoning behind it, or an admissible proposal for election, including the legally required information, at least 14 days before the Annual General Meeting – that is, by midnight on June 15, 2011. No reason need be given for a proposal for election. Shareholders are requested to furnish proof of their shareholding when submitting motions or proposals for election.

Motions and proposals for election should be sent only to the following address:

BAUER AG  
Investor Relations  
BAUER-Straße 1  
86529 Schrobenhausen, Germany  
Fax: +49 8252 97-2900  
E-mail: [hv2011@bauer.de](mailto:hv2011@bauer.de)

The Company is under certain circumstances not obliged to make available a counter-motion and the grounds for this need not be made available, if:

- the Management Board would by reason of such communication become criminally liable;
- the counter-motion would result in a resolution of the shareholders' meeting which would be illegal or would violate the articles of association;
- the grounds contain statements which are manifestly false or misleading in material respects or which are libelous;
- a counter-motion of such shareholder based on the same facts has already been communicated with respect to a shareholders' meeting of the company pursuant to section 125 AktG;
- the same counter-motion of such shareholder on essentially identical grounds has already been communicated pursuant to section 125 AktG to at least two shareholders' meetings of



the company within the past five years and at such shareholders' meetings less than one-twentieth of the share capital represented has voted in favor of such counter-motion;

- the shareholder indicates that he will neither attend nor be represented at the meeting; or
- within the past two years at two shareholders' meeting the shareholder has failed to make or cause to be made on his behalf a counter-motion communicated by him.

The statement of the grounds of a admissible counter-motion need not be communicated if it exceeds a total of 5,000 characters. The Management Board of the Company reserves to combine counter-motions and their grounds, when several shareholders raise counter-motions to the same object of resolution.

The preceding clauses shall apply mutatis mutandis to a nomination by a shareholder for the election of a member of the supervisory board or the external auditor. The Company beyond the preceding grounds is also not obliged to communicate such nomination if it fails to contain the name of the nominated person, the occupation held and the place of residence. Nominations for the election of supervisory board members need not be communicated in addition, if details on the candidate's membership in other supervisory boards required by law according to section 125 subsection 1 sentence 5 AktG are not added.

#### **Underlying law:**

##### **Section 126 Stock Corporation Act (AktG):**

- „(1) Motions by shareholders together with the shareholder's name, the grounds and any position taken by the management shall be made available to the persons entitled pursuant to Section 125, Subsection 1 through Subsection 3, subject to the conditions specified therein, provided that the shareholder has submitted at least 14 days before the meeting to the address indicated in the notice convening the meeting a motion counter to a proposal of the Management Board and Supervisory Board as to an item on the agenda together with a substantiation. The date of receipt shall not be counted. In the case of listed companies, access shall be provided via the company's Internet page. Section 125 Subsection 3 shall apply mutatis mutandis.
- (2) A counter-motion and the grounds for this need not be made available, if:
1. the Management Board would by reason of such communication become criminally liable;
  2. the counter-motion would result in a resolution of the shareholders' meeting which would be illegal or would violate the articles of association;
  3. the grounds contain statements which are manifestly false or misleading in material respects or which are libelous;
  4. a counter-motion of such shareholder based on the same facts has already been communicated with respect to a shareholders' meeting of the company pursuant to Section 125;
  5. the same counter-motion of such shareholder on essentially identical grounds has already been communicated pursuant to Section 125 to at least two shareholders' meetings of the company within the past five years and at such shareholders' meetings less than one-twentieth of the share capital represented has voted in favor of such counter-motion;
  6. the shareholder indicates that he will neither attend nor be represented at the meeting; or
  7. within the past two years at two shareholders' meeting the shareholder has failed to make or cause to be made on his behalf a counter-motion communicated by him.
- The statement of the grounds need not be communicated if it exceeds a total of 5,000 characters.
- (3) If several shareholders make counter-motions for resolution in respect to the same subject matter, the Management Board may combine such counter-motions and the respective statements of the grounds.“



**Section 127 Stock Corporation Act (AktG):**

„§ 126 shall apply mutatis mutandis to a nomination by a shareholder for the election of a member of the supervisory board or the external auditor. Such nomination need not be supported by a statement of the grounds therefore. The management board also need not communicate such nomination if it fails to contain the particulars required by Section 124 Subsection 3 Sentence 3 and Section 125 Subsection 1 Sentence 5.“

**Section 124 Subsection 3 Sentence 4 Stock Corporation Act (AktG):**

„The proposal for the election of the supervisory board members or auditors of the annual financial statements shall state their name, practiced profession and place of residence.“

**Section 125 Subsection 1 Sentence 5 Stock Corporation Act (AktG):**

„In the case of listed companies, any nomination for the election of supervisory board members shall be accompanied by information concerning membership of such nominees in other supervisory boards required by law; information concerning their membership in comparable domestic and foreign supervisory bodies of commercial enterprises shall also be attached.“

### 3.3. Right of Information

At the Annual General Meeting, all shareholders have a right to receive information on demand from the Management Board concerning matters relating to the company, providing the said information is necessary to obtain an accurate assessment of the agenda item in question. The duty to disclose information also extends to the legal and commercial relations of the company with an affiliated company. A parent company's management board's duty to inform in the shareholders' meeting that considers the consolidated financial statements and consolidated management report shall extend to the status of the group and the companies included in the consolidated financial statements.

If information is refused to a shareholder, he may demand, that his question and the reason because of which the information was refused be recorded in the minutes of the meeting.

Further on the chairman has the right to stipulate adequate restrictions on speaking times and question times of the shareholders according to section 131 subsection 2 sentence 2 AktG in combination with Article 17 paragraph 2 of the Articles of Association of the Company. He is in particular entitled at the beginning of the shareholder meeting or during its course to determine adequate restrictions on the question time and speaking time regarding the course of the shareholder meeting, regarding single agenda items and regarding single speakers and to order that a debate is brought to an end, as far as required for a due accomplishment of the shareholder meeting.

To facilitate accurate response, shareholders and their proxies wishing to ask questions at the shareholder meeting are kindly requested to submit such questions as early as possible to the address mentioned under no. 3.2 above. This submission is not a formal requirement in terms of receiving a reply to a question. The right of information remains unaffected.

**Underlying law:**

**Section 131 Stock Corporation Act (AktG):**

„(1) Each shareholder shall upon request be provided with information at the shareholders' meeting by the management board regarding the company's affairs, to the extent that such information is necessary to permit a proper evaluation of the relevant item on the agenda. The duty to provide information shall also extend to the company's legal and business relations with any affiliated company. If a company makes use of the simplified procedure pursuant to Section 266 Subsection 1 Sentence 3, Section 276 or Section 288 of the Commercial Code, each shareholder may request that the annual financial statements be presented to him at the shareholders' meeting that considers the annual



financial statements in the form which would have been used if such provisions on simplified procedure were not applied. A parent company's (Section 290 Subsection 1 and Subsection 2 of the Commercial Code) management board's duty to inform in the shareholders' meeting that considers the consolidated financial statements and consolidated management report shall extend to the status of the group and the companies included in the consolidated financial statements.

- (2) The information provided shall comply with the principles of conscientious and accurate accounting. The articles or the rules of procedure pursuant to Section 129 may authorize the chairman of the meeting to limit the number of questions and speaking time of shareholders as appropriate and to lay down details thereon.
- (3) The management board may refuse to provide information,
  1. to the extent that providing such information is, according to sound business judgment, likely to cause material damage to the company or an affiliated enterprise
  2. to the extent that such information relates to tax valuations or the amount of certain taxes
  3. with regard to the difference between the value at which items are shown in the annual balance sheet and the higher market value of such items, unless the stockholders' meeting is to approve the annual financial statements
  4. with regard to the methods of classification and valuation, if disclosure of such methods in the notes suffices to provide a clear view of the actual condition of the company's assets, financial position and profitability within the meaning of Section 264 Subsection 2 of the Commercial Code; the foregoing shall not apply if the stockholders' meeting is to approve the annual financial statements
  5. if provision thereof would render the management board criminally liable
  6. if in the case of a credit institution or financial services institution information about the applied balance sheet and valuation methods or calculations made in the annual financial statements, the management report, the consolidated annual financial statement or the group's management report need not be given
  7. if the information is continuously available on the company's internet page seven or more days prior to the stockholders' meeting as well as during the meeting.

The provision of information may not be refused for other reasons.
- (4) If information was provided to a shareholder outside of the shareholders' meeting in his capacity as shareholder, it must be provided to every other shareholder upon request during the shareholders' meeting, even if it is not necessary to properly assess the item of the agenda. The management board must not refuse to provide information pursuant to subsection 3 sentence 1 No. 1 to 4. Sentences 1 and 2 do not apply, if a subsidiary (Section 290 Subsection 1, 2 of the German Commercial Code), a joint venture company (Section 310 Subsection 1 of the German Commercial Code), or an associated company (Section 311 Subsection 1 of the German Commercial Code) provides the information to a parent company (Section 290 Subsection 1, 2 of the German Commercial Code) for purposes of including the company in the consolidated financial statements of the parent company and if the information is required for this purpose.
- (5) If information is refused to a shareholder, he may demand that his question and the reason because of which the information was refused be recorded in the minutes of the meeting."

**Article 17 paragraph 2 of the Articles of Association of the Company**

"The chairman directs the meeting. He determines the order in which the items on the agenda are discussed as well as the type and sequence of voting procedures. He determines the sequence of the speakers and the treatment of the items on the agenda and can, as far as legally admissible, decide to combine related subjects of decisions to form one item on which a decision is taken and stipulate reasonable restrictions to speaking times and question times for the entire course of the Annual General Meeting, for individual items on the agenda and for individual speakers at the beginning or during the course of the Annual General Meeting and, as far as required to hold the Annual General Meeting in an orderly fashion, order that a debate is brought to an end."