

# Explanatory report on the disclosures pursuant to § 176 (1) of the German Stock Corporation Act (AktG), § 289 (4) and § 315 of the German Commercial Code (HGB)

## Composition of capital

As of December 31, 2015, the company's share capital amounts to € 109,334,686 and is divided into 109,334,686 ordinary bearer shares with a nominal value of € 1 per share.

## Restrictions on voting rights or on the transfer of shares

There are no restrictions on voting rights or on the transfer of MLP AG's shares.

## Capital stakes

The German Securities Trading Act (WpHG) requires any investor whose share of voting rights reaches, exceeds or falls below certain thresholds as the result of purchases, disposals or otherwise, to notify the company and the German Federal Financial Supervisory Authority (BaFin) thereof. The lowest threshold for the duty of notification to apply is 3%. Any stakes that reach or exceed 10% of voting rights must be recorded in this explanatory report. MLP AG has been notified of two shareholders who directly or indirectly exceeded 10% of the voting rights:

	Number of shares*	Shareholding*
Dr. h.c. Manfred Lautenschläger, Gaiberg <sup>1</sup>	25,383,373 <sup>1</sup>	23.22%
Angelika Lautenschläger Beteiligungen Verwaltungs GmbH, Gaiberg	22,796,771	20.85%

\* Status known to MLP AG as of December 31, 2015

<sup>1</sup> Based on information provided by Dr. h.c. Manfred Lautenschläger, 22,796,771 voting rights (=20.85% of the share capital of MLP AG) are attributable to him by Angelika Lautenschläger Beteiligungen Verwaltungs GmbH in accordance with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG).

## Shares with special control rights

Shares which confer special control rights have not been issued.

## System of control of any employee share scheme where the control rights are not exercised directly by the employees

Where MLP AG has in the past issued shares to employees within the scope of its employee participation programme, these shares were transferred to the employees directly. Said employees can or could then exercise the control rights granted by the shares issued directly in line with the legal requirements and the company's Articles of Association.

## Legal stipulations and provisions of the Articles of Association regarding the appointment and replacement of members of the Executive Board

The appointment and replacement of members of the Executive Board are governed by §§ 84 and 85 of the German Stock Corporation Act (AktG). The company's Articles of Association specify that the Executive Board must comprise at least two people. The members of the Executive Board are appointed for a maximum of five years. A further appointment or extension of the time in office, each for a maximum of five years, is permitted. The Supervisory Board can terminate the appointment of a member of the board before the time in office expires for important reasons. Such reason could be a gross breach of duty, inability to manage the company properly or a vote of no confidence by the Annual General Meeting. The Supervisory Board decides on the number of board members, their appointment and the withdrawal of their appointment as well as the conclusion, alteration and termination of the employment contracts with board members. The Supervisory Board can appoint one Chairman and one or more Vice Chairmen.

## Amendments to the company's Articles of Association

In accordance with § 179 (1) of the German Stock Corporation Act (AktG), each amendment to the Articles of Association requires a resolution by the Annual General Meeting. In deviation from § 179 (2) Sentence 1 of the German Stock Corporation Act (AktG), § 17 (4) of the company's Articles of Association stipulates that resolutions on amendments to the Articles of Association can be passed by the Annual General Meeting with a simple majority of the share capital votes entitled to vote on the resolution, unless a greater majority is required due to overriding legal requirements. However, the Supervisory Board is authorised, pursuant to § 21 of the company's Articles of Association, to make amendments to the company's Articles of Association that affect the version.

## Authority of the Executive Board to issue or buy back shares

A resolution passed by the Annual General Meeting on June 5, 2014 authorised the Executive Board, with the consent of the Supervisory Board, to increase the company's share capital on one or more occasions by up to € 22 million in total by June 5, 2019 by issuing new ordinary bearer shares in exchange for cash or non-cash contributions and, with the Supervisory Board's consent, to exclude the shareholders' subscription rights for the issuance of shares in exchange for non-cash contributions. On the basis of this authorisation and with the consent of the Supervisory Board, the Executive Board utilised the resolution from July 27, 2015 to increase the company's share capital by € 1,456,948.00 by issuing 1,456,948 ordinary bearer shares in MLP AG to Mr. Gerhard Schwarzer in return for shares in Schwarzer Familienholding GmbH, the parent company of the DOMCURA Group, thereby excluding the subscription right. The Executive Board is therefore still authorised to increase the share capital by up to € 20,543,052 million in the aforementioned scope.

If the share capital is increased in exchange for cash contributions, the shareholders are to be granted a subscription right. However, the Executive Board has been authorised, with the approval of the Supervisory Board, to exclude the subscription right of the shareholders if the issue price does not fall significantly short of the stock market price of company shares with the same structure. However, this authorisation is subject to the condition that shares issued in exclusion of subscription rights as per § 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) do not exceed 10% of the share capital, either at the time of coming into effect or at the time they are exercised (authorised capital).

A resolution passed at the Annual General Meeting on June 6, 2013 authorised the Executive Board to buy back own shares on one or more occasions with a pro rata amount of capital stock represented by such shares of up to € 10,787,773 until June 5, 2018. No shares were bought by the company on the basis of this authorisation up to December 31, 2015.

## Significant agreements to which the company is a party that take effect in the event of a change of control of the company following a takeover bid

There are no significant agreements that take effect in the event of a change of control of the company following a takeover bid.

## Settlement agreements between the company and Executive Board or employees in the event of a takeover bid

The contracts of employment between the company and the Chairman of the Board, Dr. Uwe Schroeder-Wildberg, and Executive Board members Manfred Bauer and Reinhard Loose contain a clause stating that said members are entitled to terminate their contracts with a notice period of one month in the event that a third party who had a share in MLP of less than 10% at the time at which the contracts were concluded acquires a share of at least 50% of the voting rights. If any of these Executive Board members chooses to exercise this right to terminate, MLP is obliged to pay said member remuneration corresponding to four times (4x) the respective fixed annual salary if the contract has not been terminated as a result of the change in control, provided that the respective contract is terminated more than two years before it reaches its normal termination date. For all members of the Executive Board, the remuneration to be paid in the event of a "change of control" corresponds to no more than twice the average remuneration, based on the total remuneration of the last full financial year prior to termination of their contract and the total anticipated remuneration for the year still in progress when their contract is terminated. The service contract of Dr. Schroeder-Wildberg is set to run until December 31, 2017, the service contract of Mr. Bauer is set to run until April 30, 2020 and the service contract of Mr. Reinhard Loose is set to run until January 31, 2019. In the case of a termination of contract within two years of the scheduled termination date, the severance payment will only be paid pro rata temporis.