

**MLP AG is planning to change its corporate form – from a German stock corporation (AG) to a European company (Societas Europaea or "SE"). However, this step requires the consent of the Annual General Meeting on June 29, 2017 which, among other things, must approve MLP SE's articles of association.**

**We have therefore drawn up a summary for our shareholders of the most important questions and answers in and around the change in corporate form and its effects:**

### **What is an SE?**

The SE (Societas Europaea) is a supranational legal form for companies in the European Union and European Economic Area that is based on European law.

### **Why should MLP AG change its corporate form to an SE?**

The SE legal form is the only supranational legal form of a stock corporation under European law that is available to a listed stock corporation operating out of Germany.

### **What advantages will this change in corporate form offer MLP?**

It presents an opportunity to collaborate with representatives from the European workforce and develop an employee participation model tailored specifically to the requirements of the company. The Supervisory Board will continue to comprise an appropriate number of members. To date the Supervisory Board comprises six members, four of whom are shareholder representatives and two of whom are employee representatives. If the number of employees were to increase to more than 2,000 (for example within the scope of an acquisition), MLP would need to increase the number of members on its Supervisory Board to twelve in order to comply with German stock corporation (AG) laws, although this would not be representative of the company's size and would also complicate decision-making chains and lead to additional long-term costs. As a European company (SE), on the other hand, it is possible to keep the current number of members, which has proven effective to date. The current ratio of shareholder representatives and employees can also remain the same, meaning that one third of members will be employees' representatives.

### **How does the actual conversion process work?**

The prerequisite is that the Annual General Meeting gives consent for the change of corporate form on the basis of the conversion plan presented by the Executive Board and also approves MLP SE's articles of association. This requires more than just a simple majority, as at least three quarters of the share capital represented at the time of the resolution must vote in favour of the resolution. The employee participation procedure at the SE must also be established. In the case of MLP, this is likely to end with conclusion of a participation agreement between corporate management and the employee representatives. The change of corporate form takes effect when entered in the company's commercial register at Mannheim district court.

### **When will the entry in the commercial register be made?**

At the earliest, the entry in the commercial register can be made after expiry of the one-month period for submitting a challenge against the resolution on the change in corporate form. This period is calculated starting from the day of the Annual General Meeting itself on June 29, 2017. Should the employee participation process not yet be complete by the time this one-

month period has expired, the company must wait until this process is complete and only then can the Executive Board at MLP AG register the change of corporate form for entry in the commercial register.

### **What majority is required in order to approve the resolution of the Annual General Meeting on the change of corporate form?**

The approval resolution requires a simple majority of the valid votes submitted and a majority of three quarters of the share capital represented at the time of the vote.

### **Will the change in corporate form lead to changes in how future Annual General Meetings are held?**

The SE Regulation primarily makes reference to German law for the preparation and execution of Annual General Meetings. In this respect, there will therefore not be any changes. However, one new aspect is that the Regular Annual General Meeting must in future be held in the first six months of the financial year, while German law stipulates that it must be held in the first eight months.

### **What effects will the change in corporate form have on the rights of shareholders?**

As a general rule, the change of corporate form will not have any effects on shareholder rights. This is particularly true of the right to request information within the scope of the Annual General Meeting. With regard to the right of a qualified minority of shareholders to demand convocation of an Annual General Meeting or to add items to the agenda of an Annual General Meeting, the rules for the SE are actually even more shareholder friendly. This is because, unlike a German stock corporation (AG), they do not require evidence of a certain shareholding to be produced in the run-up to the application.

### **How will the European employees be involved in decisions made at MLP SE?**

Within the scope of the change in corporate form from an AG (German stock corporation) to an SE (European company), the company must establish a process for participation of the European employees in the future SE. This aims at securing the rights acquired by the employees of the AG regarding their participation in decisions made by the company. The objective of this process is to conclude a participation agreement, which must specify both the codetermination of the European employees on the Supervisory Board at the SE and the process for informing and consulting the European employees, for example by establishing an SE works council. At least the same scope of employee rights secured at the AG (German stock corporation) must be guaranteed. This applies in particular to the maintenance of a tripartite Supervisory Board structure with employee representatives.

The employee participation process at the future MLP SE is currently still in the negotiation phase. Over a period of around 3 months to date, negotiations have been held between corporate management and the workforce representatives from the countries of the European Union and the European Economic Area. These negotiations are likely to result in conclusion of a participation agreement on the codetermination of the European employees on the Supervisory Board at the SE, as well as the process for informing and consulting the European employees through establishment of an SE works council.

### **How much will it cost to implement the change of corporate form?**

We are anticipating a maximum figure of approximately €1.25 million.

### **What effects will result from the change of corporate form with regard to company law and the balance sheet?**

The conversion of MLP AG into an SE (European company) has resulted neither in MLP AG being dissolved, nor any new legal entity being established. The legal and economic identity of the company remains intact following the change in corporate form. As such, no asset transfer is to be performed. Large sections of the legislation governing the future MLP SE correspond to the legislation governing a German stock corporation (AG). With regard to financial statements, the management report, consolidated financial statements and the group management report, the same rules apply to the SE as the AG.

### **What will the change of corporate form mean for the shareholders?**

The holdings of the shareholders remain unaffected by the change of corporate form to an SE. They will retain the same number of shares that they held directly before the change of corporate form from MLP AG to MLP SE comes into effect. The proportionate participation of each ordinary share in the share capital also remains the same as it was directly prior to implementation of the change in corporate form. With regard to the entitlement of shareholders to dividends, there are no differences between MLP AG and MLP SE. The Annual General Meeting will also continue to reach decisions on how to use unappropriated profit.

### **What tax effects are associated with the change of corporate form?**

We expect the changeover in the company's corporate form to an SE (European company) to be income tax neutral and that neither German VAT nor land transfer tax will be due. MLP also does not expect the change of corporate form to lead to any taxable profit or tax loss for the shareholders. MLP SE is to be treated like a German stock corporation and will, as was the case at MLP AG, be subject to corporation and business tax. For shareholders in MLP SE, any divestment of shares in MLP SE will generally be handled the same as divestment of shares in MLP AG, insofar as the applicable legislation or actual relationships do not change. The same applies to dividend distributions.

### **What does the change in corporate form mean for the shares and the stock market listing?**

The change in corporate form from MLP AG to MLP SE will not have any serious effects on the shares in the company or the stock market listing. Since the change in corporate form leaves the legal identity of the company untouched, the shareholders in MLP AG will become shareholders in MLP SE after the process. Trading of MLP shares on the stock exchange will also not be impaired or negatively impacted by the change in corporate form. The listing will simply be changed to the new "SE" designation due to the change of name.

### **Will the securities identification code of the shares change as a result of the change in corporate form?**

No, the securities identification code of the MLP share remains unaffected by the change in corporate form.

### **Will the change in corporate form have any effect on current orders?**

No, as the securities identification code will not change, the change of corporate form does not have any effect on current orders. These can therefore continue to be processed as normal.

**What does the change in corporate form mean for the company's corporate governance?**

One special feature of the SE corporate form over the AG (German stock corporation) form lies in the more flexible corporate governance, in other words in the structures for managing and monitoring the company. An SE has the right to choose between a monistic and a dualistic system. While the dualistic system uses two executive bodies for management, one of which runs the actual business and the other of which monitors their actions, with a monistic system there is only one executive body, which manages the company, determines the basics of its actions and monitors their implementation (see also § 22 (1) of the SE Implementation Act (SEAG)). A German stock corporation (AG), on the other hand, has no choice but to employ the dualistic system, whereby the Executive Board acts as the management body and the Supervisory Board as the monitoring body.

MLP SE's articles of association stipulate the dualistic system for the company with a management body (Executive Board) and supervisory body (Supervisory Board). The change in corporate form will therefore not lead to any fundamental change in corporate governance at the company.