

Conversion Report

pursuant to sect. 37 para. 4 SE-VO

of the Management Board of
Ströer Media AG

about the form-changing conversion
of Ströer Media AG
into
a European Company
(Societas Europaea, SE)

under the company name
Ströer Media SE

Table of Contents

| | | |
|-----------|--|---------------|
| A. | Prefaces | - 5 - |
| B. | Ströer AG | - 6 - |
| | I. General Information..... | - 6 - |
| | II. Business activities, business development, participations..... | - 6 - |
| | I. Business model | - 7 - |
| | II. Segments and organisational structure | - 7 - |
| | III. External advertising | - 7 - |
| | IV. Online business | - 7 - |
| | V. Participations and sites | - 8 - |
| | VI. Business development 2013..... | - 8 - |
| | III. Company-Law Situation | - 11 - |
| | 1. Bodies of Ströer Media AG | - 11 - |
| | a) Management Board | - 11 - |
| | b) Supervisory Board | - 12 - |
| | c) General Meeting..... | - 13 - |
| | 2. Capital situation, shares and shareholders..... | - 13 - |
| | a) Share capital..... | - 13 - |
| | b) Authorized capital I..... | - 13 - |
| | c) Authorized capital II | - 14 - |
| | d) Conditional capital 2010 and 2013 | - 14 - |
| | e) Own shares | - 15 - |
| | f) Stock Listing..... | - 15 - |
| | g) Shareholders..... | - 15 - |
| | 3. Corporate Governance | - 16 - |
| C. | Essential aspects of conversion | - 16 - |
| | I. Essential aspects..... | - 16 - |
| | II. Costs of conversion | - 17 - |
| D. | Comparison of the legal situation of the shareholders of Ströer AG and the shareholders of Ströer SE, differences due to legal form | - 17 - |
| | I. The SE / legal basics of the SE..... | - 18 - |
| | II. Company name, registered seat, commercial register | - 18 - |
| | III. Capital of the SE, shares and capital measures | - 19 - |
| | IV. Reporting obligations according to the WpHG | - 20 - |
| | V. Corporate management in the SE / bodies of the SE | - 20 - |
| | 1. Overview | - 20 - |
| | 2. Management Board / management body | - 21 - |
| | 3. Supervisory board / supervisory body | - 24 - |
| | 4. German Corporate Governance Code | - 25 - |
| | 5. General meeting | - 26 - |
| | VI. Accounting/annual statement/consolidated statement | - 29 - |
| | VII. Company dissolution, liquidation and inability to pay | - 29 - |
| | VIII. Corporate law..... | - 30 - |
| | IX. Punishment and fine provisions | - 30 - |
| E. | Process and procedural steps of the conversion | - 30 - |
| | I. Conversion plan | - 30 - |
| | 1. Setup | - 30 - |

| | | |
|-------|--|--------|
| 2. | Disclosure | - 31 - |
| II. | Conversion Report..... | - 31 - |
| III. | Conversion audit..... | - 31 - |
| IV. | Approval of the general meeting | - 32 - |
| V. | Performance of the procedure for employee participation in Ströer SE | - 32 - |
| VI. | Constitution of the supervisory board of Ströer SE and appointment of the new management board members..... | - 33 - |
| VII. | Registration in the commercial register | - 34 - |
| F. | Explanation of the conversion plan | - 34 - |
| I. | Preface | - 34 - |
| II. | Conversion of Ströer AG into Ströer SE (§ 1 conversion plan) | - 34 - |
| III. | Taking effect of the conversion (§ 2 conversion plan)..... | - 35 - |
| IV. | Company name, seat and articles of association of Ströer SE (§ 3 conversion plan)..... | - 35 - |
| V. | Share capital, participation situation, authorized and conditional capital, no cash compensation (§ 4 conversion plan)..... | - 35 - |
| VI. | Bodies of the new Company (§ 5 conversion plan) | - 37 - |
| VII. | Management Board (§ 6 conversion plan)..... | - 38 - |
| VIII. | Supervisory board (§ 7 conversion plan)..... | - 38 - |
| IX. | Information on the procedure on the agreement about participation of employees (§ 8 conversion plan)..... | - 38 - |
| 1. | Basics (§ 8.1 conversion plan) | - 39 - |
| 2. | Initiation of the procedure (§ 8.2 conversion plan) | - 39 - |
| 3. | Constituting the BVG (§ 8.3 conversion plan)..... | - 39 - |
| 4. | Negotiations between the management board of Ströer AG and the BVG (§ 8.4 conversion plan)..... | - 41 - |
| 5. | Agreement about participation of the employees at Ströer SE (§ 8.5 conversion plan) | - 41 - |
| 6. | Costs (§ 8.6 conversion plan)..... | - 42 - |
| X. | Other effects of the conversion on the employees and their representations (§ 9 conversion plan) | - 42 - |
| XI. | Auditor (§ 10 conversion plan) | - 43 - |
| XII. | No further rights or special benefits (§ 11 conversion plan)..... | - 43 - |
| XIII. | Founding/conversion costs (§ 12 conversion plan) | - 43 - |
| G. | Explanation of the new Articles of Association of Ströer SE..... | - 44 - |
| I. | General provisions (§§ 1 to 3 Ströer SE's articles of association) | - 44 - |
| 1. | § 1 Company name, seat and duration..... | - 44 - |
| 2. | § 2 Object of the company | - 44 - |
| 3. | § 3 Announcement and medication of information..... | - 44 - |
| II. | Share capital and shares (§§ 4 to 7 of Ströer SE articles of association)..... | - 45 - |
| 1. | § 4 Height and structure of the share capital | - 45 - |
| 2. | § 5 Authorized capital 2014..... | - 45 - |
| 3. | § 6 Conditional capital..... | - 47 - |
| 4. | § 6 A Conditional capital 2013 | - 47 - |
| 5. | § 7 Bearer shares, share certificates | - 47 - |
| III. | Organisation..... | - 47 - |

| | | |
|--------------|--|---------------|
| IV. | The management board (§§ 8 to 10 of Ströer SE's articles of association) | - 48 - |
| 1. | § 8 Composition and rules of procedure | - 48 - |
| 2. | § 9 Representation of the company | - 49 - |
| 3. | § 10 Transactions requiring approval | - 49 - |
| V. | The supervisory board (§§ 11 to 15 of Ströer SE articles of association) | - 49 - |
| 1. | § 11 Composition, term of office and putting down office | - 49 - |
| 2. | § 12 Chairman and deputies | - 50 - |
| 3. | § 13 Convening and passing of resolutions | - 50 - |
| 4. | § 14 Procedural rules of the supervisory board, changes to the articles of association | - 51 - |
| 5. | § 15 Compensation | - 51 - |
| VI. | General meeting (§§ 16 to 20 of Ströer SE's articles of association) | - 52 - |
| 1. | § 16 Place and convening | - 52 - |
| 2. | § 17 Participation in/transfer to the general meeting | - 52 - |
| 3. | § 18 Voting rights | - 52 - |
| 4. | § 19 Chairman of the general meeting | - 53 - |
| 5. | § 20 Passing of resolutions | - 53 - |
| VII. | Annual statement (§§ 21 to 23 of Ströer SE's articles of association) | - 54 - |
| 1. | § 21 Business year, accounting | - 54 - |
| 2. | § 22 Use of the annual surplus | - 54 - |
| 3. | § 23 Profit utilisation and scale for profit sharing of the shareholders | - 54 - |
| VIII. | Founding/conversion costs; severability | - 55 - |
| H. | Effects of conversion | - 55 - |
| I. | Effects on the shareholders | - 55 - |
| 1. | Continuity of the share situation | - 55 - |
| 2. | Continuity of the dividend rights | - 56 - |
| 3. | Information obligations according to WpHG | - 56 - |
| 4. | Share deeds and stock listing | - 56 - |
| II. | Balance sheet effects | - 57 - |
| III. | Tax effects | - 57 - |
| IV. | Effects on the employees | - 58 - |

A. Prefaces

The management board and supervisory board of Ströer Media AG (hereinafter also: "**Ströer AG**" or "**Company**") have decided to suggest to the proper general meeting on 18 June 2014 to convert Ströer AG to a European Company (Societas Europaea) ("**SE**") (pursuant to sect. 2 para. 4 in conjunction with sect. 37 of regulation (EC) no. 2157/2001 of the Council from 8 October 2001 about the Statute of European Companies ("**SE-VO**").

The legal basis for the form-changing conversion comprises the SE-VO, the SEAG (law about the execution of regulation (EC) no. 2157/2001 of the Council from 8 October 2001 about the statute of European Companies from 22 December 2004) and the SEBG (law about the participation of employees in a European Company from 22 December 2004), implementing directive 2001/86/EC of the Council from 8 October 2001 to supplement the statute of European Companies regarding the involvement of employees ("**SE-participation directive**") Furthermore, the implementation provisions on the SE-participation directive in the other member states of the European Union and contracting states of the convention on the European Economic Area where Ströer AG employs employees are applied.

The management board of Ströer AG has drawn up a conversion plan for the form-changing conversion of Ströer AG to a SE. The conversion plan includes the new articles of association of Ströer Media SE (hereinafter also: "**Ströer SE**") as an Annex. The conversion plan with Annex was notarised on 30 April 2014 (deed no. 799 / 2014 P of notary public Dr. Klaus Piehler, office resident in Cologne) (hereinafter: "**conversion plan**"). Performance of the conversion requires, among others, that the general meeting of the company consents to the conversion plan and approves the new articles of association of Ströer SE. The conversion will be effective from the time of entry of the SE in the commercial register.

This conversion report presented by the management board of the company purs. to sect. 37 para. 4 SE-VO is to serve formation of opinion and decision-making of the shareholders of Ströer AG about the suggested conversion to the legal form of SE. It explains and justifies specifically the legal and economic aspects of conversion and presents the effects that the transfer to the legal form of the SE has for the shareholders and for the employees.

B. Ströer AG

I. General Information

Ströer AG was founded in 1994 as a GmbH and converted to a public company under German law in 2002. Ströer AG is **headquartered** in Cologne and entered in the commercial register of the district court Cologne under HRB 41548. The company's **business address** is Ströer Allee 1, 50999 Cologne. The company's **business year** corresponds to the calendar year.

The **object of the company** Ströer AG purs. to § 2 para. 1 of the articles of association is the work of a managing holding, i.e. a combination of companies that offer consulting and other economic tasks and services for companies that are active in the area of media, advertisement, marketing, communication and connected services. This comprises specifically, but not solely, companies from the areas of:

- Outdoor advertising (management of advertising carriers of the respective company and third companies as well as marketing of the advertising areas of such advertising carriers) as well as
- Online advertising (mediation and marketing of online advertising areas as well as provision and further development of technology).

Company may also take action in the areas of activity named, specifically all connected transactions and measures.

Additionally, Ströer AG may implement its object wholly or partially directly and indirectly purs. to § 2 para. 2 and may participate in other companies of the same or similar type in the country and outside of it or to found such companies, purchase and sell them; it may found, purchase, manage and sell participation in companies of all types for investment purposes and limit itself to the administration of the participations. Company may grant guarantees or loans to companies in which it holds direct or indirect participations, assume their liabilities or support them otherwise.

II. Business activities, business development, participations

Ströer Media AG and its subsidiaries is one of the leading providers of marketing of outdoor and online advertising areas and offers the advertising customers customised and integrated communications solutions. Ströer AG acts as a holding company and coordinates the strategic alignment of Ströer group as well as financing and liquidity of the group.

I. Business model

The business model of Ströer AG and its subsidiaries based on the offer of external advertisement on classic media ("*Out-of- Home*", "*OOH*") and the screens installed in train stations and shopping centres for the digital Out-of-Home-Channel ("*DOOH*") as well as the online display and video marketing via stationary internet and via mobile end devices and tablets. With about 90 offices across Europe, Ströer maintains relationships with contracting partners and offers advertising customers a great number of various communication options at the same time. The sales organisations in the respective countries control the target group analyses and market research, support sales and marketing activities and serve regional and national advertisers, media agencies and special agents.

Ströer group employs a total of approx. 2,223 employees in the core markets of Germany, Turkey and Poland, as well as in Belgium, the Netherlands, Spain, Great Britain, Hungary, the Czech Republic and New Zealand.

II. Segments and organisational structure

Ströer group has bundled its business in four segments that are independently active on the market as a group holding in close cooperation with Ströer AG. The classic area of the outdoor advertising (OOH and DOOH activities) is summarised in three segments under regional aspects: the segment Ströer Germany, the segment Ströer Turkey and the segment others, which comprises the business in Poland and the giant poster business BlowUP. The area of online activities forms the fourth segment "online" and contains all activities of the online/mobile display and video marketing, including the required technology platforms.

III. External advertising

The basis of the external advertising business is the portfolio of contracts with private and public property and building owners through which Ströer acquires advertising rights licenses for sites with a strong reach. The product range in external advertising covers all advertising forms that are used externally - from classic poster media (Billboard) to advertising in waiting halls (Street Furniture) and transport to digital and interactive offers. The portfolio is made up of more than 280,000 marketable advertising areas in Europe.

IV. Online business

In the online segment, Ströer group offers digital advertising areas online and on mobile end devices. Under the interim holding Ströer Digital Group GmbH, essentially the subsidiaries Ströer Digital Media GmbH, Ströer Mobile Media GmbH, Ströer Primetime GmbH, adscale GmbH, Business Advertising GmbH and MBR Targeting GmbH are

bundled. With its subsidiaries, Ströer Digital Group holds a leading position in advertising marketing in Germany, covering the entire value-added chain of digital marketing from classic online banner ads to special advertising formats and individual advertising integration to video and mobile advertising. The comprehensive offer of different advertising formats, the comprehensive portfolio of attractive advertising environments and the technology solutions enable Ströer Digital Group to meet demand for branding (image campaigns) as well as performance campaigns (transaction-oriented solutions). Ballroom International Group offers comparable communication solutions with a special focus to the foreign core markets of Poland and Turkey. All in all, Ströer achieves about 100 M unique users per month on the core markets.

V. Participations and sites

The following overview as of 31 December 2013 indicates the essential participation structure and its assignment to the core markets in a simplified manner:

| Ströer Media AG | | | | | | |
|----------------------------|-------------------------------|---|--------------------------|-----------------------------------|---------------------------|---|
| | 100% | 90% | 100% | 90% | 100% | 62.3% |
| Management company | Ströer Media Deutschland GmbH | Ströer Kentvizyon Reklam Pazarlama A.S. | Ströer Polska Sp. z o.o. | BlowUP Media GmbH | Ströer Digital Group GmbH | Ballroom International CEE Holding GmbH |
| Geographical activity | Germany | Turkey | Poland | Germany/GB/ Benelux/Spain/ France | Germany | Germany/Hungary, Turkey/Poland/Czech Republic |
| Subsidiaries ¹⁾ | 22 | 2 | 4 | 6 | 10 | 14 |
| Sales by segment 2013 | EUR 421m | EUR 95m | EUR 56m | | EUR 64m | |
| Segment | Germany | Turkey | Other | | Online | |

¹⁾ Number of fully and proportionately consolidated companies

(Source: Annual Report 2013)

VI. Business development 2013.

The revenue of Ströer group increased by EUR 74,2 M in comparison to the prior year to EUR 634.8 M in the business year of 2013. Out of this increase, EUR 64.4 M is due to the online marketing companies purchased step by step in the course of 2013 and EUR 9.9 M for the out-of-home business. The organic growth of the group was 3.5 percent in 2013.

The improved revenue development caused the operational EBITDA to develop accordingly positive and rose to EUR 118.0 M in the business year of 2013 (prior year: EUR

107.0 M). The operational EBITDA margin in the business year of 2013 was 18.6 percent and thus by 0.5 percentage points below the prior year's value. This development is specifically due to the lower EBITDA-margins due to the business model in the online business.

In the business year of 2013, the value-adjusted result increased by 51,5 percent to EUR 36.3 M. The value adjustment of EUR 27.8 M specifically refers to the non-cash-effective current depreciations for silent reserves from advertising rights concessions that were included in the balance sheet in the scope of earlier acquisitions of companies. Without consideration of this adjustment, Ströer group ended the business year of 2013 with a surplus at EUR 5.1 M, after a loss of EUR 1.8 M in the prior year. Due to the increase in the operative business and improvements in the financial result, the annual result in the business year of 2013 could thus be increased by EUR 6.9 M.

The net debt in the business year of 2013 increased slightly to EUR 326.1 M, among others to to earn-out liabilities entered into in the scope of investments in online advertising marketing. The dynamic debt ratio (net debt to operational EBITDA) could be slightly reduced due to the improved operational EBITDA, at a concurrently comfortable equity rate of 30.9 percent.

Overview of the group's financial indices

| | | 2013 | 2012 | Change |
|-----------------------------------|-------|-------|-------|--------|
| Revenue | EUR m | 634.8 | 560.6 | 13.2% |
| Revenue by segment | | | | |
| Ströer Germany | EUR m | 420.6 | 411.7 | 2.2% |
| Ströer Turkey | EUR m | 94.6 | 91.3 | 3.5% |
| Ströer Online | EUR m | 64.4 | 0.0 | n.d. |
| Others (Ströer Poland and BlowUP) | EUR m | 56.4 | 57.9 | -2.7% |
| | | | | |
| Revenue by product group | | | | |
| Billboard | EUR m | 288.8 | 286.6 | 0.8% |
| Street Furniture | EUR m | 144.9 | 147.2 | -1.5% |
| Transport | EUR m | 97.7 | 91.5 | 6.7% |
| Online | EUR m | 64.2 | 0.0 | n.d. |
| Others | EUR m | 39.2 | 35.3 | 11.2% |
| | | | | |

This document is a convenience translation of the German original. In case of discrepancy between the English and German versions, the German version shall prevail.

| | | 2013 | 2012 | Change |
|---|-------|-------|-------|--------|
| Organic growth ¹ | % | 3.5 | -4.0 | |
| | | | | |
| Gross profit ² | EUR m | 196.2 | 174.1 | 12.7% |
| | | | | |
| Operational EBITDA³ | EUR m | 118.0 | 107.0 | 10.3% |
| Operational EBITDA³-margin | % | 18.6 | 19.1 | |
| Adjusted EBIT ⁴ | EUR m | 72.0 | 67.4 | 6.8% |
| Adjusted EBITDA ⁴ -margin | % | 11.3 | 12.0 | |
| Adjusted profit or loss for the period ⁵ | EUR m | 36.3 | 24.0 | 51.5% |
| Adjusted earnings per share ⁶ | € | 0.76 | 0.54 | 39.7% |
| Profit or loss for the Period ⁷ | EUR m | 5.1 | -1.8 | n.d. |
| Earnings per share ⁸ | € | 0.08 | -0.07 | n.d. |
| | | | | |
| Investments ⁹ | EUR m | 39.0 | 42.6 | -8.6% |
| Free Cash-Flow ¹⁰ | EUR m | 1.8 | 10.8 | -83.7% |

| | | 31 DEC 2013 | 31 DEC 2012 | Change |
|------------------------------|--|-------------|-------------|--------|
| Total equity and liabilities | | 957.1 | 863.7 | 10.8% |
| Equity | | 296.0 | 279.6 | 5.9% |
| Equity ratio | | 30.9 | 32.4 | |
| Net debt ¹¹ | | 326.1 | 302.1 | 7.9% |

¹ Without exchange rate effects and effects from (de)consolidation and discontinuation of business areas.

² revenue less cost of sale

³ Earnings before interest, taxes, depreciations, adjusted for special effects

⁴ Earnings before interest and taxes, adjusted by special effects, depreciations for purchased advertising rights licenses and value reduction expenses for intangible assets

⁵ Adjusted EBIT before minorities minus financial result adjusted by special effects and normalised tax expenses

⁶ Adjusted period result after deduction of the indicated minority result, divided by the number of shares that result from the stock after going live (42,098,238) plus the addition of shares pro-rata-temporis from capital increase (6,771,546) on 3 June 2013

⁷ Period surplus/deficit before minorities

⁸ Adjusted period result after deduction of the indicated minority result, divided by the number of shares that result from the stock after going live (42,098,238) plus the addition of shares pro-rata-temporis from capital increase (6,771,546) on 3 June 2013

⁹ Contains payments for investments into the fixed assets and payments for investments into intangible assets

¹⁰ Cash-flow from current business activities minus cash flow from investment work

¹¹ Financial liabilities minus derivative financial instruments and liquid funds

| | | 2013 | 2012 | Change |
|-------------------------|--------|-------|-------|--------|
| Employees ¹² | number | 2,223 | 1,750 | 27.0% |

III. Company-Law Situation

1. Bodies of Ströer Media AG

The bodies of Ströer AG are the management board and the supervisory board (dualist management and supervision system) as well as the general meeting. The competences of these bodies are provided for in the law on public companies (Aktiengesetz, "**AktG**"), the articles of association of Ströer AG and the rules of procedure and the supervisory board.

a) Management Board

The management board is responsible for independent management of Company according to the proviso of the applicable laws, the articles of association of Ströer AG and the rules of procedure passed by the supervisory board. The management board represents Company in court and out of court. According to § 9 of the articles of association of Company, Ströer AG is generally represented by two management board members or one board member and one authorised signatory (overall representation rights). The supervisory board may grant the board members single right of representation and release them from the limitations of § 181 2nd alt German Civil Code.

The management board of Ströer AG comprises one or several persons according to § 8 para. 1 of the articles of association. At the moment, the board is made up for the following two members with sole representation rights:

- Udo Müller, Chief Executive Officer (CEO), member of the board since 2002,
- Christian Schmalzl, Chief Operating Officer (COO), member of the board since 2012

Dr. Bernd Metzner will be a member of Company's management board from 16 June 2014 onwards as Chief Financial Officer (CFO). The management board will then comprise three persons.

¹² According to number of persons (full- and part-time employees)

b) Supervisory Board

The supervisory board is responsible for appointment of the management board members. He supervises and consults the management board in management of Company. To execute this activity, the supervisory board of Ströer AG passed rules of procedure for the management board that specifically contain a catalogue of important business management measures that require his previous approval. The further tasks of the supervisory board of a public company specifically include the determination of the annual statement of the company, approval of the consolidated statement and placement of an audit order to the auditor.

The supervisory board of Ströer AG comprises of six members purs. to § 10 para. 1 of the articles of association, which are elected as representatives of the shareholders by the general meeting according to the provisions of the law on public companies. Employee representatives are not members of the supervisory board of Company according to the provisions Company is subject to. The one-third participation law or the participation act are not applicable to Company.

The following are members of Company's supervisory board:

- Prof. Dr. h.c. Dieter Stolte (chairman of the supervisory board), member of the board of Axel Springer Stiftung, member of Company's supervisory board since 2002,
- Dieter Keller (deputy chairman of the supervisory board), auditor and tax consultant, member of Company's supervisory board since 2002,
- Dirk Ströer, entrepreneur, member of Company's supervisory board since 2004,
- Martin Diederichs, lawyer, member of Company's supervisory board from 2002 to 2004 and since 2010,
- Christoph Vilanek, chairman of the board of freenet AG, member of Company's supervisory board since 2013,
- Ulrich Voigt, member of the board of Sparkasse KölnBonn, member of Company's supervisory board since 2013.

The term of office of the officiating members and the members to be elected by the general meeting on 18 June 2014 under agenda item 6 will end upon registration of Ströer conversion in the commercial register of Company pursuant to § 7.2 of the conversion plan.

To organise its work, the supervisory board of Ströer AG has formed an auditing committee and a presiding committee from its members.

The **auditing committee** comprises three members of the supervisory board. The

chairman has special knowledge and experience in the application of accounting principles and international control methods as an independent expert according to the specifications of the Corporate Governance code. The auditing committee specifically deals with the monitoring of accounting processes, and the analysis and supervision of the company-internal controlling and financial monitoring system, and the risk management, effectiveness of the internal revision system, and treatment of compliance questions and auditing.

The **presiding committee** also comprises three members of the supervisory board. It has the task of consulting the supervisory board in all matters connected to board members. It specifically prepares all decisions about the appointment and recall of board members, deals with questions of board compensation and assumes preparation of the annual statement, and changing and termination of the management board's employment contracts. It also deals with matters of Corporate Governance.

c) **General Meeting**

Shareholders of Ströer AG execute their rights in the general meeting. The general meeting serves to inform the shareholders, and for the shareholders to make decisions about the matters expressly assigned to them by the law (specifically the law on public companies). According to this, the general meeting decides, e.g., about profit distribution, discharge of the management board and supervisory board, election of the supervisory board members and the auditor, about changes to the articles of association according to the conversion act. The regular general meeting takes place once a year in the first eight months of a business year.

2. **Capital situation, shares and shareholders**

a) **Share capital**

The share capital of Ströer AG at this time is EUR 48,869,784.00. It is structured in 48,869,784 shares registered in the bearer's name without rated value with a calculated share in the share capital of EUR 1.00 each.

b) **Authorized capital I**

The management board has the right purs. to § 5 para. 1 of the articles of association of Ströer AG to increase Company's share capital by up to EUR 12,166,949.00 in total by issuing up to 12,166,949 new shares registered in the bearer's name against contributions in cash and/or in kind (authorized capital I) with the approval of the supervisory board once or several times until 12 July 2015.

The shareholders generally must be granted a subscription right for this. However, the management board has the right to exclude the statutory subscription right of the share-

holders with the consent of the supervisory board in the cases named in § 5 para. 2 of Company's articles of association, specifically to exclude top amounts from the subscription right, in case of capital increases against contributions in kind (e.g. to purchase companies), for cash capital increases where the issued amount does not essentially undercut the issue amount of the new shares, but limited to max. 10% of the Company's share capital and to grant the holders of option certificates or creditors of convertible bonds or usufruct with conversion or option rights a subscription right for new shares.

c) Authorized capital II

The authorized capital II in § 5A of Company's articles of association at up to EUR 1,150,624.00 was created for paying the Greenshoe option agreed in the scope of Company's going public in 2010 and was limited in time until 31 December 2010. The authorisation thus has already expired.

d) Conditional capital 2010 and 2013

Purs. to § 6 of the articles of association of Ströer AG, the share capital of Company was increased by up to Euro 11,776,000.00 by issuing up to 11,776,000 new shares registered in the bearer's name (**conditional capital 2010**). The conditional capital increase serves to grant individual shares registered in the bearer's name to the bearers or creditors of convertible bonds and/or option bonds, issued by the company or a holding company based on the authorisation by the general meeting from 13 July 2010, agenda item 4. The new shares registered in the bearer's name shall also take place according to the proviso of the above authorisation resolution at specific conversion and option prices. The conditional capital increase is only to be performed as far as conversion or option rights are made use of or as the owners or creditors obliged to conversion meet their obligation to conversion and where cash compensation is not granted or own shares or new shares from utilisation of authorized capital are not used for payment. The new shares registered in the bearer's name participate in the profit from the commencement of the business year in which they are created based on the execution of option or conversion rights or performance of conversion obligations. The management board shall have the right to specify the further details on performance of the conditional capital increase with approval of the supervisory board.

Purs. to § 6A of the articles of association of Ströer AG, the share capital of Company was increased by up to EUR 3,176,400 by issuing up to 3,176,400 new shares registered in the bearer's name (**conditional capital 2013**). The conditional capital increase serves solely granting of rights to the bearers of share option rights from the share option programme 2013, for the issuing of which the management board was authorised by resolution of the general meeting from 8 August 2013. The conditional capital increase is only to be performed where the holders of share option rights granted based on the authorisation of the general meeting from 8 August 2013 execute these share option rights and the company does not perform the share option rights by cash payment. The new shares

participate in the profit from commencement of the business year for which no resolution of the general meeting about utilisation of the net profit has been passed yet at the time the new shares are issued. Company's management board shall have the right to specify the further details of performance of the conditional capital increase with the consent of the supervisory council except where share option rights and shares are to be issued to members of the company's management board; in this case, the supervisory board shall specify the further details of performing the conditional capital increase.

e) Own shares

Ströer AG does not hold any shares of its own. However, the management board was authorised by resolution of the general meeting from 10 July 2010 pursuant to § 71 para. 1 no. 8 AktG to purchase and use own shares, with the option of excluding the subscription right of the shareholders at the scope of up to 10 % of the share capital present at the time of authorisation. The authorisation to purchase own shares applies up to 09 July 2015. This authorisation has not been made use of yet.

f) Stock Listing

Company went live in July 2010. The stock-listed shares of Company are admitted for trading on the regulated market at the Frankfurt stock exchange under securities index (Wertpapierkennnummer; "**WKN**") 749399 with further post-admission obligations (Prime Standard). The international securities identification number ("**ISIN**") is DE 0007493991. The Ströer share is listed in the SDAX-index (Small-Cap-DAX) of the German stock exchange.

2,982,706 shares with WKN A1T NL2 / ISIN: DE000A1TNL28 are not approved for trading on the regulated market.

g) Shareholders

Since Ströer AG holds registered individual ordinary shares, the shareholders of Company are generally not known by name. The only exception applies to such shareholders that are obliged based on registration obligations under the securities trade act (Wertpapierhandelsgesetz; "**WpHG**") to report their voting rights share in Company, or any share purchases and sales, in the scope of Director's Dealings.

According to the provisions of §§ 21 et seqq. of WpHG, there are reporting obligations if purchase, sale or actions lead to reaching, exceeding or undercutting 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the voting rights in Company.

According to the mandatory reports according to §§ 21 et seqq. of WpHG, the following shareholders are holding shares with voting rights of 3% and more in Company:

Mr Dirk Ströer, Cologne; die Ströer Beteiligung GmbH, Unterhaching; Media Ventures GmbH, Cologne; Mr Udo Müller, Cologne; Allianz Global Investors Europe GmbH, Frankfurt am Main; Sambara Stiftung, Liechtenstein; Credit Suisse AG, Zürich, Schweiz and J O Hambro Capital Management Limited, London.

The complete wording of individual voting rights reports and the share purchases and sales reported in the scope of Director's Dealings according to § 15a WpHG by managers of Company and their affiliated persons can be called on the homepage of Company under <http://www.stroeer.com/>, under the section "Investor Relations", "News & publications".

3. Corporate Governance

As a stock-listed German public company, Ströer AG is subject to the German Corporate Governance Code. According to the reporting obligations according to § 161 AktG for the German Corporate Governance Code, the management board and supervisory board of Ströer AG have declared by declaration of conformity from 24 January 2014 that the recommendations of the German Corporate Governance Code was and is being complied with six exceptions. The declaration of conformity from 24 January 2014 is available online at <http://www.stroeer.com> under the section "Investor Relations", "Corporate Governance".

C. Essential aspects of conversion

I. Essential aspects

The SE is the only legal form in Europe that has a supranational character and that is equally recognised by all European states and generally highly accepted.

The legal form of the SE is to express the self-understanding of Ströer AG as a European-aligned company externally as well. Ströer-group is an international company, the business activities of which are aligned mostly with the European market. The development in the last years, specifically after Ströer AG entered online marketing in 2013, made the Ströer group increasingly international. In addition to the core markets of Germany, Turkey and Poland, Ströer group is also active in Great Britain, the Netherlands, Belgium and Spain through the huge poster network blowUP. Additionally, Ströer group is now operating technology hubs in New Zealand and the Czech Republic.

The intended conversion of Ströer AG to an SE is a reaction to the growing importance of the Europe-wide business activities of Ströer AG and is an expression of the increasing internationality of Ströer group. The conversion facilitates the business appearance

of Company in the other European states and strengthens its market appearance.

Additionally, the legal form of a European Company offers the opportunity of further developing the Corporate Governance structure of Ströer AG and to further optimise the work of the corporate bodies. The SE as a legal form offers even more flexibility with itself than a German public company.

The change of the legal form of Ströer AG to an SE therefore is another consistent step in Company's development after successful expansion of the international business in the last few years and lays the basis for future-oriented further development of Company.

Since the legal form of the SE is the only supranational company form that permits maintenance of stock listing and only has small effects on the legal position of the shareholders due to comparability with a German public company, no equally suitable alternative to the intended form change to an SE could be determined in this case.

Conversion to an SE is also possible by border-crossing merger according to sect. 2 para. 1 SE-VO, though merger is more elaborate and cost-intensive than form change in its legal implementation. Since it is also not intended to merge a European company with Ströer AG, this founding version is not an option.

II. Costs of conversion

The costs of conversion will amount to up to EUR 3 M according to current estimates. This includes legal consulting costs, the costs for conversion auditing by the court-appointed conversion auditor, the costs of notarisation of the conversion plan, the costs for register entries, the costs for external consultants, the costs for required publications, the costs for performance of the procedure for participation of the employees and the costs for changing the stock listing of the shares.

D. Comparison of the legal situation of the shareholders of Ströer AG and the shareholders of Ströer SE, differences due to legal form

The following section D. explains the essential legal basics that apply after the conversion to Ströer SE takes effect. Specifically the differences between the legal form of the SE and a public company under German law are pointed out there and the effects of conversion on accounting of the shareholders of Ströer AG are explained.

I. The SE / legal basics of the SE

The SE is a trade company with its own legal personality, with share capital structured in shares (sect. 1 SE-VO) and for the liabilities of which the corporate assets of the SE are liable. Furthermore, the shareholders of an SE are also only liable to the amount of the respective capital subscribed by them (sect. 1 para. 2 sentence 2 SE-VO). In this respect, there are no differences between the SE as a European public company and a public company under German law (hereinafter also: "*public company*").

The SE-VO is the legal basis for the SE, as European community law directly essential for all member states and preceding the respective national law. The SE-VO, however, provides only for the basics of a European public company and refers to the articles of association of the SE and the national execution laws apart from this. In Germany, the applicable execution law is the SEAG. Where the above legal basics do not contain any rules, the national rules of the member state in which the SE is headquartered are applied additionally. (sect. 9 para. 1 SE-VO). Furthermore, an SE headquartered in Germany is subject to the SEBG, which contains rules for the participation of the employees in the SE. Subject to the provisions of the SE-VO, the SE thus is treated as a public company in each member state, which was founded according to the law of the state of the seat of the SE (sect. 10 SE-VO). As a result, this means that Ströer SE is mostly subject to German law, specifically the law on public companies, as well as the commercial-law, tax-law and capital-market-law provisions applicable for a German public company.

II. Company name, registered seat, commercial register

An SE has to maintain the designation "SE" in their **company name** purs. to sect. 11 para. 1 SE-VO, so that Ströer Media AG will be named "Ströer Media SE" once the conversion takes effect.

The seat of the SE is determined in the Company's articles of association as for a German public company. The seat of the SE is determined in the Company's articles of association as for a German public company. The seat of a German public company, however, must be in Germany. Deviating from this, the SE's seat according to the articles of association must be within the European Community's member state where its main administration is located (sect. 7 sentence 1 SE-VO). There will not be any changes from this for Ströer AG and its shareholders. The main administration of the seat of Ströer SE according to the articles of association will continue to be in Cologne as before.

In contrast to a public company, however, the SE may relocate its seat to another country within the European Community, without causing dissolution of the SE, as it would in a German public company (sect. 8 SE-VO). The shareholders who declare objection

for the record against the corresponding resolution of the general meeting, however, must be offered purchase of their shares for an appropriate cash compensation (§ 12 para. 1 SEAG). Relocation of the seat in connection with the conversion of a public company to a SE is, however, not possible (sect. 37 para. 3 SE-VO).

Conversion of Ströer AG to a SE will enter into effect upon entry of the new SE in the **commercial register**. The SE will be entered in the commercial register according to the provisions applicable for German public companies (sect. 12 SE-VO, § 3 SEAG). Ströer SE will thus be entered in the commercial register of the district court (Amtsgericht) Cologne, as the relevant commercial register, under a new HR B number.

III. Capital of the SE, shares and capital measures

The capital of an SE must be at least EUR 120,000.00 (sect. 4 para. 1 and para. 2 SE-VO). In contrast to this, a public company only required a minimum capital of EUR 50,000.00 (share capital purs. to § 7 AktG). Since Ströer AG already has a share capital of EUR 48,869,784.00 according to the articles of association, capital adjustment is not required in the scope of conversion. The previous share capital of Ströer AG becomes capital of the SE by the conversion.

For design of the **shares** of an SE with seat in Germany, there are no differences from a public company under the other applicable provisions of German share laws (sect. 5 SE-VO). The shares of an SE can be in the name of the bearer. They can be issued as nominal value or individual shares.

The SE can also issue preferential shares without voting rights, with the lack of special provisions in the SE-VO and SEAG for this leading to the continued application of the rules under share-law. Sect. 60 SE-VO contains only the rule that a special resolution of the shareholders of each share category is needed for the SE if there are different share categories, if the resolution of the general meeting affects their rights. This principle is present in the law on public companies as well (§ 179 para. 3 sentence 2 AktG). However – in contrast to the German public company – the passing of a special resolution in the SE does not require any separate meeting, but only separate voting in the general meeting.

The conversion to an SE changes nothing about the design of the shares in Ströer AG either. The share capital of Ströer SE will still be structured in 48,869,784 individual shares. These will be bearer shares. Preferential shares are not issued.

All in all, the conversion of Ströer AG to Ströer SE thus does not lead to any essential changes to the share capital and the design of the shares, specifically since neither Ströer AG nor Ströer SE have different share categories.

Regarding the provisions applicable to German public companies about the **capital**

provision, capital maintenance and performance of capital measures, there will be no changes for Company and its shareholders from the conversion, since the provisions under share law remain applicable as well through the reference standard of sect. 5 SE-VO. Accordingly, the shareholders are obliged to pay their contributions and cannot be released from this (§§ 54, 65, 66 para. 1 AktG) and the principle applies according to which contributions must not be paid back to the shareholders (§ 57 AktG). The purchase of own shares is permitted only within limitations in the SE – as well as in the public company (§§ 71 to 71 d AktG).

The rules under share law on the use of the annual surplus, formation of provisions and utilisation of profit (§ 58 et seqq. AktG) remain applicable unchanged in the SE due to a lack of specific rules.

Capital increases and capital reductions in an SE seated in Germany continue to be subject to §§ 182 et seqq. AktG pursuant to sect. 5 SE-VO. The principle of equal treatment under share law applies unchanged to the shareholders of Ströer SE as well § 53 a AktG), so that there are no other changes for the shareholders from the conversion of Ströer AG to an SE either.

IV. Reporting obligations according to the WpHG

The shareholders of stock-listed Ströer AG have to meet the reporting obligations about shares with voting rights purs. to §§ 21 et seqq WpHG. According to sect. 9 para. 1 lit. c) (ii) SE-VO, the rules of §§ 21 et seqq. of the WpHG continue to be applicable in a stock-listed SE, so that the shareholders do not suffer any changes from the conversion of Ströer AG. Accordingly, shareholders' rights continue to be lost if shareholders do not meet the reporting obligations pursuant to § 28 WpHG of Ströer SE. The voting rights reports made in Ströer AG before the conversion takes effect are made effectively for Ströer SE as well, so that no subsequent reports are required.

According to sect. 9 para. 1 lit. c) (ii) SE-VO, the SE is also still subject to the provisions about inside supervision (§§ 12 et seqq. WpHG). Additionally, persons with management tasks in Ströer SE continue to be obliged to report its own transactions with shares of SE (Directors' Dealings purs. to § 15a WpHG). The SE conversion leads to no changes in this respect.

V. Corporate management in the SE / bodies of the SE

1. Overview

An essential feature of a German public company is its dualist corporate management, comprising the management board as a management body (§§ 76 et seqq. AktG) and a

supervisory board as supervision body (§§ 95 et seqq. AktG). In contrast to this, the SE has an option right for the corporate management (sect. 38 lit. b) SE-VO). It may be designed as dualist as before (sect. 39 et seqq. SE-VO in conjunction with §§ 15 et seqq. In the monist system, there is only one administration body, the administrative council managing Company, which determines the basis of its activity and at the same time monitors their implementation (sect. 43 et seqq. SE-VO in conjunction with § 20 et seqq. SEAG).

The option right of the SE for the design of its corporate management, however, will not lead to any changes for the shareholders of Ströer AG, since Ströer SE will continue to maintain its dualist corporate management, comprising of management board and supervisory board. This is specified in the future articles of association of Ströer SE under section III. "Constitution". The conversion thus does not cause any change to corporate management.

2. Management Board / management body

The management board of the SE as a management body will – as was previously the case in Ströer AG – continue to independently manage the business of the future SE (sect. 39 para. 1 sentence 1 SE-VO, corresponding in content to § 76 para. 1 AktG). In this respect, the management of Ströer SE is not subject to any changes from the conversion to an SE.

Both the management board of a German public company and that of an SE is to have at least two members starting at a share capital in excess of EUR 3 M, except if the articles of association provide for something different (§ 76 para. 2 sentence 2 AktG, § 16 SEAG). The previous § 8 para. 1 of the articles of association of Ströer AG intends for the management board to comprise of one or several persons. The new § 8 para. 1 of the articles of association of Ströer SE adjusts this rule to state that the management board will in future comprise at least two persons. Apart from this, the supervisory board determines the specific number of members of the management board of directors.

Since Ströer AG is not subject to the participation law, a director of employee relations generally is not needed on the management board. However, a management board member may need to be charged with the department for "Work and social matters" in the scope of the statutory catching solution for involving the employees in the SE or if there is a corresponding agreement with the employees (§ 16 sentence 2 SEAG in conjunction with § 38 para. 2 sentence 2 SEBG).

When passing resolutions in the management board of Ströer SE, the vote of the chairman of the management board will be decisive in future in case of a tie, however (final ballot right purs. to sect. 50 para. 2 sentence 1 SE-VO). With the exception of this final ballot of the chairman of the management board, however, the mechanisms for coming to a decision and passing of resolutions on the management board of Ströer AG contin-

ue unchanged for Ströer SE.

While the management board members in a public company can be appointed by the supervisory board for no longer than five years (§ 84 para. 1 AktG), the **term of office** of the management board members in the SE is no more than six years (sect. 39 para. 2, sect. 46 para. 1 SE-VO). The articles of association of Ströer SE (§ 8 para. 2) intended for a maximum appointment time of five years. Re-appointment of management board members will continue to be admissible at Ströer SE.

There will not be any differences regarding the **representation rights of the management board** in the SE as compared to Ströer AG. The provisions under share law about representation rights continue to apply to the SE via the reference standard of sect. 9 para. 1 lit. c) ii) or iii) SE-VO. The provisions from the articles of association of Ströer AG, § 9, are therefore also assumed into the articles of association of Ströer SE.

The principles under share law regarding **compensation** of the management board members, **non-competition** and **granting of loans** to management board members (§§ 87 – 89 AktG) also continue to apply to the SE seated in Germany according to sect. 9 para. 1 lit. c) (ii) SE-VO, so that there will be no changes from the conversion in this respect either. This will apply as well to the management board's obligations purs. to § 92 AktG in case of loss of half of the share capital, overindebtedness and inability of the company to pay its debt (sect. 9 para. 1 lit. c) (ii) SE-VO).

The basics of the **management board's liability** in the SE remain unchanged. Pursuant to sect. 51 SE-VO, the members of the management body (management board) of the SE are liable under the legal provisions essential for public companies in the respective state of the seat, so that the liability basics for Ströer SE according to § 93 AktG will continue to apply.

The management body (management board) of the SE is also obliged to report to the supervisory board regularly as well as if there are any special circumstances. The **reporting obligations** of the management board of an SE are described in sect. 41 SE-VO. They essentially correspond to the reporting obligations to be met by the management board of a German public company.

The law on public companies contains highly detailed provisions on information obligations of the management board and the information rights of the supervisory board in § 90 AktG. According to this, the management board initially has to report to the supervisory board specifically about (1) the intended business policy and other general questions of corporate planning, with deviations of the actual development from objects reported earlier to be dealt with while stating reasons, (2) the profitability of Company and its equity, (3) the progress of transactions, revenue and situation of Company and (4) transactions that may be essential for the profitability or liquidity of Company. Reporting also must include the group's companies (§ 90 para. 1 sentence 2 AktG).

In addition to this reporting, which must take place at regular intervals, the management board of a public company pursuant to § 90 para. 2 sentence 3 AktG must report to the supervisory board chairman in case of any other important events as well.

Even though § 90 AktG seems to have detailed provisions as compared to sect. 41 SE-VO, there will be no essential changes in content from the conversion of Ströer AG to an SE regarding reporting obligations of the management board to the supervisory board. The SE's management board also must regularly report to the supervisory board (at least every three months) about the course of business of the SE and its expected development (sect. 41 para. 1 SE-VO). Apart from this, the management board of the SE is obliged as in the public company before to provide all information about events that may have a tangible effect on the situation of the SE (sect. 41 para. 2 SE-VO).

According to the information obligations of the management board, the supervisory board of the SE continues to have the right as in the public company before to demand all information and perform all reviews or have them performed that is required for performance of control by the supervisory board (sect. 41 para. 3 and para. 4 SE-VO). The recipient of the information is, however, always the supervisory board as a body (sect. 41 para. 3 SE-VO in conjunction with § 18 SEAG). Each supervisory board member of the SE may take notice of any information submitted to his/her body (sect. 41 para. 5 SE-VO). Therefore, it must be noted that the management board of Ströer SE has reporting obligations to Company's supervisory board at least at the same scope as the management board of Ströer AG.

The management board of an SE may perform certain types of transactions only with the **permission of the supervisory board**, just as the management board of a German public company. In a German public company, such transactions are determined either in the articles of association of the public company pursuant to § 111 para. 4 sentence 2 AktG or specified directly by the supervisory board. At Ströer AG, the supervisory board has passed a direct catalogue of legal transactions for which the management board requires permission; the articles of association contain no rules on this.

This procedure is slightly different for the SE. The types of transactions for which the management board requires the supervisory board's permission must be listed in the articles of association of the SE in advance (sect. 48 para. 1 sentence 1 SE-VO). In addition to the transactions specified in the articles of association, the supervisory board of an SE seated in Germany may, however, specify additional further transactions that require permission pursuant to sect. 48 para. 1 sentence 2 SE-VO in conjunction with § 19 SEAG, like the supervisory board of a German public company. To implement the new specifications of SE law, § 10 para. 1, the new articles of association of Ströer SE contain a catalogue of transactions requiring permission and grants the supervisory board the right to specify further transactions in para. 2.

3. Supervisory board / supervisory body

Regarding the future supervisory board of Ströer SE, there will be only few changes regarding its method and function due to the provisions that essentially continue to be applicable under share law.

Since the dualist corporate management characteristic for German public companies is retained in Ströer SE, Ströer SE will also have a supervisory board as supervisory body. **The task of the SE-supervisory board** is the monitoring of management by the management board (sect. 40 para. 1 SE-VO). This corresponds to the task of the supervisory board in a German public company (§ 111 para. 1 AktG).

As in a public company (§ 95 AktG), the SE-supervisory board also comprises at least three members, with the articles of association possibly specifying a higher number of members divisible by three depending on the share capital of Company (sect. 40 para. 3, § 17 para. 1 SEBAG). The size of the supervisory board, however, will change in Ströer SE. In contrast to the previous rules in § 10 para. 1 of the articles of association of Ströer AG, the supervisory board in the SE will drop from six to three members. § 11 para. 1 of the articles of association of Ströer SE will specify this in future.

Since Ströer AG is not subject to any contribution of the employees under participation law or the third-participation law, Company's supervisory board is solely made up of representatives of the shareholders. This will be the case at Ströer SE in future as well, since entrepreneurial involvement is retained as in Company before conversion in the SE according to § 35 para. 1 SEBG ("before-after principle"). Accordingly, employee involvement in the supervisory board of the future Ströer SE also will not be the object of negotiations with the employees about their future rights in the SE. The **election** of the supervisory board members of the SE will continue to take place in the general meeting (sect. 40 para. 2 SE-VO). This shall also apply to the members of the first supervisory council of Ströer SE, so that the possibility of designating supervisory board members in the articles of association of the SE is not used.

Via the reference of sect. 9 para. 1 lit. c) ii) SE-VO, the provisions under share law apply apart from this for **disputes about the composition** of the supervisory board (status procedure purs. to §§ 97 et seqq. AktG), the rules about **recalling** supervisory board members (§ 103 AktG) and the rules about appointment of supervisory board members (§ 104 AktG) **by court**.

There are small differences between the SE and a German public company regarding the **terms of office** of the supervisory board: While the members of the supervisory board of a public company under § 102 para. 1 AktG cannot be appointed for a period exceeding that to the end of the general meeting deciding about discharge for the fourth business year after commencement of the term of office (the business year, in which the term of office starts, is not included), the supervisory board members in the SE can be

appointed for a period specified in the articles of association that must not exceed six years (sect. 46 para. 1 SE-VO). The SE thus generally permits slightly longer periods of office for supervisory board members. Ströer SE will generally maintain the previous rule from § 10 para. 2 of the articles of association based on § 102 para. 1 AktG, but with reference to the term of office never being allowed to exceed six years. This warrants that the statutory maximum time cannot be exceeded independently of the time of the general meeting.

The **work of the supervisory council** of an SE brings only small differences as compared to its work in a German public company.

If not provided for differently in the articles of association, the supervisory board of a public company has a **quorum** if at least half of its members, and never less than three, participate in passing of the resolution (§ 108 para. 2 AktG). The SE's supervisory board also only has a quorum if half of its members are present or represented, but there is no minimum number of three supervisory board members to be present (sect. 50 para. 1 lit. a) SE-VO). § 13 para. 3 of the articles of association of Ströer SE therefore specifies that the supervisory board has a quorum if at least two members participate in passing of a resolution. If three supervisory board members are appointed, this also corresponds to the specification that at least half the members must participate.

Resolutions in the SE-supervisory board are passed – as in the public company – with the majority of the present or represented members (sect. 50 para. 1 lit. b) SE-VO). In case of a tie, the vote of the chairman of the supervisory board of the SE shall be decisive pursuant to sect. 50 para. 2 SE-VO unless the articles of association specify differently. This rule is specified in § 12 para. 4 of the articles of association of Ströer AG already and will be retained in the SE as § 13 para. 4.

The supervisory board of an SE also must elect a **chairman** (sect. 42 sentence 1 SE-VO) and a **deputy chairman of the supervisory board** (purs. to sect. 9 para. 1 lit. c) ii) SE-VO in conjunction with § 107 para. 1 AktG) from its members.

4. German Corporate Governance Code

Stock-listed public companies seated in Germany must observe the German Corporate Governance Code ("**DCGK**"). § 161 AktG thus specifies that the management board and supervisory board must declare every year which recommendations of the DCGK they follow and which they do not and why ("**declaration of conformity**"). The future Ströer SE as a stock-listed SE seated in Germany will continue to be subject to the DCGK, so that the management board and supervisory board will continue to be obliged to make an annual declaration of conformity that will be published as before on Company's website. There are thus no changes from the conversion of Ströer AG in this respect.

5. General meeting

The general meeting is the highest body of a German public company in which the shareholders executed their rights in the matters of Company where the law does not specify differently (§ 118 para. 1 sentence 1 AktG). This principle applies without limitation for the SE as well, so that the conversion of Ströer AG to an SE does not lead to any changes for Company and the shareholders here either (sect. 9 para. 1 SE-VO, sect. 53 SE-VO).

The general meeting of the public company is only **relevant** for the objects expressly assigned to it by law or articles of association (§ 119 para. 1 AktG). This includes, among others, passing of resolutions on the appointment of the supervisory board members and the auditors, discharge of the members of the management board and the supervisory board, use of the net profit, changes to the articles of association, capital measures, mergers and other processes under the conversion act and other matters expressly assigned to it. The general meeting must only pass resolutions about management measures in exceptions if the management board demands (§ 119 para. 2 AktG). Apart from this, however, German jurisdiction has accepted some additional cases where the general meeting is assigned decision-making competence in management measures. These must be essential measures that change of quasi-articles of association-changing character that affect shareholder rights due to their importance ("Holzmüller-, Gelatine- jurisdiction").

The relevance of the general meeting of an SE corresponds to the relevance of the general meeting in the public company, so that there is no difference from the conversion here either (sect. 52 SE-VO). The relevance of the general meeting provided for by German jurisdiction for essential structural measures would also apply to an SE seated in Germany. Pursuant to sect. 52 a) a. b) SE-VO, the general meeting of the SE also decides about the matters that were assigned to it by the SE-VO or legal provisions that are passed by the state of the seat of the SE, e.g. about moving the seat (sect. 8 SE-VO) and re-conversion to a national public company (sect. 66 para. 6 SE-VO).

Like a German public company, an SE also requires an **annual regular general meeting**. However, in contrast to a German public company, general meeting of the SE does not take place in the first eight (§ 175 para. 1 S. 2 AktG), but already in the first six months after the end of a business year (sect. 54 para. 1 SE-VO). Additionally, extraordinary general meetings can still take place on demand as before.

There will not be any changes regarding the **organisation and process of the general meeting** and the voting methods in the general meeting of an SE as compared to a German public company, since an SE seated in Germany pursuant to sect. 53 SE-VO is also subject to the provisions under share law.

The shareholders' minority rights in Germany to demand **convening of a general meeting and supplementation of the agenda** are also present in an SE with few differences.

In a public company under German law, the general meeting must be convened if shareholders the joint share of which reaches 5% of the share capital demand this in writing under indication of the purpose and reasons (§ 122 para. 1 AktG). This right is, however, only due to shareholders who can provide that they have held the shares at least three months before the day of the general meeting and that they are holding the shares up to the court decision about the application (§ 122 para. 1 sentence 3 in conjunction with § 142 para. 2 sentence 2 AktG). In the same manner, shareholders whose shares reach 5% of the share capital or the prorated amount of the share capital of EUR 500,000 together, may demand that items be placed on the agenda and published (§ 122 para. 2 sentence 1 AktG). If this demand for convening the general meeting or amending the agenda is not complied with, the court may authorise the shareholders who posed the request to convene the general meeting or publish the agenda item (§ 122 para. 3 sentence 1 AktG).

These rights are also due to shareholders of an SE. Convening of the general meeting of an SE may also be requested by one or several shareholders if his or her share in the share capital is at least 5 % (sect. 55 para. 1 SE-VO, § 50 para. 1 SEAG). The request for convening the general meeting must contain the agenda items (sect. 55 para. 2 SE-VO). The court may also order convening of the general meeting on request in the SE or authorise the shareholders to convene the general meeting if the general meeting is not held within two months of posing of the application for its convening (sect. 55 para. 3 SE-VO). In contrast to a German public company (§§ 122 para. 1 sentence 3, 142 para. 2 sentence 2 AktG), however, the demand for convening in an SE does not require the shareholder/s to have held the shares for at least three months. Shareholders in the SE also may demand amendment of the agenda for the general meeting if their share reaches 5% in the share capital or the prorated amount of EUR 500,000 (sect. 56 SE-VO, § 50 para. 2 SEAG). The procedure and periods for the application for an SE seated in Germany is according to German share-law, so that there are no changes for the shareholders from the conversion here (sect. 56 sentence 2 SE-VO).

The **information, question and speaking rights** of the shareholders in the general meeting of a German public company are due to the shareholders in the general meeting of the SE at the same scope. The provisions under share law continue to apply in this respect (sect. 5 SE-VO, sect. 9 para. 1 lit. c) (ii) SE-VO). The shareholders thus may demand any information in the general meeting of the SE that are required for proper evaluation of the items on the agenda of the general meeting. The management board of an SE seated in Germany also must only refuse information under the narrow prerequisites of § 131 AktG, so that there are no changes in this respect.

The decisions of the general meeting of a public company and those of an SE take place by way of passing of resolutions. Resolutions of the general meeting usually require a simple majority of the votes cast in a public company under German law unless the law or articles of association require a higher majority or other requirements (§ 133 para. 1 AktG). The resolutions of the general meeting of an SE are passed with a simple majority of the votes cast where the SE-VO, the law on public companies or other laws applicable to public companies seated in Germany do not require larger majorities (sect. 57 SE-VO).

Resolutions changing the articles of association, however, require special vote quorums for the public company under German law and the SE:

Resolutions changing the articles of association are passed in the general meeting of a public company under German law with a majority of at least $\frac{3}{4}$ of the share capitals represented in passing of resolutions ("*capital majority*") and simple majority of votes (§§ 179 para. 2, 133 AktG). The articles of association may intend for other capital majorities where there are no mandatory legal specifications for this. § 19 of the articles of association of Ströer AG therefore specifies that the simple capital majority is sufficient unless capital majorities are required by law.

In an SE, in contrast, changes to the articles of association generally require a majority of at least $\frac{2}{3}$ of the votes cast, if the legal provisions for public companies in the state of the seat of the SE do not intend for or permit any larger majorities (sect. 59 para. 1 SE-VO). According to § 51 sentence 1 SE-AG, however, the articles of association of an SE seated in Germany may determine that the simple majority of the votes cast is sufficient when at least half the share capital is represented when passing resolutions. However, this facilitation does not apply for such resolutions that require a higher capital majority by law or named explicitly in § 51 sentence 2 SE-AG. The corresponding rule is included in § 20 of the articles of association of Ströer SE. Articles of association changes for which the law on public companies prescribes a capital majority of $\frac{3}{4}$, however, require at least a majority of $\frac{2}{3}$ of the votes cast in the SE, with the applicable legal opinion also suggesting that a majority of three quarters of the votes cast or the share capital represented can be demanded here.

On the **organisation and progress of the general meeting** of an SE seated in Germany, SE-VO refers to the provisions of the law on public companies via sect. 53, 54 para. 2 and sect. 9 para. 1 lit c) (ii) SE-VO respectively, so that the conversion to an SE does not lead to any changes for the shareholders of Ströer AG here.

The prerequisites for **convening of the general meeting** of the SE are provided for in sect. 53, 54 para. 2 SE-VO and § 48 para. 1 SEAG. The statutory provisions are mostly comparable to the provisions under share law for convening of the general meeting of a public company, except for the convening right according to sect. 54 para. 2 SE-VO.

Additionally, the corresponding provisions of the articles of association of Ströer AG match those of Ströer SE, so that the conversion of Ströer AG to an SE does not lead to any changes here either.

The right of the general meeting of a public company to decide on a **special audit** (§§ 142, 258 AktG) continues to apply in the SE via the reference standard of sect. 9 para. 1 lit. c) (ii) SE-VO in conjunction with sect. 52. The provisions under share law for raising **shareholders' actions** and **assertion of compensation claims** (§§ 147 et seqq. AktG) continue to be applicable. Since the special SE-rights do not contain any dedicated rules for **challenging general meeting resolutions** or for material resolution control, the provisions under share law on the voidness and challengability of general meeting resolutions (§§ 241 et seqq AktG) continue to apply through the reference standard of sect. 9 para. 1 lit. c) (ii) SE-VO in the SE seated in Germany.

VI. Accounting/annual statement/consolidated statement

The provisions applicable for stock-listed German public companies about the creation, auditing and disclosure of the annual and consolidated statements continue to apply for an SE seated in Germany as well (sect. 61 SE-VO). Apart from this, the SE is subject to the provisions of share law or the commercial code, based on sect. 9 para. 1 lit. c) (ii) SE-VO and sect. 52 subsection 2 SE-VO respectively, due to lack of special rules, so that the conversion does not cause any changes here.

Since the SE-VO and SEAG do not contain any special rules about the voidness of the determined annual statement, the rules under share law on the voidness of the determined annual statement (§§ 256, 257 AktG) about the reference standard of sect. 9 para. 1 lit. c) (ii) SE-VO continue to apply.

VII. Company dissolution, liquidation and inability to pay

According to sect. 63 SE-VO, dissolution, liquidation, inability to pay, cessation of payments and similar procedures for the SE are subject to the standards applicable to a public company in its state of seat. This shall also apply to the provisions regarding passing of resolutions by the general meeting (sect. 63 SE-VO). The conversion of Ströer AG to an SE will not lead to any changes here. Specifically the rules about dissolution of public companies by court (§§ 396 to 398 AktG) also apply to the SE.

Relocation of the seat of the SE to any other member state, however, will not lead to dissolution of the SE, in contrast to a German public company, but is possible under the prerequisites of sect. 8 para. 1 SE-VO, § 12 para. 1 sentence 1 SEAG. If, however, the seat of an SE according to the articles of association is in a member state and the site of its main administration in another member state, this may cause dissolution of the SE if the condition is not fixed (sect. 64 SE-VO, § 52 para. 2 SEAG in conjunction with § 262 para. 1 no. 5 AktG).

VIII. Corporate law

German corporate law, previously applied to Ströer AG, will continue to apply to Ströer SE according to current opinion. This will also apply to an SE if it is the controlled or profit-transferring company ("*dependent company*"). External shareholders therefore are due the rights present in the public company for appropriate compensation and reconciliation in the SE when concluding a control and/or profit transfer contract. This also applies in case of minority shareholders against appropriate cash compensation (§§ 327a et seqq. AktG). Under consideration of current opinion, there are thus no changes from conversion of Ströer AG to an SE.

IX. Punishment and fine provisions

§ 53 SEAG orders that the punishment and fine provisions of § 399 para. 1 to 5 and para. 2, § 400, §§ 402 to 405 of AktG, §§ 331 to 334 of the Commercial Code and §§ 313 to 315 of the conversion act with the specifications provided for in § 53 SEAG also apply to an SE seated in Germany (§ 53 SEAG, sect. 9 para. 1 lit c) (ii) SE-VO). By conversion of Ströer AG to an SE, there will thus be no essential changes either.

E. Process and procedural steps of the conversion

I. Conversion plan

1. Setup

The management board and supervisory board decided in December 2013 to suggest conversion of Ströer AG to an SE to the regular general meeting of Company. The legal basis for the conversion to an SE is, however, the conversion plan to be drawn up by the management board pursuant to sect. 37 para. 4 SE-VO and that must be approved by the general meeting. The contents of the conversion plan, however, are not specified in any more detail in the SE-VO or the execution laws, so that the management board has aligned itself with the specifications of sect. 20 SE-VO for the merger plan according to common practice. Additionally, some provisions of the UmwG for form change were used (§§ 190 et seqq. UmwG). The content of the conversion plan is explained in detail in section F. of this conversion report.

The conversion plan drawn up by the management board purs. to sect. 37 para. 4 SE-VO was notarised on 30 April 2014. The conversion plan will be submitted to the general meeting according to passing of resolutions for approval by the management board and supervisory board on 18 June 2014. This applies accordingly for the new articles of association of Ströer SE enclosed with the conversion plan as an Annex.

2. Disclosure

The conversion plan must be disclosed at least one month before the general meeting deciding on the approval of the conversion plan and about the approval of the articles of association of the SE (sect. 37 para. 5 SE-VO).

To meet the disclosure obligations, the conversion plan thus is submitted to the commercial register at the district court (Amtsgericht) Cologne within the above period. Additionally, it is published on the website of Ströer AG from convening of the general meeting.

Furthermore, the conversion plan is also submitted to the overall works council of the comprehensive organisation of Ströer-DSM group and the common works council of Ströer DERG Media GmbH and DERG Vertriebs GmbH at the Kassel site one month before the general meeting of Ströer AG according to § 194 para. 2 UmwG.

The conversion plan, including the articles of association of the new Ströer SE, will also be provided to the Federal Office for Financial Services Supervision and the stock exchange admission offices no later than when the invitation for the general meeting on 18 June 2014 is published pursuant to § 30c WpHG.

II. Conversion Report

Purs. to sect. 37 para. 4 SE-VO, the management board must draw up a report ("**conversion report**"), in which the legal and economic aspects of the conversion are explained and justified and the effects of the conversion in the employees and shareholders are described. Purs. to sect. 37 para. 4 SE-VO, Company's management board therefore has drawn up this report that will be published on Company's website under <http://www.stroeer.com/>, under the section "Investor Relations", "General Meeting" from convening of the general meeting onwards. The conversion report serves information of the shareholders for preparation of passing of resolutions in the general meeting on 18 June 2014 on the SE-conversion.

III. Conversion audit

Pursuant to sect. 37 para. 6 SE-VO, one or several independent experts ("**conversion auditor**") must certify before passing of resolutions in the general meeting that Company has net assets at least at the amount of its share capitals plus the reserves not to be distributed according to the law or articles of association ("**value retention audit**"). On request of the management board from 24 February 2014, the regional court (Landgericht) Cologne appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Klingelhöferstr. 18, 10785 Berlin ("KPMG"), as conversion auditor as of 11 March 2014.

After performance of the conversion audit, KPMG issued the certification pursuant to sect. 37 para. 6 SE-VO on 05 May 2014 and confirms as follows:

"According to the final result of our diligent audit pursuant to section 37 para. 6 SE-VO, we confirm based on the deeds, books and letters submitted to us as well as the information and proof provided to us that Ströer Media AG has net assets at least at the amount of its share capital plus the reserves not to be dispensed by law or articles of association."

Generally, the founding of an SE seated in Germany according to sect. 3, 15 para. 1 SE-VO is subject to the founding provisions under share law (§§ 32 et seqq. AktG). Accordingly, a founding report (§ 32 AktG) must be issued, an external and internal founding audit must be performed and the corresponding founding audit reports (§§ 33 et seqq. AktG) must be drawn up. When converting an AG to an SE, these provisions are, however, not applicable according to the current opinion in legal literature. This is derived from the legal idea of § 75 para. 2 UmwG, according to which neither a founding report nor an external founding inspection are required when merging for newly founding a public company if a capital company is the transferring entity as well. The form change of a public company to an SE is comparable to the case provided for in § 75 para. 2 UmwG so that neither an additional founding report nor an external founding audit are required here. There also is no need for an additional value retention audit by an external founding auditor since this is part of the audit of the conversion auditor according to sect. 37 para. 6 SE-VO already.

IV. Approval of the general meeting

According to sect. 37 para. 7 SE-VO, the conversion plan requires approval of the general meeting of Company and the new articles of association of the SE must be approved by the general meeting (sect. 37 para. 7 SE-VO). The management board and supervisory board of Ströer AG therefore submit the conversion plan and the new articles of association of Ströer SE under agenda item 9 to the regular general meeting on 18 June 2014 for passing of resolutions. Furthermore, this general meeting also appoints the first supervisory council of the SE and the auditor for the first business year.

The passing of resolutions of the general meeting requires a simple majority of the votes cast and a majority of at least three quarters of the share capital represented when passing of resolutions (sect. 37 para. 7 sentence 2 SE-VO in conjunction with § 65 UmwG and § 133 para. 1 AktG).

V. Performance of the procedure for employee participation in Ströer SE

Another prerequisite for the effectiveness of an SE conversion is that the management board of the public company negotiates with the employees about their future participa-

tion rights in the SE (sect. 12 para. 2 SE-VO in conjunction with SEBG). On the side of the employees, the negotiations are conducted by the special representation body (Besonderes Verhandlungsgremium; "BVG"), which usually is made up of employee representatives of all European operations or operations of the Company to be covered in the European Economic Area (§§ 4 et seqq. SEBG). Since the SE is not subject to the national laws about entrepreneurial employee involvement (§ 47 para. 1 no. 1 SEBG), the negotiations serve to secure the already-gained participation rights of the employees in corporate decisions. The negotiations usually end with the conclusion of a written agreement with the employees about their participation rights in the SE. Where there is no agreement within the intended negotiations period of six months, the statutory initial provisions according to §§ 22 et seqq. SEBG are applied, so that the procedure is still completed. Only after proper performance of the procedure on the rule on employee involvement in the SE can the SE be entered in the commercial register (sect. 12 para. 2 SE-VO).

After the employees were informed about the intended conversion of Ströer AG to an SE in early January purs. to § 4 para. 2 SEBG, the elections of the BVG will be held. The BVG constituted itself on 1 April 2014 and commenced negotiations with the management board of Ströer AG.

The details of the procedure on the rule of the employee involvement are described in § 8 of the conversion plan and are explained in section F. IX. of this conversion report.

VI. Constitution of the supervisory board of Ströer SE and appointment of the new management board members

The general meeting of Ströer AG on 18 June 2014 will also decide about the election of the three shareholder representatives of the first supervisory board of Ströer SE, since the terms of office of the previous supervisory board members of Ströer AG will end with registration of the SE in the commercial register. At this time, the terms of office of the previous management board members will end as well. Therefore, the new supervisory board of Ströer SE must constitute itself and the members of the new management board of Ströer SE must be appointed before entry of the conversion in the commercial register (sect. 39 para. 2 sentence 1 SE-VO) to ensure that the SE is fully able to act at the time the SE is created, i.e. the entry in the commercial register. The members of the management board are to be entered in the commercial register at conversion already (sect. 15 para. 1 SE-VO in conjunction with § 246 para. 2 UmwG). Notwithstanding the responsibilities of the supervisory board pursuant to sect. 39 para. 2 sentence 1 SE-VO, it is intended to appoint the members of the management board of Ströer AG as members of the first management board of Ströer SE. These are currently Udo Müller and Christian Schmalzl. Dr. Bernd Metzner will be a member of Company's management board from June 2014 onwards.

VII. Registration in the commercial register

After approval of the general meeting and termination of the negotiations with the employees according to sect. 12 para. 2 SE-VO, conversion of the Company by the management board for entry in the commercial register of the Company must be registered (sect. 15 para. 1 SE-VO in conjunction with §§ 246 para. 2, 198 para. 1 UmwG). The register court reviews conversion based on the submitted documents. Where all entry requirements are present, and specifically the management board has confirmed in the commercial register entry that no claim has been raised against the conversion resolution of the general meeting (sect. 15 para. 1 SE-VO in conjunction with §§ 198 para. 3, 16 para. 2 UmwG), entry in the commercial register takes place. Ströer SE is entered under a new number in the commercial register of the district court in Cologne. With the commercial register entry, the form change takes effect (sect. 16 para. 1 SE-VO) and Ströer SE becomes legally capable. The principle of the identity of the legal carrier applies, so that Ströer AG is not dissolved as a Company but solely changes its legal form. After entry, the commercial register will publish the conversion.

F. Explanation of the conversion plan

The conversion plan is part of the agenda for the regular general meeting of Company on 18 June 2014 in item 9. The conversion plan is explained as follows:

I. Preface

The preface of the conversion plan serves customisation of the company to be converted and short explanation of the planned project of conversion to an SE.

II. Conversion of Ströer AG into Ströer SE (§ 1 conversion plan)

§ 1.1 of the conversion plan determines that Ströer AG is converted to a Societas Europaea (SE) pursuant to sect. 2 para. 4 in conjunction with sect. 37 SE-VO.

The circumstance that a public company can only change its form to that of SE if it has had a subsidiary subject to the law of another member state for more than two years (sect. 2 para. 4 SE-VO) is considered in § 1.2 of the conversion plan. This refers to Ströer AG holding a majority share (at least 99%) in Ströer Polska Sp. z.o.o., seated in Warsaw, Poland, founded on 20 May 1992 entered in the commercial register of Warsaw under register number KRS No. 46035, since March 1999. The prerequisites pursuant to sect. 2 para. 4 SE-VO for conversion of Ströer AG into an SE are thus met.

§ 1.3 of the conversion plan contains the note that the conversion to an SE always takes place under maintenance of the identity of the legal entity. This means that Ströer AG is not dissolved and no new legal entity is founded. Participation of the shareholders in Company thus continues unchanged in Ströer SE.

The resolutions of the general meeting of Ströer AG continue to apply unchanged for the SE after the conversion becomes effective, unless completed already. This is clarified in § 1.4 of the conversion plan.

III. Taking effect of the conversion (§ 2 conversion plan)

§ 2 describes that the conversion enters into effect upon entry in the commercial register of Company ("*conversion time*").

IV. Company name, seat and articles of association of Ströer SE (§ 3 conversion plan)

§ 3 of the conversion plan contains information about the company name, seat and reference to the new articles of association of Company.

Accordingly, Company will have the company name "Ströer Media SE" after conversion purs. to § 3.1. Thus, the previous company name is solely adjusted to the change of legal form that takes effect with entry of the form-changing conversion in the commercial register by the addition of "SE". This implements the specifications of sect. 11 para. 1 SE-VO.

The seat and main administration of Ströer SE are located in Cologne, Germany, as before purs. to § 3.2 of the conversion plan. According to § 3.3 of the conversion plan, Ströer SE will receive new articles of association according to the conversion plan enclosed as an Annex. The articles of association are part of the conversion plan and explained in detail in section G. of this conversion report.

V. Share capital, participation situation, authorized and conditional capital, no cash compensation (§ 4 conversion plan)

The conversion plan specifies in § 4.1 that the complete share capital of Ströer AG at the amount at the conversion time (currently EUR 48,869,784.00) and in the structure at this time in individual shares without nominal value in the name of the bearer (current number 48,869,784) will become the share capital of Ströer SE. The persons and companies who are shareholders of Ströer AG at the conversion time will become shareholders of the SE and participate in the share capital of Ströer SE at the same ratio as before the conversion (principle of continuity of the shareholders). The calculated share of each individual share in the share capital (currently EUR 1.00) shall also be retained as it is present right before the conversion takes effect.

§ 4.2 of the conversion plan provides for the authorized capital of Ströer AG becoming the authorized capital of Ströer SE.

Pursuant to § 5 of the currently applicable articles of association of Ströer AG, the management board has the right to increase the share capital of Company once or several times in the time until 12 July 2015 by up to EUR 12,166,949.00 in total by issuing up to 12,166,949 new ordinary bearer shares against cash contributions and/or contributions in kind with the consent of the supervisory board (authorized capital I). The shareholders generally must be granted subscription rights. The management board does, however, have the right to exclude this subscription right with the supervisory board's consent in the cases named in § 5 para. 2 of the company articles of association, specifically to exclude peak amounts from the subscription rights, in capital increases by contribution in kind (e.g. acquisition of companies), in cash capital increases if the issued amount of the new shares does not essentially undercut the stock exchange rate of the shares, but limited to no more than 10% of the share capital of the company and to grant the holders of option certificates or creditors of convertible bonds or usufruct with conversion or option rights a subscription right for the new shares.

The general meeting of Company on 18 June 2014 will, however, receive the suggestion for a new authorized capital 2014 in agenda item 7 and a new § 5 of the articles of association for passing a resolution. This new authorized capital 2014 has a longer maturity and a higher amount for the capital increase. According to it, the management board is to be authorised to increase the share capital of Company once or several times in the time until 17 June 2019 by up to EUR 18,938,495.00 in total by issuing up to 12,166,949 new ordinary bearer shares against cash contributions and/or contributions in kind with the consent of the supervisory board (authorized capital 2014). The shareholders generally must be granted subscription rights. The management board does, however, have the right to exclude this subscription right with the supervisory board's consent in the cases named in § 5 para. 2. These cases are identical with the rules in the current § 5 of the articles of association of Ströer AG.

This new authorized capital 2014 will, according to § 4.2 of the conversion plan, however only be included in the articles of association of Ströer SE, if the general meeting passes the corresponding resolution. If the resolution does not have the required majority, the authorisation for the authorized capital 2014 does not apply to Ströer SE and the management board will register the articles of association of Ströer SE with the previous authorisation for the authorized capital I the management board will, apart from this, only register the authorized capital 2014 and, if applicable, the corresponding version of § 5 of the articles of association of Ströer SE, for entry in the commercial register if the resolution on agenda item 7 of the invitation to the general meeting from 18 June 2014 has been entered in the relevant commercial register of Ströer AG or the effectiveness of this resolution has been determined.

Since the rule in § 5A of the articles of association of Ströer AG on the authorized capital II has become void due to the end of the authorisation, § 4.3 of the conversion plan clarifies that this rule will not be included in the articles of association of Ströer SE.

§ 4.4 of the conversion plan provides that the conditional capital of Ströer AG becomes the conditional capital of Ströer SE.

This applies to the conditional capital 2010 in § 6 of the articles of association of Ströer AG at up to Euro 11,776,000.00. This conditional capital serves to grant ordinary bearer shares to the holders or creditors of convertible bonds and/or option bonds that are issued by Company or a holding company based on the authorisation by the general meeting from 13 July 2010, agenda item 4.

On the other hand, this refers to the conditional capital 2013 pursuant to § 6A of the articles of association of Ströer AG at up to Euro 3,176,400.00, which serves granting of rights to the holders of share option rights from the share option programme 2013 to the issue of which the management board was authorised by resolution of the general meeting from 8 August 2013.

§ 4.5 of the conversion plan once again summarises that the equity figure and the classification of the equity, the authorized and conditional capital purs. to §§ 4, 5, 6 and 6A of the articles of association of Ströer AG correspond completely to the equity number and the classification of the equity, authorized and conditional capital purs. to §§ 4, 5, 6 and 6A of the articles of association of SE, with the status right before entering into effect of the conversion of Ströer AG into an SE being essential.

To record any changes to the share capital, authorized capital and conditional capital in the SE articles of association until the conversion takes effect, the supervisory board of Ströer SE is authorised and instructed in § 4.6 of the conversion plan to perform any arising changes to the version of the SE-articles of association before entry of the form-changing conversion in the commercial register.

Since the participation rights of the shareholders of Ströer AG will not change by conversion of Company to an SE, cash compensation for the shareholders is not intended for by law. Accordingly, § 4.7 of the conversion plan indicates that the shareholders who reject conversion do not receive any cash compensation.

VI. Bodies of the new Company (§ 5 conversion plan)

§ 5 of the conversion plan specifies regarding the option right of the SE for the design of corporate management that Ströer SE will have a dualist administration structure. The bodies of Ströer SE are thus as before the management board as management body (sect. 38 lit. b) SE-VO), the supervisory board as supervisory body (sect. 38 lit. b) SE-VO) and the general meeting (sect. 38 lit. a) SE-VO).

VII. Management Board (§ 6 conversion plan)

§ 6 of the conversion plan contains rules on the composition of the new management board of SE, since the offices of the previous management board members of Ströer AG will end upon taking effect of the conversion.

Afterwards, the management board of Ströer SE will comprise at least two members according to the more detailed specification by the supervisory board. Furthermore, note that notwithstanding the decision-making relevance of the supervisory board of Ströer SE under share law, it is assumed that the currently officiating members of the management board of Ströer AG will also be appointed members of the board of Ströer SE.

The current members of the management board of Ströer AG are Udo Müller (chairman) and Christian Schmalzl.

VIII. Supervisory board (§ 7 conversion plan)

§ 7. 1 of the conversion plan specifies that the supervisory board of Ströer SE will in future be made up of three members to be elected by the shareholders. Thus, the supervisory board will no longer have six members. The members of the first supervisory board of Ströer SE will be appointed by the general meeting of Ströer AG.

§ 7.2 of the conversion plan indicates that the offices of the supervisory board members of Ströer AG end upon entry of the conversion in the commercial register.

Purs. to § 7.3 of the conversion plan, the following persons are to be appointed as members of the first supervisory board until the end of the general meeting deciding about the discharge of the supervisory board for the business year 2016 of Ströer SE:

- Mr Dirk Ströer, entrepreneur,
- Mr Christoph Vilanek, chairman of the management board of freenet AG,
- Mr Ulrich Voigt, member of the management board of Sparkasse KölnBonn.

All persons are already members of the supervisory board of Ströer AG.

IX. Information on the procedure on the agreement about participation of employees (§ 8 conversion plan)

In § 8 of the conversion plan, the procedure to be performed in the scope of the SE-conversion regarding employee involvement in Ströer SE is described and explained. The procedure serves to secure the previous rights of the employees to participation in the company decisions.

1. Basics (§ 8.1 conversion plan)

First, an overview of the legal basics and the process of the employee participation procedure is provided in § 8.1 of the conversion plan to then explain the process and process steps in detail in §§ 8.2 to 8.6 of the conversion plan.

To secure the rights of the employees of Ströer AG to participation in company decisions, negotiations on participation of the employees in Ströer SE must be conducted in connection with the conversion to an SE with an internationally appointed negotiation body of the employees ("*Special negotiation body*"). The conclusion of the negotiations with the employees is a prerequisite for the commercial register entry of the SE (sect. 12 para. 2 SE-VO). The SEBG is the legal basis for the employee participation procedure, which implements directive 2001/86/EC of the Council from 8 October 2001 to supplement the bylaws of the European Companies regarding the participation of employees in German law. The target of the procedure is the conclusion of a participation agreement in which participation of the employees in the supervisory council and the procedure for informing and hearing the employees by founding an SE works council or in any other manner to be agreed on can be provided for. If no agreement is reached, the catching rules of the SEBG apply.

2. Initiation of the procedure (§ 8.2 conversion plan)

§ 8.2 of the conversion plan describes initiation of the procedure for the involvement of the employees. For this, the company's management board will inform the employee representations or employees in the member states about the conversion in writing (e.g. about the company's structure, the affected subsidiaries, the employee numbers and employee representations) and asks them to form the special negotiation body (§ 4 SEBG).

According to the specifications in § 4 para. 4 SEBG, the management board of Ströer AG has informed the employee representations and employees of Ströer groups in the member states about the conversion projects in detail on 10 January 2014 and asked them to form the special negotiation body.

3. Constituting the BVG (§ 8.3 conversion plan)

§ 8.3 of the conversion plan explains the forming of the special negotiation body ("*BVG*"). After the employees or employee representatives have been informed about the conversion, they have 10 weeks to elect or appoint the members of the BVG (purs. to § 11 para. 1 SEBG). The BVG is made up of representatives of the employees from all member states where the Ströer group employs employees. It has the task of entering into a written agreement about the participation of the employees in Ströer SE with Ströer AG.

Each member state where employees of the corporate group are employed will receive at least one seat on the BVG according to § 5 para. 1 SEBG. The number of seats assigned to any one member state increases by one where the number of the employees employed in this state exceeds the threshold of 10 %, 20 %, 30 % etc. of all employees employed in the member states of the corporate group.

According to these specifications, the seats are distributed as follows:

| Member state | Number of employees | % (rounded) | Delegates in the BVG |
|---------------------|----------------------------|--------------------|-----------------------------|
| Germany | 1,589 | 86.31% | 9 |
| Poland | 168 | 9.13% | 1 |
| Spain | 6 | 0.33% | 1 |
| Great Britain | 16 | 0.87% | 1 |
| Belgium | 4 | 0.22% | 1 |
| Netherlands | 10 | 0.54% | 1 |
| Czech Republic | 32 | 1.74% | 1 |
| Hungary | 16 | 0.87% | 1 |
| Total | 1,841 | 100% | 16 |

The members of the special negotiation body for Germany were elected by an election body pursuant to §§ 8 et seq. SEBG. The election body was made up of the members of the overall works council of the comprehensive organisation of Ströer-DSM group, the members of the common works council of Ströer DERG Media GmbH, DERG Vertriebs GmbH and the employees of other companies of the group at the Kassel site who are assigned to this works council due to collective-bargaining provisions, as well as the members of the work council of DSM Decaux GmbH. In Germany, employees of the companies and operations of Ströer group and labour union representatives could be elected into the BVG. Because more than two members of the BVG were from Germany, the labour unions represented in Ströer group were able to make suggestions for every third member pursuant to § 6 para. 3 SEBG. Since the BVG has more than six members from Germany in addition to this, every seventh member must be a managing employee according to § 6 para. 4 SEBG. Accordingly, the managing employee was elected pursuant to § 8 Abs. 1 S. 5 SEBG upon the suggestion of the managing employees.

The members of the BVG for the other member states were elected or appointed according to the provisions in the respective member state on the implementation of directive 2001/86/EC.

After the employee representatives or employees of Ströer-group in Germany, Poland, the Czech Republic and Hungary elected or appointed their members of the BVG in accordance with the relevant national provisions and the above seat distributions and the employee representatives or employees of Ströer group in Spain, Great Britain, Belgium and the Netherlands had decided not to elect any members of the BVG, the BVG convened after the end of the period of § 11 para. 1 SEBG upon invitation of the management board of Ströer AG on 1 April 2014 to its constituting meeting. The employee representatives or employees of Ströer group in Spain, Great Britain, Belgium and the Netherlands may send members to the BVG even after the negotiations commence, and these members will be able to participate in the proceedings at any time pursuant to § 11 para. 2 sentence 2 SEBG.

4. Negotiations between the management board of Ströer AG and the BVG (§ 8.4 conversion plan)

On the constituting day, the procedure for formation of the special negotiation body ends and negotiations with the BVG start

§ 8.4 therefore specifies that negotiations between the management board of Ströer AG and the BVG started on the day of the constituting meeting on 1. April 2014. The object of the negotiations was the specification of a procedure for information and hearing of the employees either by forming an SE works council or otherwise. The negotiations were continued on 2 April 2014 and are still continuing. For the negotiations, a duration of up to six months is intended for by law, which can be extended to one year of appointment of the special negotiation body by amicable resolution of the contracting parties (§ 20 Abs. 2 SEBG).

5. Agreement about participation of the employees at Ströer SE (§ 8.5 conversion plan)

The target of negotiations with the BVG is conclusion of an agreement about the employee participation at Ströer SE.

§ 8.5 of the conversion plan thus contains rules that usually are the object of the participation agreement pursuant to § 21 SEBG.

§ 21 SEBG specifies certain minimum contents that are to or should be provided for according to the participation agreement.

Regarding the procedure for the information and hearing of the employees, the agreement must provide for the formation of an SE works councils or an alternative procedure for informing and hearing the employees (§ 21 para. 2 SEBG). If an SE works council is set up, its composition, the number of its members and the distribution of

seats, including the effects of essential changes to the number of the employees employed in the SE must be provided for. The information and hearing rights of the SE works council and the associated procedure, the frequency of its meetings and the financial and material means to be provided for the SE works council must be specified as well (§ 21 para. 1 SEBG).

Additionally, the agreement must contain rules about its scope of application, time of entering into effect and term. Cases must be specified in which the agreement should be re-negotiated, as well as the procedure to be applied. The agreement should also specify that negotiations about employee participation in the SE are held before any structural changes to the SE as well.

The agreement does not have to provide for the participation of the employees in the supervisory board of Ströer Media SE (§ 21 para. 3, 6 sentence 1 SEBG). Before the conversion, the company was not subject to any provisions about employee participation in the supervisory council. Specifically, the company was not subject to the application of the participation act or the one-third participation act.

The conclusion of a participation agreement requires a resolution of the BVG, generally with the majority of its members, which must at the same time represent the majority of the represented employees (§ 15 para. 2 SEBG).

Where a participation agreement is not reached, the participation rights of the employees in the SE are according to the statutory catching rules of §§ 22-38 SEBG.

6. Costs (§ 8.6 conversion plan)

According to the statutory rule in § 19 SEBG, § 8.6 of the conversion plan contains the note that Ströer AG or Ströer SE must bear the costs that arise from negotiations with the employees.

X. Other effects of the conversion on the employees and their representations (§ 9 conversion plan)

§ 9 of the conversion plan contains information about the other effects of the conversion on the employees and their representations.

§ 9.1 contains the rule that the employments of all employees in Ströer AG are unaffected by the conversion. The relevant provisions on dismissal protection continue to apply unchanged after the conversion. The conversion is no passing of operations in the sense of § 613a German Civil Code. The conversion of Ströer AG to an SE has no effects for the employees of Ströer group regarding participation rights of the employees at Ströer

AG apart from the procedures described in § 8 of the conversion plan and the above section F.IX.. The operating agreements and collective bargaining agreements in Ströer group continue to apply according to the proviso of the respective agreement.

§ 9.2 of the conversion plan also specifies again that there are no relocations, terminations or other measures detrimental for the employees are planned or intended in connection with the conversion that would affect the employees' situation.

XI. Auditor (§ 10 conversion plan)

§ 10 of the conversion plan serves appointment of the first auditor of Ströer SE. According to this, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne is appointed as the auditor for the first business year of Ströer SE is.

XII. No further rights or special benefits (§ 11 conversion plan)

According to the rule in § 194 para. 1 no. 5 UmwG, § 11 of the conversion plan contains information on which rights are granted to individual shareholders and the holders of special rights in the legal entity of a new legal form. In this respect, § 11.1 specifies that the above persons not be granted any rights exceeding the shares for previous shareholders of Ströer AG according to § 4.1 of the conversion plan in the sense of § 194 para. 1 no. 5 UmwG and/or sect. 20 para. 1 S. 2 lit. f) SE-VO and that no special measures are intended for these persons. The option rights for shares granted to the members of the company's management board and selected employees below the management board level, as well as members of the company's management of affiliated companies in the sense of §§ 15 et seqq. AktG in the scope of the share option plan 2013 will, however, continue at Ströer SE.

§ 11.2 of the conversion plan also specifies that persons in the sense of sect. 20 para. 1 S. 2 lit. g) SE-VO (i.e. the expert auditor, management boards and supervisory board members) are not granted any special benefits in the scope of conversion either.

XIII. Founding/conversion costs (§ 12 conversion plan)

Apart from this, the conversion plan contains the indication of the estimated costs of conversion to be assumed by the company in § 12.

G. Explanation of the new Articles of Association of Ströer SE

The future articles of association of Ströer SE are part of the conversion plan and submitted for approval to the regular general meeting of Company on 18 June 2014 together with it. The new articles of association of Ströer SE enter into effect upon entry of Ströer SE in the commercial register and replaces the previous articles of association of Ströer AG at this time. The wording of the new articles of association of Ströer SE is essentially according to the previous articles of association of Ströer AG. The suggested changes are primarily specific to the legal form. Additionally, the articles of association should also be adjusted editorially in some few items for the form-changing conversion. The relevant rules in the articles of association are explained below, specifically where essential content deviations from the rules of the articles of association of Ströer AG are present.

I. General provisions (§§ 1 to 3 Ströer SE's articles of association)

The general provisions (§§ 1 to 3) essentially correspond to the corresponding rules of the previous articles of association of Ströer AG.

1. § 1 Company name, seat and duration

The new company name of "Ströer Media SE" according to § 1 para. 1 solely considers the change of the legal form from AG to SE. Ströer SE also has its seat in Cologne (§ 1 para. 2). Apart from this, Ströer SE is also founded for an indeterminate period of time (§ 1 para. 3).

2. § 2 Object of the company

The object of Ströer SE is identical to that of Ströer AG and still provided for in § 2 of the articles of association.

3. § 3 Announcement and medication of information

§ 3 para. 1 of the articles of association of Ströer SE now specifies that the announcements of Ströer SE are made in the "Federal Gazette", so that this passage no longer refers to the "electronic" Federal Gazette. This change considers that the electronic Federal Gazette has only been called the "Federal Gazette" since 1 April 2012.

§ 3 para. 2 corresponds to the previous rule in the articles of association of Ströer AG and provides for information still being transmitted by way of data remote transfer to the shareholders where permitted by law.

II. Share capital and shares (§§ 4 to 7 of Ströer SE articles of association)

The rules on the share capital and shares (§§ 4 to 7) correspond to the corresponding provisions of the previous articles of association of Ströer AG with few changes.

1. § 4 Height and structure of the share capital

§ 4 para. 1 and para. 3 of the articles of association of Ströer SE completely correspond to the wording of § 4 para. 1 and para. 3 of the articles of association of Ströer AG and contain the previous information about the amount and payment of the company's share capital. § 4 para. 2 of the articles of association of Ströer SE also contains information about the structure of the share capital in 48,869,784.00 individual shares without nominal value. The shares being registered in the bearer's name is now contained in a new sentence, followed by the clarifying addition that this applies for the new shares from capital increases as well unless something different is decided.

§ 4 para. 4 newly specifies that the share capital of Ströer SE was provided by the form change of Ströer AG. This rule considers the principle resulting from the funding provisions under share law, according to which the articles of association must contain the corresponding specification about the contributions in kind made by the form change.

2. § 5 Authorized capital 2014

If the general meeting of Ströer AG on 18 June 2014 under agenda item 7 revokes the authorized capital I and creates a new authorized capital 2014, § 5 para. 1 of the articles of association of Ströer SE will contain the new rule that the management board is authorised until 17 June 2019 to increase the company's share capital of the company by 17 June 2019 once or several times by a total of up to EUR 18,938,495.00 with the approval of the supervisory board by issuing up to 18,938,495 new common shares registered in the bearer's name against contributions in cash and/or in kind, but no more than the amount and number of shares at which amount the authorized capital pursuant to § 5 para. 1 of the articles of association of Ströer AG is still present (authorized capital 2014) at the time the form change of Ströer AG to an European Company (SE) pursuant to conversion plan from 30 April 2014 enters into effect.

According to § 5 para. 2, the shareholders generally must be granted a subscription right, which can also be granted by the new shares being assumed by a credit institution or a company active according to § 53 para. 1 S. 1 or § 53b para. 1 S. 1, para. 7 of the law about credit management with the obligation of offering them to the shareholders for subscription indirectly in the sense of § 186 para. 5 AktG. The board will, however have the right to exclude the statutory subscription rights of the shareholders with the consent of the supervisory board for one or several capital increases in the scope of the authorized capital,

- (i) to exclude peak amounts from the subscription right of the shareholders;
- (ii) if the capital increase takes place against contribution in kind, specifically – but without being limited to this – for the purchase of companies, company parts or participations in companies;
- (iii) If the capital increase takes place against contributions in cash and the issued amount of the new shares does not essentially undercut the stock rate of the already-stock-listed shares of the same category and equipment at the time of the final specification of the issuing amount in the sense of §§ 203 para. 1 and 2, 186 para. 3 S. 4 AktG, and the prorated share of the share capital due to the new shares issued according to this item (iii) under exclusion of subscription rights pursuant to § 186 para. 3 S. 4 AktG does not exceed a total of 10 % of the share capital, either at the time of entering into effect of this authorisation or at the time of its execution. The prorated amount of the share capital that is due to new or own shares have been issued or sold since 18 June 2014 under simplified subscription right exclusion pursuant or according to § 186 para. 3 S. 4 AktG is set off against this maximum amount, as is the prorated amount of the share capital due to shares to which option and/or conversion rights or obligations from bonds or usufruct refer that have been issued since 18 June 2014 under corresponding application of § 186 para. 3 s. 4 AktG; and/or
- (iv) Where this is required to grant holders of option certificates or creditors of convertible bonds or usufruct with conversion or option rights that are issued by the company or its companies dependent from it or majority-owned by it, a subscription right for new shares at the scope due to them after execution of the option or conversion rights or after compliance with the conversion obligations.

Purs. to. § 5 para. 3, the further content of the share rights, the issued amount, the compensation to be paid for the new shares and the other conditions of share issuing shall be determined by the management board with the consent of the supervisory board.

The supervisory board has the right purs. to § 5 para. 4 to make changes to the articles of association that only affect the phrasing, after complete or partial increase of the share capital from the authorized capital or after the end of the authorisation period.

Where the general meeting does not decide about the new authorized capital and the new phrasing of § 5, the new authorisation for the authorized capital 2014 shall not apply to Ströer SE and the management board shall register the articles of association of Ströer SE with the previous authorisation for the authorized capital I.

The authorized capital II listed in the articles of association of Ströer AG in its current version, § 5A, is void due to the procedure of the authorisation. Therefore, it is not included in the articles of association of Ströer SE.

3. § 6 Conditional capital

§ 6 of the articles of association of Ströer SE assumes the previous rules in § 6 of the articles of association of Ströer AG on the conditional capital 2010. According to this, the share capital is conditionally increased by up to EUR 11,776,000.00. The conditional capital increase serves to grant individual shares to the bearers or creditors of convertible bonds and/or option bonds, issued by the company or a holding company based on the authorisation by the general meeting from 13 July 2010, agenda item 4.

§ 6 of the articles of association of Ströer SE only had the clarifying addition added that the conditional capital increase only applies where still present at the time the conversion enters into effect.

4. § 6 A Conditional capital 2013

The conditional capital 2013 purs. to § 6 A para. 1 to 4 of the articles of association of Ströer SE was also assumed from the articles of association of Ströer AG. The conditional capital increase at up to EUR 3,176,400.00 serves solely granting of rights to the bearers of share option rights from the share option programme 2013, for the issuing of which the management board was authorised by resolution of the general meeting from 8 August 2013.

Again, only a clarifying addition was included in the articles of association of the SE according to which the conditional capital increase only applies where still present at the time the conversion enters into effect, i.e. as far as the conditional capital increase pursuant to § 6 A of the articles of association of Ströer AG has not been performed yet.

5. § 7 Bearer shares, share certificates

The rules on shares in § 7 para. 1 to 3 of the articles of association of Ströer SE completely correspond to the rules in § 7 para. 1 to 3 of the articles of association of Ströer AG. The shares of Ströer SE continue to be in the name of the bearer. Form and contents of the share certificates are specified by the management board with the supervisory board's approval, with share certificates being solely signed by the management board. The claim of the shareholder to certification of his share is also excluded, but the company has the right to issue share certificates that represent individual shares (individual shares) or several shares (global shares).

III. Organisation

The rule on the constitution of Ströer SE was newly included in item III. of the articles of association. The background is that the articles of association of an SE must contain a provision on how the company's constitution is designed, since there generally is an

election right purs. to sect 38 SE-VO between a dualist and monist administration structure. Ströer SE will continue its previous dualist system, clarified in item III.1 of the articles of association of Ströer SE, so that the bodies of the company continue to be the management board as management body and the supervisory board as supervisory body purs. to item III.2. Additionally, there will still be the general meeting as a third body.

IV. The management board (§§ 8 to 10 of Ströer SE's articles of association)

The rules on the management board of Ströer SE in §§ 8 to 10 were adjusted in the content of some items as compared to the previous rules at the articles of association of Ströer AG to specifically correspond to the statutory framework conditions in the SE.

1. § 8 Composition and rules of procedure

§ 8 para. 1 of the articles of association of Ströer SE now intend for the company's management board to comprise at least two persons, while the management board at Ströer AG could also comprise only one person. This new rule in § 8 para. 1 follows the recommendation in § 16 SEAG, according to which the management board of an SE at the size of Ströer SE should have at least two members. The specific number of management board members is also determined by the supervisory board, which may designate a chairman of the management board and a deputy as before.

§ 8 para. 2 newly contains the rule that the members of the management board are appointed by the supervisory board for a period of no more than five years, with re-appointment being admissible. This rule is because the articles of association of an SE must contain a rule about the term of appointment, which must not exceed six years (sect. 46 para. 1 SE-VO). The maximum appointment term under share law, was no more than five years (§ 84 para. 1 sentence 1 AktG).

Passing of resolutions in the management board is newly provided for in § 8 para. 3 of the articles of association of Ströer SE. According to this, the resolutions are passed with a simple majority unless the law requires a larger majority of votes. Abstentions and votes not cast are not considered votes cast, however. In case of a tie, the vote of the chairman will be decisive. These rules in the articles of association serves to maintain the ability of the management board to pass resolutions by not considering abstentions and votes not cast. The right to a final ballot by the chairman was included newly purs. to sect. 50 para. 2 SE-VO.

The option previously included in § 8 para. 3 of the articles of association of Ströer AG to specify deviating resolution majorities in the rules of procedure for the management board as well is not intended for in SE-VO and thus also no longer contained in § 8 para. 3 of the articles of association of Ströer SE.

The rule in § 8 para. 4 corresponds to the previous rule in § 8 para. 3 of the articles of

association of Ströer AG. According to this, the supervisory board shall pass procedural rules for the management board and specifically specify transactions there for the execution of which the management board requires the consent of the supervisory board

2. § 9 Representation of the company

§ 9 of the articles of association of Ströer SE provides for the representation of the company and has the same content and wording as § 9 of the articles of association of Ströer AG except for the reference to the application of § 112 AktG. The company is thus represented as before by two board members or a board member together with an authorised signatory. The supervisory board thus can determine that a board member or authorised signatory is authorised to sole representation of the company and to release him from the limitations of § 181 2nd alt, German Civil Code.

3. § 10 Transactions requiring approval

§ 10 was newly included in the articles of association of Ströer SE to meet the specifications according to sect. 48 para. 1 SE-VO. Accordingly, the articles of association of an SE must already contain a catalogue of legal transactions for the performance of which the management board requires the approval of the supervisory board. Purs. to. § 10 the following thus require the approval of the supervisory board: the specification of the investment and financial plans (budget); the inclusion of new and abandonment of present business areas where essential for the overall group; the purchase and sale of companies, participations and operations or parts of operations (not group-internally), if the purchasing costs or the revenue from sale exceeds EUR 10 M from case to case, and the conclusion, change and revocation of company contracts. Additionally, the supervisory board can specify transactions requiring approval. This option is intended for by the law in § 19 SEAG and corresponds to the previous legal situation at Ströer AG.

V. The supervisory board (§§ 11 to 15 of Ströer SE articles of association)

The rules for the supervisory board of Ströer SE were adjusted in content in some items as compared to the previous rules at the articles of association of Ströer AG, to consider the statutory framework conditions in the SE.

1. § 11 Composition, term of office and putting down office

The supervisory board of Ströer SE comprises three members purs. to § 11 para. 1 that are elected by the general meeting and no longer of six as according to § 10 para. 1 of the articles of association of Ströer AG. The supervisory board of Ströer SE also is not subject to employee participation.

The rule on the term of office and the possible re-election of the supervisory board members in § 11 para. 2 corresponds to the previous rule in § 10 para. 2 of the articles

of association of Ströer AG, with the addition regarding sect. 46 para. 1 SE-VO that the term of office must not exceed six years.

§ 11 para. 3 contains the rules for the possible election of replacement members for supervisory board members as § 10 para. 3 of the articles of association of Ströer AG before it.

The rules in § 11 para. 4 of the articles of association of Ströer SE are identical to § 10 para. 4 of the articles of association of Ströer AG and essentially provide for supervisory board members and replacement members being allowed to resign their offices with a period of one month even without an important reason.

2. § 12 Chairman and deputies

§ 12 para. 1 to 3 of the articles of association of Ströer SE intend for rules on the election of the supervisory board chairman and his deputy – in the same wording as the provisions in § 11 para. 1 to 3 of the articles of association of Ströer AG.

3. § 13 Convening and passing of resolutions

§ 13 contains some few adjustments resulting from SE law as compared to the rules in § 12 of the articles of association of Ströer AG.

§ 13 paras. 1 and 2 initially provide for the modalities for convening of supervisory board meetings in the same wording as § 12 paras. 1 and 2 of the articles of association of Ströer AG.

The requirements for a quorum of the supervisory board were newly provided for in § 13 para. 3 of the articles of association of Ströer SE. According to this, the supervisory board of Ströer SE has a quorum if two of its members participate in passing of the resolution. The rule takes into consideration sect. 50 para. 1 lit. a) SE-VO, according to which the supervisory board of an SE has a quorum if half of its members are present or represented. Therefore, two members of a supervisory board of three are now sufficient for a quorum.

§ 13 para. 3 p. 2 clarifies, as before, that a supervisory board member will participate in passing of the resolution even if declaring abstention.

Regarding the required majorities for resolutions, § 13 para. 4 provides according to the rule in § 12 para. 4 of the articles of association of Ströer AG, that no other specifications are present, that the simple majority of the votes cast is sufficient and that the vote of the chairman is decisive in case of a tie, or, if no chairman participates in the vote, that the petition is then refused. Now, § 13 para. 4 newly states that abstentions and

votes not cast are not counted as votes cast and thus are not considered in determination of the voting results. This principle applicable in share law only applies in the SE if the articles of association of the SE contain a corresponding rule for this. Without this kind of rule, these votes not cast would therefore be considered under SE law.

§ 13 para. 5 completely corresponds to the previous rule in § 12 para. 5 of the articles of association of Ströer AG. After this, resolutions can be passed outside of meetings if all supervisory board members participate in passing of the resolutions or no one objects within the set period.

As before, members absent can participate in the passing of resolutions by the supervisory council by casting their votes in writing pursuant to § 13 para. 6. Furthermore, they can also cast their vote during the meeting or subsequently within a set period by fax, email or otherwise common telecommunications media unless any supervisory board member present in the meeting objects.

§ 13 para. 7 corresponds verbatim to the provisions of § 12 para. 7 of the articles of association of Ströer AG and contains the rights of the supervisory board chairman to make and receive declarations of will for the supervisory board. If prevented, the deputy chairman has these rights.

§13 para. 8 was also assumed with the same content from the articles of association of Ströer AG and controls the procedure regarding logging of supervisory board meetings.

4. § 14 Procedural rules of the supervisory board, changes to the articles of association

§ 14 paras. 1 and 2 correspond verbatim to the rules in § 13 paras. 1 and 2 of the articles of association of Ströer AG. According to them, the supervisory board has the right to pass procedural rules for itself in the scope of the statutory provisions and the provisions of the articles of association and to decide changes to the articles of association where only referring to its version.

5. § 15 Compensation

Compensation for the members of the supervisory board will continue to be specified by the general meeting according to § 15 of the articles of association of Ströer SE, so that there are no changes as compared to the rules contained in § 14 of the articles of association of Ströer AG.

VI. General meeting (§§ 16 to 20 of Ströer SE's articles of association)

The rules on the general meeting in the articles of association of Ströer SE completely correspond to the corresponding rules of the articles of association of Ströer AG with a small addition in § 20.

1. § 16 Place and convening

As at Ströer AG before, the general meeting of Ströer SE will also be convened generally by the management board pursuant to § 16 para. 1 and will either take place at the corporate seat, the seat of a German stock exchange or a German city with more than 100,000 inhabitants. Pursuant to § 16 para. 2, the general meeting of Ströer SE also is to be convened at least 30 days before the day until the end of which the shareholders must register according to § 17 by the articles of association.

2. § 17 Participation in/transfer to the general meeting

Pursuant to § 17 paras. 1 and 2 of the articles of association of Ströer SE, as before, those shareholders are entitled to participate in the general meeting and execute their voting rights who have registered in time and documented their right to participate. The registration must be received by Company in text form at least six days before the general meeting; a shorter period may be intended for when convening the general meeting.

Pursuant to § 17 para. 3, the shareholders must render proof of their title in shares in text form, to be issued by the deposit bank and to refer to the 21st day before the general meeting. The proof generally must be received by Company at least six days before the general meeting, unless the convening letter stipulates a shorter period.

§ 17 para. 4 contains the basics for calculating the period regarding convening of the general meeting and registration according to the previous rules in the articles of association of Ströer AG.

§ 17 para. 5 also provides for the details of sound and image transmissions of the general meeting without any change in content. According to this, the chairman has the right to permit image and sound transmission of the general meeting by electronic media in a manner to be determined by him in more detail if this was announced in the convening letter of the general meeting.

3. § 18 Voting rights

The rules in § 18 on voting rights in the general meeting correspond to those in § 17 of the articles of association of Ströer AG. Thus, each share also grants one vote in Ströer SE. Furthermore, the voting rights can be executed by authorised persons, and specifi-

cally by voting rights representatives designated by the company. The voting rights authority shall generally require text form. Additionally, votes can also be cast by electronic communication (absentee voting) is admissible where intended for in the letter convening the general meeting.

4. § 19 Chairman of the general meeting

The chairman of the general meeting, as before, is generally the supervisory board's chairman and, if he is prevented from attending, a supervisory board member specified by the supervisory board chairman. If no supervisory board member has been determined by the chairman of the supervisory board or if this member is prevented from attending as well, the members of the supervisory board will determine the chairman of the general meeting from their number. This rule in § 19 para. 1 of the articles of association of Ströer SE corresponds to the rule in § 18 para. 1 of the articles of association of Ströer AG.

Purs. to § 19 para. 2 of the articles of association of Ströer SE, the chairman leads the negotiations and determines the order of the negotiation objects as well as the type and form of voting. The chairman has the right according to § 19 para. 3 to limit the question and speaking rights of the shareholders to an appropriate time and to specify more details for this. In content, these roles also correspond to the previous specifications from § 18 paras. 2 and 3 of the articles of association of Ströer AG.

5. § 20 Passing of resolutions

§ 20 of the articles of association of Ströer SE contains some additions regarding the legal basics to be applied as compared to the corresponding rule in § 19 of the articles of association of Ströer AG. As before, resolutions of the general meeting are generally passed with a simple majority of the votes cast, unless the legal basics listed in § 20 sentence 1 specify something different. In the legal basis listed in § 20 sentence 1 were supplemented with the regulation (EC) 2157/2001 from 08 October 2001 and thus the note to SE law.

Furthermore § 20 sentence 2 of the articles of association of SE contains an SE-specific provision on amendments to the articles of association that was not contained in Ströer AG's articles of association. Pursuant to this provision, a simple majority of the votes cast shall be sufficient for the adoption of a resolution on amendments to the articles of association, provided that at least half of the share capital is represented and mandatory law does not require a different majority. This provision is based on sect. 59 SE-VO and sect. 51 SEAG. Pursuant to these provisions, a majority of at least two thirds of the votes cast is required for an amendment to the articles of association of an SE; if, however, half of its share capital is represented when the resolution is adopted, a simple majority of the votes cast is sufficient, provided that this is stipulated in the articles of association. Pursuant to sect. 51 sentence 2 SEAG, this does not apply to resolutions on

the change of the object of the company, resolutions on the cross-border transfer of the registered office of the company pursuant to sect. 8 para. 6 of the SE-VO Regulation or resolutions for which a larger capital majority is required by mandatory law. Apart from this, the rules in § 20 were essentially assumed from the articles of association of Ströer SE.

VII. Annual statement (§§ 21 to 23 of Ströer SE's articles of association)

The rules on the annual statement were completely assumed from the articles of association of Ströer SE without changes to content and wording. Only the number of the paragraphs has moved by one.

1. § 21 Business year, accounting

Purs. to § 21 para. 1, the business year of Ströer SE continues to be the calendar year. The management board also has to set up the annual and consolidated statement in the first three months of a business year, as well as the management report, and to submit them to the supervisory board and the auditor without delay, purs. to § 21 para. 2. At the same time, he must submit the suggestion for profit utilisation that he will submit to the general meeting to the supervisory council. The supervisory board must review all of the above documents, as before, and draw up a report about them. At the end of the report, the supervisory board must declare whether it approves the annual statement, which will determine the annual statement.

2. § 22 Use of the annual surplus

As § 21 of the articles of association of Ströer AG, § 22 provides for the prerequisites under which the management board and the supervisory board can contribute amounts from the annual surplus to the other profit retentions.

3. § 23 Profit utilisation and scale for profit sharing of the shareholders

The rules on profit utilisation and the scale for profit sharing of the shareholders in § 23 para. 1 to 5 of the articles of association corresponds to the rules in § 22 para. 1 to 5 of the articles of association of Ströer AG. Then the general meeting determines the utilisation of the balance sheet profit as before. In addition to or instead of cash distributions, the general meeting may also determine a distribution in kind if the values in kind can be traded on the market in the sense of § 3 para. 2 AktG. The profit shares of the shareholders are determined as before according to their shares in the base capital of the company. In case of capital increases, the profit sharing may be determined deviating from § 60 para. 2 sentence 3 AktG. Furthermore, it generally continues to be possible to distribute a downpayment dividend.

VIII. Founding/conversion costs; severability

Section VIII was newly inserted into the articles of association of Ströer SE. VIII.1 specifies that the costs for the form-changing conversion of Ströer AG to Ströer SE at up to EUR 3 M are assumed by the company. Furthermore, VIII.2 is now given a severability clause, according to which void or invalid provisions in the articles of association will not affect the validity of the remaining articles of association.

H. Effects of conversion

The legal and economic identity of Ströer AG will not change by the conversion to an SE. It is retained. This principle is stated in sect 37 para. 2 SE-VO, according to which the conversion to an SE does not lead to the dissolution of the converted company nor founding of a new legal entity. Due to the identity of the legal entity, no asset transfer takes place in the scope of the conversion either.

After the form-changing conversion, Ströer SE will continue to have its holding function in Ströer group. The relationship between the company and its operative subsidiaries will not be affected by the conversion to an SE. The profit transfer contracts entered into with the subsidiaries continue in effect. All other contractual relationships with Ströer AG remain in force unchanged after the conversion to an SE as well.

I. Effects on the shareholders

The shareholders of Ströer AG no longer participate in a German public company but in an SE after the conversion enters into effect. From this time onwards, the company and shareholders are subject to the SE-specific law and the new articles of association in addition to the German law, which mostly remains applicable. The resulting differences and effects on the legal situation of the shareholders are described in more detail in sections D. and G. of this report.

As a result, the form-changing conversion of Ströer AG to an SE has only few direct effects on the shareholders. Most changes refer to the company and bodies and have only indirect effects on the shareholders.

1. Continuity of the share situation

The share situation of the shareholders of Ströer AG will not change by the conversion to Ströer SE due to the identity of the legal entity. The previous shareholders of Ströer AG will acquire their shareholders' position in Ströer SE automatically upon entry of Ströer SE in the commercial register. The shareholders participate with the same num-

ber of ordinary bearer shares in Ströer SE, at which they participate in Ströer AG before. The calculated share of each ordinary share in the share capital will not change by the conversion and will continue to be EUR 1.00 per share. Individual certification of the shares will not take place at Ströer SE either.

2. Continuity of the dividend rights

The conversion of Ströer AG to a SE will not cause any changes to the dividend rights of the shareholders. Distribution of the net profit takes place as before according to the share ratio of the shareholders in the company and only according to a corresponding resolution of the general meeting.

3. Information obligations according to WpHG

The shareholders of Ströer SE are equally subject to the provisions of the WpHG as in Ströer AG and specifically to the reporting obligations about voting rights shares provided for there. The conversion into an SE does not cause any new reporting obligations, however. Rather, the voting rights notifications filed by the shareholders of Ströer AG will remain valid even after the conversion to an SE (cf. also section D. IV. of this conversion report).

4. Share deeds and stock listing

The classification of the shares of Ströer AG in non-par-value ordinary bearer shares with a calculated share of EUR 1.00 per share remains the same at Ströer SE as well. The ordinary bearer shares of Ströer AG are certified in global deeds that are deposited in giro collective custody with Clearstream Banking AG. The shares of Ströer SE are also certified in global deeds and kept in giro collective custody. In the scope of the SE conversion, the global deeds stored with Clearstream Banking AG are therefore replaced.

The stock listing of the Ströer shares will not be affected by the certification. Therefore, the shares of Ströer SE also do not need to be newly approved for trading at the stock exchange. Due to the company name change, however, the listing must be changed from "Ströer Media AG" to "Ströer Media SE". However, the conversion has no effects on the stock-trade of the shares. The shareholders of the company therefore can also trade the shares of Ströer SE at any stock exchange where Ströer AG is listed after the conversion to an SE. The conversion also does not affect the inclusion of the company in the share index SDAX.

II. Balance sheet effects

Since the conversion changes the legal form of the company but not the identity of the legal entity, the conversion does not affect the balance sheet of Ströer SE. The conversion of Ströer AG to an SE does not change the company's equity and specifically not the amount of the subscribed capital, the capital and profit reserves. To perform the form-changing conversion, a final balance sheet or opening balance sheet is not required. Due to continuation of the book values, conversion has a neutral result. The previous rules that apply regarding the annual and consolidated statements to be drawn up and the respective management reports for German public companies continue to apply. The balancing rules will not change either.

III. Tax effects

The conversion of Ströer AG to an SE does not change the company's equity and specifically not the amount of the subscribed capital, the capital and profit reserves. There is no tax system change from a capital company to a partnership either by the intended conversion, since both the public company and the SE are capital companies. The conversion of Ströer AG therefore is tax-neutral on company level under German tax law. Therefore, no German revenue, transaction or value-added tax arises.

Regarding the current taxation of Ströer SE, the same tax provisions as for Ströer AG apply.

For shareholders subject to taxation in Germany, the conversion also is not a sale and therefore also tax-neutral under German tax law. A statement on the tax treatment of the form change in the state of the seat according to the corresponding foreign tax rules cannot be made here, however.

Future dividend distributions of Ströer SE and sales of shares of Ströer SE generally have the same effects for the purposes of German revenue tax as dividend distributions and sales before the conversion, except of the respective applicable law or the actual basics change.

It is recommended in the light of possible special tax situations that shareholders of Ströer AG consult their tax advisor if they are subject to foreign tax standards.

IV. Effects on the employees

The effects of the conversion of Ströer AG to an SE on the employees are contained in detail in section F. in the explanations of the conversion plan. We refer to those statements here.

Cologne, May 2014

Ströer Media AG
Management Board

Udo Müller
(Vorsitzender)

Christian Schmalzl