



INVITATION  
TO THE ANNUAL  
GENERAL MEETING

OF KION GROUP AG  
ON 11 MAY 2017



# KION GROUP AG Wiesbaden

Dear Shareholders,

you are cordially invited to attend the Annual  
General Meeting of KION GROUP AG to be held at

**10:00 on Thursday, 11 May 2017 (CEST)**  
at Gesellschaftshaus Palmengarten,  
Palmengartenstrasse 11, 60325 Frankfurt am Main.

**Information on the shares**

ISIN: DE000KGX8881

German securities identification code: KGX888

## AGENDA

### 1. Presentation of the adopted annual financial statements, the approved consolidated financial statements, the summarised management report for KION GROUP AG and the Group, including the explanatory report on the information required pursuant to sections 289(4), 315(4) German Commercial Code as well as the report of the Supervisory Board for the 2016 financial year

The said documents have been published on the internet at [www.kiongroup.com/agm](http://www.kiongroup.com/agm). They will also be available at the Annual General Meeting and will be explained in greater detail by the Executive Board and – as regards the report by the Supervisory Board – by the chairman of the Supervisory Board.

The Supervisory Board has approved the annual financial statements and the consolidated annual financial statements prepared by the Executive Board. This means that the annual financial statements have been adopted pursuant to section 172 sentence 1, phrase 1 German Stock Corporation Act. In accordance with the statutory provisions, no resolution is therefore necessary on this agenda item.

### 2. Resolution on the appropriation of the balance sheet profit for the 2016 financial year

The Executive Board and the Supervisory Board propose that the balance sheet profit for the 2016 financial year in the amount of EUR 129,236,004.00 be appropriated as follows:

Payment of a dividend of EUR 0.80 per no-par value share carrying dividend rights	EUR 86,900,411.20
Allocation to other retained earnings	EUR 42,250,000.00
Profit carried forward	EUR 85,592.80
Balance sheet profit	EUR 129,236,004.00

The proposal regarding the appropriation of the profit is based on the no-par value shares carrying dividend rights for the completed 2016 financial year on the date on which the annual financial statements were prepared by the Executive Board. Should the number of these no-par value shares carrying dividend rights change before the Annual General Meeting, a suitably amended resolution proposal which contains an unchanged dividend of EUR 0.80 per no-par value share carrying dividend rights for the completed 2016 financial year will be put to the vote at the Annual General Meeting. In such a case, the amount attributable to no-par value shares not carrying dividend rights will be carried forward.

According to section 58(4) sentence 2 German Stock Corporation Act in the version applicable from 1 January 2017, the claim to the dividend is due on the third business day following the Annual General Meeting, thus on 16 May 2017.

### 3. Resolution on the ratification of the actions of the Executive Board of KION GROUP AG for the 2016 financial year

The Executive Board and the Supervisory Board propose that the actions of the members of the Executive Board of KION GROUP AG in office in the 2016 financial year be ratified for this period.

### 4. Resolution on the ratification of the actions of the Supervisory Board of KION GROUP AG for the 2016 financial year

The Executive Board and the Supervisory Board propose that the actions of the members of the Supervisory Board of KION GROUP AG in office in the 2016 financial year be ratified for this period.

## 5. Resolution on the appointment of the auditor of the annual financial statements and the auditor of the consolidated financial statements for the 2017 financial year as well as the auditor for the review of the half-yearly financial statements

The Supervisory Board proposes, based on a corresponding recommendation of its Audit Committee, that Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, be appointed as auditor of the annual financial statements and as auditor of the consolidated financial statements for the 2017 financial year as well as auditor for the review of the abridged financial statements and the interim management report for the Group for the first six months of the 2017 financial year.

## 6. Election of Supervisory Board members

The term of office of all the shareholder representatives on the Supervisory Board will expire upon the end of the Annual General Meeting on 11 May 2017. For this reason, a new election of shareholder representatives on the Supervisory Board is required.

In accordance with section 96(1), section 101(1) German Stock Corporation Act, section 7(1) sentence 1, no. 2, sentence 2 German Act on Employee Co-Determination and article 9(1) of the Articles of Association of KION GROUP AG, the Supervisory Board is made up of eight shareholder representatives and eight employee representatives. According to section 96(2) sentence 1 German Stock Corporation Act, the Supervisory Board is also made up of at least 30% women and at least 30% men. The minimum proportion of 30% women and 30% men is to be fulfilled by the Supervisory Board overall pursuant to section 96(2) sentence 2 German Stock Corporation Act (so-called overall fulfilment) unless the shareholder or employee representatives object to the overall fulfilment pursuant to section 96(2) sentence 3 German Stock Corporation Act on the basis of a resolution adopted by a majority. The Supervisory Board of KION GROUP AG must,

due to neither side of the Supervisory Board objecting to the overall fulfilment provided for by law, currently be filled with a total of at least five women and at least five men in order to fulfil the required minimum proportion pursuant to section 96(2) sentence 1 German Stock Corporation Act.

The Supervisory Board – based on a corresponding proposal by the nomination committee of the Supervisory Board and taking into account the targets resolved by the Supervisory Board for its composition – proposes resolving that the persons specified below be elected to the Supervisory Board for the period until the end of the General Meeting that resolves on the ratification of the actions of the Supervisory Board for the 2021 financial year:

- Ms. Birgit A. Behrendt, resident in Birmingham, Michigan, USA, Vice President and Corporate Officer, Purchasing (Global Programs and Purchasing Operations) at the Ford Motor Company in Dearborn, Michigan, USA;
- Dr. Alexander Dibelius, resident in Berlin, Managing Partner of CVC Capital Partners (Deutschland) GmbH in Frankfurt am Main;
- Dr. John Feldmann, resident in Mannheim, chairman of the Supervisory Board of KION GROUP AG in Wiesbaden and former member of the Executive Board of BASF SE in Ludwigshafen;
- Mr. Jiang Kui, resident in Jinan, People's Republic of China, President of Shandong Heavy Industry Group Co., Ltd. in Jinan, People's Republic of China;
- Dr.-Ing. Christina Reuter, resident in Munich, Head of Performance & Improvement and Manufacturing Engineering, Space Equipment Operations at Airbus Defence and Space GmbH in Taufkirchen;
- Mr. Hans Peter Ring, resident in Munich, self-employed business consultant in Munich;

- Mr. Tan Xuguang, resident in Weifang, People's Republic of China, chairman of the Board of Directors of Shandong Heavy Industry Group Co., Ltd. in Jinan, People's Republic of China;
- Ms. Xu Ping, resident in Beijing, People's Republic of China, attorney at the law firm King & Wood Mallesons in Beijing, People's Republic of China.

The intention is to carry out the elections to the Supervisory Board on an individual basis. The Supervisory Board intends to propose again that Dr. Feldmann be elected as chairman of the Supervisory Board, should he be re-elected to the Supervisory Board of the Company.

**Information pursuant to section 125(1) sentence 5 German Stock Corporation Act and pursuant to section 5.4.1(5) to (7) of the German Corporate Governance Code**

Memberships in supervisory boards required by law and comparable supervisory bodies:

- All the persons nominated for election are already members of the Supervisory Board of the Company.
- Dr. Dibelius is a member and the chairman of the Supervisory Board of Diebold Nixdorf Aktiengesellschaft, Paderborn, and of Diebold Nixdorf International GmbH, Paderborn, a member of the Board of Directors of Diebold Nixdorf Inc., North Canton, USA, and of CVC Capital Partners (Luxembourg) Sarl, Luxembourg, Luxembourg (in each case non-managing director), a member of the Supervisory Board of Douglas GmbH, Düsseldorf, of DOUGLAS HOLDING AG, Düsseldorf, and of Kirk Beauty Investments SA, Luxembourg, Luxembourg, and a member of the Shareholders' Committee of Tipico Group Ltd., St. Julian's, Malta.
- Dr. Feldmann is a member of the Supervisory Board of HORNBAACH Baumarkt AG, Bornheim, and of

HORNBAACH Holding AG & Co. KGaA, Neustadt, and of HORNBAACH Management AG, Annweiler am Trifels.

- Mr. Jiang Kui is a member of the Supervisory Board of Linde Hydraulics Verwaltungs GmbH, Aschaffenburg, and of Hydraulics Drive Technology Beteiligungs GmbH, Aschaffenburg, as well as a member of the Board of Directors of Ferretti International Holding S.p.A., Milan, Italy, of Shandong Heavy Industry India Private Ltd., Pune, India, and of Weichai Power Co. Ltd., Weifang, People's Republic of China (in each case non-managing director).
- Mr. Ring is a member of the Supervisory Board of Airbus Defence and Space GmbH, Ottobrunn, and of Elbe Flugzeugwerke GmbH, Dresden, and of Fokker Technologies Holding B.V., Papendrecht, the Netherlands.
- Mr. Tan Xuguang is a member of the Board of Directors of Ferretti International Holding S.p.A., Milan, Italy, and of Ferretti S.p.A., Milan, Italy (in each case non-managing director).

Apart from that, the persons nominated for election as members of the Supervisory Board are not members of supervisory boards required by law or of comparable supervisory bodies.

According to the Supervisory Board's assessment, there are no personal or business relationships between the persons nominated for election as members of the Supervisory Board and the Company, the bodies of KION GROUP AG or the shareholders with a significant stake in KION GROUP AG that go beyond the relationships specified below, the disclosure of which relationships is recommended by section 5.4.1(5) of the German Corporate Governance Code:

- All the persons nominated for election are already members of the Supervisory Board of the Company.

- Mr. Jiang Kui is President of Shandong Heavy Industry Group Co., Ltd. in Jinan, People's Republic of China, and a member of the Board of Directors of Weichai Power Co. Ltd. (hereinafter also "Weichai Power"). Shandong Heavy Industry Group Co., Ltd. indirectly holds a significant stake in Weichai Power. Weichai Power holds a significant stake in KION GROUP AG.
- Mr. Tan Xuguang is chairman of the Board of Directors of Shandong Heavy Industry Group Co., Ltd. in Jinan, People's Republic of China, chairman of the Board of Directors of Weichai Holding Group Co., Ltd. in Weifang, People's Republic of China, and chairman of the Board of Directors as well as Chief Executive Officer of Weichai Power in Weifang, People's Republic of China. Shandong Heavy Industry Group Co., Ltd. indirectly holds a significant stake in Weichai Power. Weichai Holding Group Co., Ltd. directly holds a significant stake in Weichai Power. Weichai Power holds a significant stake in KION GROUP AG.
- Ms. Xu Ping provides extensive advice to Weichai Power in her capacity as a lawyer. Weichai Power holds a significant stake in KION GROUP AG.

Additional information on the candidates has been published on the internet at [www.kiongroup.com/agm](http://www.kiongroup.com/agm).

## 7. Resolution on Supervisory Board remuneration and the corresponding amendment of the Articles of Association

The remuneration of Supervisory Board members is laid down in article 18 of the Articles of Association. It was determined prior to KION GROUP AG's IPO in June 2013 and has not been adjusted since then. The amendment now proposed shall take into account significant changes in the framework conditions that have occurred in the meantime. Among other things, the market conditions, KION GROUP AG's position in the market environment and the best practices with respect to the

supervisory board remuneration have changed. In particular, increased demands in terms of time and responsibilities have been placed on the Supervisory Board of the Company, and on its committees, since 2013. The proposed changes in Supervisory Board remuneration are based on a review performed by an external remuneration advisor.

The fixed annual remuneration of the ordinary Supervisory Board members shall be increased from EUR 45,000.00 to EUR 55,000.00. The chairman of the Supervisory Board shall receive three times the amount of an ordinary member, i.e. EUR 165,000.00, and the deputy chairman shall receive twice the amount of an ordinary member, i.e. EUR 110,000.00. In addition, the remuneration for membership in the Audit Committee shall be increased from EUR 8,000.00 to EUR 15,000.00. The chairman of the Audit Committee shall receive three times the amount of an ordinary member, i.e. EUR 45,000.00, and the deputy chairman shall receive twice the amount of an ordinary member, i.e. EUR 30,000.00. Finally, the attendance fee for participation in the meetings of the Supervisory Board and its committees shall be increased from EUR 1,250.00 to EUR 1,500.00.

The proposed change in Supervisory Board remuneration shall also help make it possible to continue to attract qualified persons to work on the Supervisory Board in the future.

The Executive Board and the Supervisory Board therefore propose the adoption of the following resolution:

- a) Article 18(1), (2) and (4) of the Articles of Association shall be reworded as set out below:

*"1. Each member of the supervisory board shall receive a fixed annual remuneration of EUR 55,000.00 as well as compensation for his expenses. The chairman of the supervisory board shall receive EUR 165,000.00 p.a., and the deputy chairman shall receive EUR 110,000.00 p.a.*

2. As consideration for the membership in the audit committee, supervisory board members shall receive an additional remuneration of EUR 15,000.00, as consideration for acting as deputy chairman of the audit committee, supervisory board members shall receive an additional remuneration of EUR 30,000.00, and as consideration for chairing the audit committee, supervisory board members shall receive an additional remuneration of EUR 45,000.00. As consideration for the membership in the executive committee, supervisory board members shall receive an additional remuneration of EUR 8,000.00, and as consideration for chairing the executive committee, supervisory board members shall receive an additional remuneration of EUR 16,000.00. The additional remuneration according to this clause shall only be payable if the relevant committee has convened at least once in the relevant financial year.”

“4. Furthermore, the members of the supervisory board shall receive for each participation in a physical meeting of the supervisory board and its committees an attendance fee of EUR 1,500.00 per meeting day. The participation by way of video or telephone conference shall qualify as participation within the meaning of this clause. Should there be several meetings on a single day, the attendance fee shall be paid only once.”

- b) The new provisions on the remuneration of Supervisory Board members set out in a) of this agenda item shall be applied from 1 June 2017. The currently applicable provisions on the remuneration of Supervisory Board members shall be applied up to and including 31 May 2017.

## 8. Resolution on the approval of the system of remuneration for the members of the Executive Board

Pursuant to section 120(4) German Stock Corporation Act, the General Meeting may resolve on the approval of the system of remuneration for the members of the Executive Board. The system of remuneration for members of the Executive Board of KION GROUP AG that had remained unchanged since 29 June 2013 was last approved by the General Meeting of 19 May 2014. At its meetings on 29 June and 28 September 2016, the Supervisory Board reviewed the system of remuneration for the members of the Executive Board and resolved to change the remuneration system with effect as of 1 January 2017. In reviewing the system of remuneration for the members of the Executive Board the Supervisory Board was assisted by an external remuneration advisor.

Therefore, the changed system of remuneration for the members of the Executive Board, which has applied since 1 January 2017, shall now be presented to the General Meeting for its approval. The changes to the system of remuneration for the members of the Executive Board are described in the remuneration report in addition to the previous system of remuneration that applied for the 2016 financial year. The remuneration report is printed on pages 37 et seq. of the annual report. The annual report is part of the documents that have been made available for agenda item 1 on our internet site under [www.kiongroup.com/agm](http://www.kiongroup.com/agm) and that will be available at the Annual General Meeting.

The Executive Board and the Supervisory Board propose to approve the system of remuneration for the members of the Executive Board which has applied since 1 January 2017.



## 9. Resolution on the creation of a new Authorized Capital 2017 and the corresponding amendment of the Articles of Association

The Executive Board was authorized, by a resolution adopted by the General Meeting on 19 May 2014 under agenda item 8, to increase the Company's share capital with the consent of the Supervisory Board once or repeatedly up to and including 18 May 2019 by up to a total of EUR 9,890,000.00 by issuing up to 9,890,000 new no-par value bearer shares against cash and/or non-cash contributions (Authorized Capital 2014).

The Authorized Capital 2014 was utilised in full in the 2016 financial year and has therefore ceased to exist. A new Authorized Capital 2017 of EUR 10,879,000.00 is to be created so that the Executive Board will have the possibility of making use of financing options with the consent of the Supervisory Board in the interest of the Company in the future as well in order to take advantage of business opportunities and to strengthen the Company's equity capital base.

The Executive Board and the Supervisory Board propose the adoption of the following resolutions:

### a) Creation of a new Authorized Capital 2017

The Executive Board shall be authorized to increase the Company's share capital with the consent of the Supervisory Board once or repeatedly up to and including 10 May 2022 by up to a total of EUR 10,879,000.00 by issuing up to 10,879,000 new no-par value bearer shares against cash and/or non-cash contributions (Authorized Capital 2017). The total pro rata amount of the share capital attributable to the shares issued on the basis of the Authorized Capital 2017 may not exceed 10% of the share capital, either when this authorization comes into effect or when it is exercised. This restriction to 10% of the share capital shall also include the proportional amount of the share capital that is attributable to shares which may or must be issued in order to service bonds carrying a

conversion or option right or a conversion or option obligation, if the bonds are issued during the term of the Authorized Capital 2017.

Shareholders shall be generally granted the statutory right to subscribe to the new shares. The Executive Board shall be authorized, however, to exclude the shareholders' subscription right in full or in part, once or repeatedly, with the consent of the Supervisory Board subject to the provisions set out below:

aa) in order to exclude the shareholders' subscription right for fractional amounts;

bb) if and to the extent that this is necessary to grant the holders or creditors of conversion or option rights and/or the holders or creditors of financing instruments carrying conversion or option obligations, which were or are issued by the Company or by a domestic or foreign company in which the Company directly or indirectly holds the majority of the votes and capital, a subscription right to the extent to which they would be entitled after the exercise of the conversion or option rights or after the performance of a conversion or option obligation;

cc) in case of a capital increase against cash contributions pursuant to or by analogous application of section 186(3) sentence 4 German Stock Corporation Act, if the issue price of the new shares is not substantially lower than the stock exchange price of the Company's shares already listed and if the new shares which are issued under exclusion of the subscription right in aggregate do not exceed a proportional amount of 10% of the share capital either at the time of the Authorized Capital 2017 taking effect or at the time of the Authorized Capital 2017 being utilised. This restriction to 10% of the share capital shall include the proportional amount of the share capital that is attributable to shares which are issued

under exclusion of the subscription right or sold during the term of the Authorized Capital 2017 based on an authorization to issue new shares or sell own shares by direct or analogous application of section 186(3) sentence 4 German Stock Corporation Act. Further, this restriction shall also include the proportional amount of the share capital that is attributable to shares which may or must be issued in order to service bonds carrying a conversion or option right or a conversion or option obligation, if the bonds are issued during the term of the Authorized Capital 2017 under exclusion of the shareholders' subscription right by analogous application of section 186(3) sentence 4 German Stock Corporation Act;

- dd) in case of capital increases against non-cash contributions, in particular for the purpose of acquiring enterprises, parts of enterprises, or interests in enterprises;
- ee) in order to issue shares to persons having an employment or service relationship with the Company or its group companies. Such exclusion of the subscription right pursuant to lit. ee) shall be limited in total to 5% of the share capital, both at the time of this authorization taking effect and at the time of this authorization being exercised.

To the extent that the subscription right is not excluded under the above provisions, the subscription right may also be granted to the shareholders by way of an indirect subscription right pursuant to section 186(5) German Stock Corporation Act or in part also by way of a direct subscription right, and otherwise by way of an indirect subscription right pursuant to section 186(5) German Stock Corporation Act, if so determined by the Executive Board with the consent of the Supervisory Board.

Further, the Executive Board shall be authorized to determine the further details of the capital increase and

its performance, in particular the content of the rights attached to the shares and the terms and conditions of the issue of shares, with the consent of the Supervisory Board.

b) Amendment of the Articles of Association

Article 4(4) of the Articles of Association shall be reworded as set out below:

*“The Executive Board shall be authorized to increase the Company’s share capital with the consent of the Supervisory Board once or repeatedly up to and including 10 May 2022 by up to a total of EUR 10,879,000.00 by issuing up to 10,879,000 new no-par value bearer shares against cash and/or non-cash contributions (Authorized Capital 2017). The total pro rata amount of the share capital attributable to the shares issued on the basis of the Authorized Capital 2017 may not exceed 10% of the share capital, either when this authorization comes into effect or when it is exercised. This restriction to 10% of the share capital shall also include the proportional amount of the share capital that is attributable to shares which may or must be issued in order to service bonds carrying a conversion or option right or a conversion or option obligation, if the bonds are issued during the term of the Authorized Capital 2017.*

*Shareholders shall be generally granted the statutory right to subscribe to the new shares. The Executive Board shall be authorized, however, to exclude the shareholders’ subscription right in full or in part, once or repeatedly, with the consent of the Supervisory Board subject to the following provisions:*

*a. in order to exclude the shareholders’ subscription right for fractional amounts;*

*b. if and to the extent that this is necessary to grant the holders or creditors of conversion or option rights and/or*

*the holders or creditors of financing instruments carrying conversion or option obligations, which were or are issued by the Company or by a domestic or foreign company in which the Company directly or indirectly holds the majority of the votes and capital, a subscription right to the extent to which they would be entitled after the exercise of the conversion or option rights or after the performance of a conversion or option obligation;*

*c. in case of a capital increase against cash contributions pursuant to or by analogous application of section 186 (3) sentence 4 German Stock Corporation Act, if the issue price of the new shares is not substantially lower than the stock exchange price of the Company's shares already listed and if the new shares which are issued under exclusion of the subscription right in aggregate do not exceed a proportional amount of 10% of the share capital either at the time of the Authorized Capital 2017 taking effect or at the time of the Authorized Capital 2017 being utilised. This restriction to 10% of the share capital shall include the proportional amount of the share capital that is attributable to shares which are issued under exclusion of the subscription right or sold during the term of the Authorized Capital 2017 based on an authorization to issue new shares or sell own shares by direct or analogous application of section 186 (3) sentence 4 German Stock Corporation Act. Further, this restriction shall also include the proportional amount of the share capital that is attributable to shares which may or must be issued in order to service bonds carrying a conversion or option right or a conversion or option obligation, if the bonds are issued during the term of the Authorized Capital 2017 under exclusion of the shareholders' subscription right by analogous application of section 186 (3) sentence 4 German Stock Corporation Act;*

*d. in case of capital increases against non-cash contributions, in particular for the purpose of acquiring enterprises, parts of enterprises, or interests in enterprises;*

*e. in order to issue shares to persons having an employment or service relationship with the Company or its group companies. Such exclusion of the subscription right pursuant to lit. e. shall be limited in total to 5% of the share capital, both at the time of this authorization taking effect and at the time of this authorization being exercised.*

*To the extent that the subscription right is not excluded under the above provisions, the subscription right may also be granted to the shareholders by way of an indirect subscription right pursuant to section 186 (5) German Stock Corporation Act, or in part also by way of a direct subscription right, and otherwise by way of an indirect subscription right pursuant to section 186 (5) German Stock Corporation Act, if so determined by the Executive Board with the consent of the Supervisory Board.*

*The Executive Board shall be authorized to determine the further details of the capital increase and its performance, in particular the content of the rights attached to the shares and the terms and conditions of the issue of shares, with the consent of the Supervisory Board."*

c) Authorization to amend the Articles of Association

The Supervisory Board shall be authorized to amend the wording of article 4 of the Articles of Association to reflect the issue of new shares from the Authorized Capital 2017 and, if the Authorized Capital 2017 has not been utilised or not been utilised in full on or before 10 May 2022, after the expiry of the authorization.

**10. Resolution on the cancellation of the existing authorization to issue bonds with warrants or convertible bonds or participation rights, the creation of a new authorization to issue bonds with warrants or convertible bonds or participation rights, the cancellation of the Contingent Capital 2014, the creation of a new Contingent Capital 2017, and the corresponding amendment of the Articles of Association**

The Executive Board was authorized, by a resolution of the General Meeting of 19 May 2014 under agenda item 9, to issue up to and including 18 May 2019 convertible bonds, bonds with warrants, participation rights and/or participation bonds with or without a conversion or option right or a conversion or option obligation or combinations of these instruments in a total nominal amount of up to EUR 800 million and to grant to or impose on the holders and/or creditors of bonds conversion and/or option rights and/or conversion or option obligations to subscribe to a total of up to 9,890,000 new shares of KION GROUP AG with a pro rata amount of the share capital of up to EUR 9,890,000.00 in total. A Contingent Capital 2014 in the amount of EUR 9,890,000.00 was created to service the bonds.

No use has been made of the existing authorization so far. However, there is no more contingent capital available to issue shares with which bonds with warrants or convertible bonds or participation rights issued on the basis of the authorization of 19 May 2014 could be serviced. The Contingent Capital 2014 created for this was reduced pursuant to the resolution of the General Meeting of 19 May 2014 and article 4(5) of the Articles of Association by the proportion of the share capital that was attributed to shares issued on the basis of the Authorized Capital 2014. Since 9,890,000 new shares with a pro rata amount of the share capital of EUR 9,890,000.00 were issued on the basis of the Authorized Capital 2014 in the 2016 financial year, the Contingent Capital 2014 is no longer available as a basis for issuing shares.

To ensure that the Company is also able to flexibly take advantage of attractive financing opportunities in the future, the existing authorization to issue bonds with warrants or convertible bonds or participation rights and the Contingent Capital 2014 created for this are to be cancelled and replaced by a new authorization to issue bonds with warrants or convertible bonds or participation rights as well as a new contingent capital (Contingent Capital 2017).

The Executive Board and the Supervisory Board propose the adoption of the following resolutions:

- a) Cancellation of the existing authorization to issue bonds with warrants or convertible bonds or participation rights

The authorization of the Executive Board resolved upon by the General Meeting of 19 May 2014 under agenda item 9 to issue convertible bonds, bonds with warrants, participation rights and/or participation bonds with or without a conversion or option right or conversion or option obligation, or combinations of such instruments, is cancelled.

- b) Authorization to issue bonds with warrants or convertible bonds or participation rights

- aa) Nominal amount, duration of the authorization, number of shares

The Executive Board is authorized to issue once or repeatedly, up to and including 10 May 2022, bearer or registered convertible bonds and/or bonds with warrants and/or participation rights and/or participation bonds carrying a conversion or option right and/or conversion or option obligation (or a combination of these instruments) in the total nominal amount of up to EUR 1,000,000,000.00 with or without a limited maturity term (hereinafter referred to collectively as “Bonds”) and to grant to or impose on the creditors of Bonds conversion/option rights

and/or conversion/option obligations to subscribe to a total of up to 10,879,000 new no-par value bearer shares of the Company with a pro rata amount of the share capital of up to EUR 10,879,000.00 in total in accordance with the terms and conditions of the Bonds (hereinafter collectively referred to as the “Bond Terms”). The Bonds may also have a variable interest rate, in terms of which the interest rate may be wholly or partially dependent on the amount of the net profit for the year, the balance sheet profit, or the Company's dividend.

The total amount of the shares issued in order to serve Bonds that are issued on the basis of this authorization may not exceed a pro rata amount of 10% of the share capital, either when this authorization comes into effect or when it is exercised. Shares that are issued during the term of this authorization from authorized capital will be counted towards this limit.

Bonds may be issued for cash or non-cash consideration. In the case of an issue for non-cash consideration, the value of the non-cash consideration must at least correspond, at the time of the issue of the Bond, to the latter's issue price; what is decisive in this case is the theoretical market value of the Bonds determined by applying recognised financial calculation methods. Section 9(1) German Stock Corporation Act and section 199 German Stock Corporation Act will remain unaffected.

The Bonds may be issued not only in Euro but also in the legal currency of an OECD country, as long as the corresponding equivalent in Euro is not exceeded. The Bonds may also be issued by domestic or foreign companies in which the Company directly or indirectly holds the majority of the votes and capital; in this case, the Executive Board shall be authorized, with the Supervisory Board's consent, to provide a

guarantee for the Bonds on behalf of the Company and to grant the creditors of such Bonds conversion/option rights on shares of the Company or to perform conversion or option obligations related to shares of the Company, as well as to make additional declarations and carry out additional acts as are necessary for a successful issue. When Bonds are issued, they will generally be divided into partial debentures carrying equal rights.

bb) Granting of subscription rights, exclusion of subscription rights

Shareholders shall be generally granted a right to subscribe to the Bonds. If the Bonds are issued by domestic or foreign companies in which the Company directly or indirectly holds the majority of the votes and capital, the Company must ensure that the statutory subscription right is actually granted to the shareholders. The Executive Board is, however, authorized to exclude the shareholders' subscription right to the Bonds wholly or in part, once or repeatedly, with the Supervisory Board's consent,

- in order to exclude the shareholders' subscription rights for fractional amounts;
- to the extent that this is necessary to grant holders/creditors of conversion or option rights, or creditors of Bonds carrying conversion or option obligations (including participation rights and/or participation bonds), which were or will be issued by the Company or by domestic or foreign companies in which the Company directly or indirectly holds the majority of the votes and capital, a subscription right to an extent to which they would be entitled as shareholders after the exercise of the conversion or option rights or after the performance of conversion or option obligations;

- for Bonds issued for cash consideration, if the Executive Board takes the view, after duly reviewing the matter, that the issue price is not substantially below the theoretical market value of the Bonds determined by applying recognised financial calculation methods. However, this authorization to exclude subscription rights shall apply only to Bonds carrying rights to shares or obligations to subscribe to shares, to which a proportional amount of the share capital of not more than 10% of the share capital is attributable, either at the time of this authorization taking effect or at the time of this authorization being exercised. This restriction shall also apply to own shares, if they are sold by the Company during the duration of this authorization under exclusion of the subscription right in accordance with section 71(1) no. 8 sentence 5, second half, and section 186(3) sentence 4 German Stock Corporation Act. Moreover, this restriction shall also apply to such shares that are issued or sold during the duration of this authorization from authorized capital, under exclusion of the subscription right in accordance with section 203(2) sentence 2 and section 186(3) sentence 4 German Stock Corporation Act, or based on other authorizations to issue or sell shares of the Company under exclusion of the shareholders' subscription right by direct or analogous application of section 186(3) sentence 4 German Stock Corporation Act;
- to the extent that Bonds are issued for non-cash consideration and the exclusion of subscription rights is in the interest of the Company.

If participation rights and/or participation bonds without conversion rights, option rights, conversion obligations or option obligations are issued for cash

or non-cash consideration, the Executive Board is authorized, with the Supervisory Board's consent, to completely exclude the shareholders' subscription rights insofar as these participation rights and/or participation bonds have the characteristics of debentures and do not confer any rights of membership in the Company or rights to liquidation proceeds and the interest paid on them is not linked to the size of the net profit for the year, the balance sheet profit or the dividend. Moreover, in such a case the interest paid on and the issue price of the participation rights and/or participation bonds must be in line with the market conditions for comparable forms of financing in force at the time of issue.

To the extent that the subscription right is not excluded under the above provisions, it may also be granted to the shareholders by way of an indirect subscription right pursuant to section 186(5) German Stock Corporation Act or, in part, by way of a direct subscription right, and otherwise by way of an indirect subscription right pursuant to section 186(5) German Stock Corporation Act, if so determined by the Executive Board with the consent of the Supervisory Board.

cc) Conversion right, conversion obligation

In the case of the issue of Bonds carrying a conversion right, the holders or creditors may convert their Bonds into shares of the Company in accordance with the Bond Terms. The proportional amount of the share capital of the shares to be issued at the time of conversion must not exceed the nominal amount of the Bond or an issue price of the Bond that is lower than the nominal amount, unless the difference is compensated by means of an additional payment to be made in cash. The exchange ratio is determined by dividing the nominal amount, or an issue price of a Bond which is lower than the nominal

amount, by the fixed conversion price for a share of the Company. The exchange ratio may be rounded up or down to a whole number (or to a number of decimal places to be stipulated); moreover, an additional payment to be made in cash may also be determined. The Bond Terms may also provide for a variable exchange ratio. Should conversion rights arise in respect of fractions of shares, provision can also be made for these to be compensated in cash or to be combined so that conversion rights to subscribe to whole shares arise – as the case may be, subject to an additional payment.

The Bond Terms may also lay down a conversion obligation upon maturity or at another time, which may also be determined by a future event that is still uncertain at the time when the Bonds are issued. In the case of a conversion obligation, the Company may be authorized in the Bond Terms to settle in cash, in whole or in part, at the time of the mandatory conversion any difference between the nominal amount of the Bonds and the product of the exchange ratio and a stock exchange price of the shares that is to be defined in the Bond Terms. The stock exchange price to be applied for purposes of the calculation according to the above sentence shall be at least 80% of the share's market price that is relevant for the lower limit of the conversion price pursuant to lit. ee).

dd) Option right, option obligation

In the case of the issue of bonds with warrants, one or more warrants (*Optionsschein*) entitling the holder or creditor to subscribe to shares of the Company in accordance with the Bond Terms will be added to each Bond. The Bond Terms may also lay down an obligation to exercise the option upon maturity or at another time, which may also be determined by a future event that is still uncertain at the time when

the Bonds are issued. It may be stipulated that the option price is variable.

The Bond Terms may also provide that the option price may be paid by transferring Bonds and, as the case may be, making an additional payment in cash. The proportional amount of the share capital of the shares to be subscribed must in this case not exceed the nominal amount of the Bond or an issue price of the Bond that is lower than the nominal amount, unless the difference is compensated by means of an additional payment to be made in cash. The subscription ratio is determined by dividing the nominal amount, or an issue price of a Bond which is lower than the nominal amount, by the fixed option price for a share of the Company. It may be stipulated that the subscription ratio is variable. The subscription ratio may be rounded up or down to a whole number (or to a number of decimal places to be stipulated); moreover, an additional payment to be made in cash may also be determined. Should subscription rights arise in respect of fractions of shares, provision may also be made for these to be compensated in cash or to be combined so that subscription rights to subscribe to whole shares arise – as the case may be, subject to an additional payment.

The term of the option right may not exceed the term of the Bond.

ee) Conversion price/option price, protection against dilution

The conversion or option price to be determined for a share must amount – also in case of a variable conversion or option price – to no less than 80% of the average price of the share of KION GROUP AG in XETRA trading (or a comparable successor system) during the respective period of time specified below:

- If the Bonds are not offered to the shareholders for subscription, the average price during the last three trading days at the Frankfurt Stock Exchange before the day when the Executive Board adopted the resolution to issue the Bond (date of the final decision to submit an offer for the subscription of Bonds or to declare the acceptance after a request for the submission of subscription offers was made) will be decisive.
- If the Bonds are offered to the shareholders for subscription, the average price during the last three trading days at the Frankfurt Stock Exchange prior to the date of announcement of the subscription period pursuant to section 186(2) sentence 1 German Stock Corporation Act or, if the final terms and conditions for the issue of the Bonds pursuant to section 186(2) sentence 2 German Stock Corporation Act are only announced during the subscription period, instead during the trading days at the Frankfurt Stock Exchange from the commencement of the subscription period until the date preceding the announcement of the final terms and conditions will be decisive.

The average price must be calculated in each case as the arithmetic mean of the closing auction prices on the relevant trading days. If no closing auction takes place, the closing auction price shall be replaced by the price which is determined in the last auction on each trading day, and in the absence of an auction by the last price determined on each trading day (in each case in XETRA trading or a comparable successor system).

By way of derogation from this, the following shall apply: In the cases of a conversion or option obligation or a right to sell shares within the meaning

of lit. ff), a conversion or option price for a share may also be stipulated in accordance with the Bond Terms which is not lower than 80% of the volume-weighted average price of the share of KION GROUP AG in XETRA trading (or a comparable successor system) during the last ten trading days at the Frankfurt Stock Exchange prior to or after the date of final maturity or prior to or after the date of the obligatory conversion or of the exercise of the option obligation or the right to sell, also if such average price is below the minimum price resulting pursuant to the preceding paragraphs of this lit. ee).

Notwithstanding section 9(1) German Stock Corporation Act, the Bond Terms may provide for anti-dilution clauses in the event that the Company, during the conversion or option period, increases its share capital by granting its shareholders a subscription right, or issues further Bonds carrying a conversion or option right and/or conversion or option obligation, or grants or guarantees other option rights, and the holders of conversion or option rights or obligors of a conversion or option obligation are not granted a subscription right to an extent to which they would be entitled after their exercise of the conversion or option rights or after the performance of a conversion obligation. An adjustment of the conversion or option price may also be brought about by means of a payment in cash upon exercising the conversion or option right or performing the conversion or option obligation or by means of a reduction of any additional payment. The Bond Terms may also provide for a value-preserving adjustment of the conversion and/or option price with regard to other measures of the Company that may result in a dilution of the value of the conversion and/or option rights. Moreover, in the case of an acquisition of control by third parties, a customary adjustment of the option and conversion price as well as a reduction of the term can be stipulated.



In any event, the proportional amount of the share capital of the shares to be subscribed per Bond must not exceed the nominal amount of the Bond or an issue price of the Bond that is lower than the nominal amount, unless the difference is compensated by means of an additional payment to be made in cash.

ff) Further structuring options

The Bond Terms may provide for a right of the Company to grant the Bond creditors shares of the Company or of another listed company in whole or in part, instead of paying the amount of money due, when the Bonds mature (this also includes maturity due to termination) (right to sell).

The Bond Terms may determine that in the case of conversion or exercise of an option, the Company may also grant own shares, shares from authorized capital of the Company, or other consideration. The Bond Terms may also provide for the Company to not grant Company shares to those entitled or obliged to effect a conversion or exercise an option, but instead to pay the equivalent in cash. Moreover, the Bond Terms may also provide that the number of shares to be subscribed in case of an exercise of the option or conversion rights, or after the performance of the option or conversion obligations, or the pertinent conversion right may be variable and/or that the option or conversion price may be changed during the term within a range to be determined by the Executive Board, depending on the development of the share price or as a result of anti-dilution provisions.

gg) Authorization to determine the further Bond Terms

Subject to compliance with the above provisions, the Executive Board shall be authorized to determine the further details as regards the issuing and structuring of the Bonds, in particular the interest rate, issue price,

maturity and denomination, conversion/option price and conversion/option period, or to determine this details in agreement with the company bodies of the companies issuing the Bonds in which the Company directly or indirectly holds the majority of the votes and capital.

c) Cancellation of the Contingent Capital 2014

The Contingent Capital 2014 in the amount of EUR 9,890,000.00, which was resolved by the General Meeting on 19 May 2014 in respect of agenda item 9 pursuant to Article 4(5) of the Articles of Association, shall be cancelled.

d) Creation of a new Contingent Capital 2017

The share capital of the Company shall be conditionally increased by up to EUR 10,879,000.00 by the issuance of up to 10,879,000 new no-par value bearer shares (Contingent Capital 2017).

The purpose of the Contingent Capital 2017 is to issue shares to the creditors of convertible and/or warrant bonds and/or participation rights and/or participation bonds carrying a conversion/option right and/or a conversion/option obligation (or a combination of such instruments), which will be issued based on the authorizations granted by the General Meeting of the Company on 11 May 2017 under agenda item 10 by KION GROUP AG or by domestic or foreign companies in which KION GROUP AG directly or indirectly holds the majority of the votes and the capital.

New shares shall be issued at the conversion or option price to be determined in each case in accordance with the respective authorization. The conditional increase of the share capital shall be performed only to the extent to which the holders of conversion or option rights under the aforementioned Bonds exercise their conversion or option

rights or conversion or option obligations under such Bonds are performed, and to the extent that the conversion or option rights and/or conversion or option obligations are not satisfied through own shares, shares from authorized Capital, or other consideration.

The new shares will participate in the profit as from the beginning of the financial year in which they are issued; by way of derogation from this, the Executive Board may determine, if permitted by law, that the new shares will participate in the profit as from the beginning of an earlier financial year for which, at the time of their issue, the general meeting has not yet adopted a resolution on the appropriation of the balance sheet profit.

The Executive Board shall be authorized to determine the further details of the performance of the conditional increase of the share capital.

e) Amendment of the Articles of Association

Article 4(5) of the Articles of Association shall be reworded as set out below:

*“The share capital of the Company shall be conditionally increased by up to EUR 10,879,000.00 by the issuance of up to 10,879,000 new no-par value bearer shares (Contingent Capital 2017). The contingent capital increase shall be performed only to the extent that the holders of conversion or option rights under bonds carrying a conversion/option right and/or conversion/option obligation (or a combination of such instruments), which were issued by KION GROUP AG, or by domestic or foreign companies in which KION GROUP AG directly or indirectly holds the majority of the votes and capital, on the basis of the general meeting's authorization resolution dated 11 May 2017, will exercise their conversion or option rights or perform their conversion or option obligations under such bonds, and to the extent that the conversion or option rights and/or conversion or*

*option obligations are not satisfied through own shares, shares from authorized capital, or other consideration.*

*The new shares shall participate in the profit as from the beginning of the financial year in which they are issued; by way of derogation from this, the Executive Board may determine, if permitted by law, that the new shares will participate in the profit as from the beginning of an earlier financial year for which, at the time of their issue, the general meeting has not yet adopted a resolution on the appropriation of the balance sheet profit. The Executive Board shall be authorized to determine the further details of the performance of the conditional increase of the share capital.”*

f) Authorization to amend the Articles of Association

The Supervisory Board shall be authorized to amend the wording of article 4 of the Articles of Association to reflect the issue of new shares from the Contingent Capital 2017. The same shall apply to the extent that the authorization to issue convertible bonds, bonds with warrants, participation rights and/or participation bonds with or without a conversion or option right or conversion or option obligation in accordance with the General Meeting's resolution of 11 May 2017 will not be exercised during the term of the authorization or the respective option or conversion rights or option or conversion obligations have lapsed because the exercise periods have expired or for another reason.

**11. Resolution on the amendment of the corporate purpose and corresponding amendment of the Articles of Association**

The corporate purpose of KION GROUP AG is laid down in article 2 of the Articles of Association. The current version of article 2(1) of the Articles of Association reads as follows:

*“The purpose of the Company shall be the holding, acquiring, managing and selling of interests in enterprises of any legal form, in particular enterprises being active in the development, production and sale of industrial trucks, warehouse equipment (material handling) and mobile hydraulics including related services and consulting services and similar activities, as well as assuming management holding functions against consideration, other services against payment, and lease financing vis-à-vis affiliated companies.”*

In particular as a result of the acquisition of Dematic on 1 November 2016, software and automation/robotics solutions in the area of logistics will in future become an increasingly important part of the KION Group’s business model. The Executive Board and the Supervisory Board are of the opinion that this future focus of the business activities is to be expressed more prominently in the corporate purpose as laid down in the Articles of Association.

The Executive Board and the Supervisory Board therefore propose that article 2(1) of the Articles of Association be revised as follows:

*“The purpose of the Company shall be the holding, acquiring, managing and selling of interests in enterprises of any legal form, in particular enterprises being active in the development, production and sale of industrial trucks, warehouse equipment (material handling) and mobile hydraulics, software and automation/robotics solutions in the area of logistics, including related services and consulting services and similar activities, as well as assuming management holding functions against consideration, other services against payment, and lease financing vis-à-vis affiliated companies.”*

## **12. Resolution on consent for the merger of KION Holding 2 GmbH into KION GROUP AG**

KION GROUP AG holds 100% of the shares in KION Holding 2 GmbH with registered office in Wiesbaden, registered in the commercial register at the Local Court of Wiesbaden under HRB 22819. The intention is for KION Holding 2 GmbH to be merged into KION GROUP AG.

Since KION GROUP AG is the sole shareholder of KION Holding 2 GmbH, no merger resolution need be adopted by KION GROUP AG as the acquiring company pursuant to section 62(1) sentence 1 German Transformation Act. However, section 62(2) German Transformation Act grants shareholders of the acquiring company whose shares together make up one twentieth of the share capital the right to demand that a general meeting be convened in which to adopt a resolution on consent for the merger. Therefore, the consent of the General Meeting for the planned merger of KION Holding 2 GmbH into KION GROUP AG is to be obtained by way of precaution.

KION Holding 2 GmbH as the legal entity being acquired and KION GROUP AG as the acquiring legal entity concluded a merger agreement on 13 March 2017. The agreement has the following wording:

### **“Merger Agreement**

*between*

*KION Holding 2 GmbH  
(hereinafter “Transferring Entity”)*

*and*

*KION GROUP AG  
(hereinafter “Acquiring Entity”)*

**Preamble**

- (A) *The share capital of KION Holding 2 GmbH amounts to EUR 25,000.00.*
- (B) *The sole shareholder of KION Holding 2 GmbH is KION GROUP AG.*
- (C) *KION Holding 2 GmbH does not have any special rights within the meaning of sections 23, 50(2) German Transformation Act.*
- (D) *The parties intend for KION Holding 2 GmbH to be merged into KION GROUP AG pursuant to sections 2 et seq., 46 et seq. and 60 et seq. German Transformation Act.*

**§ 1 Legal entities involved**

1. *The Transferring Entity is KION Holding 2 GmbH with registered office in Wiesbaden, registered in the commercial register at the Local Court of Wiesbaden under HRB 22819.*
2. *The Acquiring Entity is KION GROUP AG with registered office in Wiesbaden, registered in the commercial register at the Local Court of Wiesbaden under HRB 27060.*

**§ 2 Asset transfer**

*The Transferring Entity shall transfer its entire assets with all rights and duties to the Acquiring Entity, whereby it will be dissolved without being wound up, through merger by absorption, pursuant to sections 2, no. 1, 46 et seq., 60 et seq. German Transformation Act.*

**§ 3 No consideration**

*The assets of the Transferring Entity shall be transferred without consideration, since all shares of the Transferring*

*Entity are held by the Acquiring Entity, section 20(1), no. 3, sentence 1, 2nd part of sentence, 1st alternative German Transformation Act. According to section 68(1), no. 1 German Transformation Act, the merger shall therefore be carried out without a capital increase at the Acquiring Entity. Thus, the information on the exchange of shares (section 5(1), nos. 2 to 5 German Transformation Act) is not required pursuant to section 5(2) German Transformation Act.*

**§ 4 Merger cut-off date**

1. *Pursuant to section 5(1), no. 6 German Transformation Act, the merger cut-off date is 0000 hrs on 1 January 2017. From this point in time until the time at which the Transferring Entity ceases to exist pursuant to section 20(1), no. 2 German Transformation Act, all acts and transactions of the Transferring Entity shall be considered to have been carried out for the account of the Acquiring Entity.*
2. *For tax purposes, the merger shall take place with effect as of 2400 hrs on 31 December 2016, (transfer date for tax purposes).*

**§ 5 Closing balance sheet**

*The balance sheet of the Transferring Entity as at 31 December 2016 as the closing balance sheet shall be taken as a basis for the merger.*

**§ 6 No special rights or measures**

*Special rights within the meaning of section 5(1), no. 7 German Transformation Act shall not be granted. Nor are any special rights within the meaning of this provision envisaged.*

**§ 7 No special advantages**

*Special advantages shall not be granted to members of a representative body or a supervisory body of the legal entities involved in the merger, to managing shareholders or auditors of the annual financial statements (section 5(1), no. 8 German Transformation Act). A merger auditor shall not be appointed.*

*and purpose of this Agreement if they had considered the matter at the outset.*

3. *The costs incurred as a result of this Agreement and its execution shall be borne by the Acquiring Entity. This shall also apply in the event that the merger fails.*

4. *The Transferring Entity does not have any property."*

**§ 8 Consequences of the merger for the employees**

1. *The Transferring Entity does not have any employees at present. There are no employee representative bodies at the Transferring Entity, in particular no works council.*

2. *The Acquiring Entity has 193 employees at present. There are no employee representative bodies at the Acquiring Entity, in particular no works council.*

3. *The merger will not have any consequences for the employees at the Acquiring Entity or their representative body. Measures regarding the employees of the Acquiring Entity or its representative body are not planned.*

The merger agreement was submitted to the commercial register at the Local Court of Wiesbaden in which the Company is registered prior to the convening of the Annual General Meeting. In addition, the impending merger and the shareholders' right pursuant to section 62(2) German Transformation Act were reported in the Federal Gazette on 30 March 2017. The merger agreement, the annual financial statements and the management reports of KION GROUP AG for the 2014, 2015 and 2016 financial years as well as the annual financial statements of KION Holding 2 GmbH for the 2014, 2015 and 2016 financial years have been published on the internet at [www.kiongroup.com/agm](http://www.kiongroup.com/agm). The documents will also be available for inspection at the Annual General Meeting.

Since KION GROUP AG is the sole shareholder of KION Holding 2 GmbH, it is not necessary to draw up a merger report pursuant to section 8(3) sentence 1 German Transformation Act, to carry out an audit of the merger pursuant to section 9(2) German Transformation Act or to draw up an audit report on the merger pursuant to sections 12(3), 8(3) sentence 1 German Transformation Act.

The Executive Board and Supervisory Board propose that the General Meeting adopt a resolution consenting to the merger agreement dated 13 March 2017 between KION Holding 2 GmbH as the legal entity being acquired and KION GROUP AG as the acquiring legal entity.

**§ 9 Final provisions**

1. *This Agreement requires the approval of the general meeting of the Acquiring Entity as well as registration in the commercial register in order to be effective.*

2. *Should individual provisions of this Agreement be or become invalid or unenforceable in whole or in part, or should this Agreement contain an omission, this shall not affect the validity of the remaining provisions. In lieu of the invalid or unenforceable provision or in order to remedy the omission, the parties undertake to agree on an appropriate provision which, within the scope of what is legally permitted, comes closest to what the parties intended or would have intended according to the sense*

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### Report of the Executive Board on the utilization of the Authorized Capital 2014 under exclusion of the subscription right in July 2016

The Executive Board was authorized, by a resolution adopted by the General Meeting on 19 May 2014, to increase the Company's share capital with the consent of the Supervisory Board, once or repeatedly up to and including 18 May 2019, by up to a total of EUR 9,890,000.00 by issuing up to 9,890,000 new no-par value bearer shares against cash and/or non-cash contributions (Authorized Capital 2014). One element of the Authorized Capital 2014 was the authorization of the Executive Board to exclude, with the consent of the Supervisory Board, the shareholders' subscription rights in the case of a capital increase against cash contributions, if the issue price of the new shares is not substantially – within the meaning of section 186(3) sentence 4 German Stock Corporation Act – below the price of shares of the Company on the stock exchange and the shares issued subject to the exclusion of subscription rights pursuant to section 186(3) sentence 4 German Stock Corporation Act do not exceed a total of 10% of the share capital, either when the authorization comes into effect or when it is exercised.

The Authorized Capital 2014 took effect upon entry in the commercial register at the Local Court of Wiesbaden on 16 June 2014 under HRB 27060.

With the approval of the Supervisory Board on the same day, the Executive Board of KION GROUP AG decided on 18 July 2016 to use all the existing Authorized Capital 2014 and to increase the Company's share capital by a nominal amount of EUR 9,890,000.00 against the issue, against cash contributions, of 9,890,000 new no-par value bearer shares in the Company ("New Shares 2016") entitled to dividends from 1 January 2016, thereby excluding shareholder subscription rights. This corresponds to a 10% increase in the Company's share capital existing at the time when the Authorized Capital 2014 took effect and was utilized. The provision in the Authorized Capital 2014 restricting the volume of shares issued against cash contributions whilst excluding subscription rights has therefore been satisfied. The capital increase took effect upon entry of its completion in the commercial

register at the Local Court of Wiesbaden under HRB 27060 on 20 July 2016.

All 9,890,000 New Shares 2016 were placed at a price of EUR 46.44 each. The issue price of the New Shares 2016 exceeded the closing price of the shares of KION GROUP AG in the XETRA trading system on the Frankfurt Stock Exchange on 18 July 2016 of EUR 46.43 by EUR 0.01. The issue price therefore did not fall substantially short of the stock exchange price of shares of the Company.

40% of the New Shares 2016 were offered to institutional investors through a private placement by way of an "accelerated book building" process. 60% of the New Shares 2016 were purchased by Weichai Power, KION GROUP AG's largest shareholder. Ahead of the resolution to increase the share capital, KION GROUP AG and Weichai Power agreed that Weichai Power would get 60% of the New Shares 2016 at a price per share that would be determined in the course of the "accelerated book building" process carried out with the institutional investors.

The New Shares 2016 purchased by Weichai Power are subject to a 12-month lock-up from admission of the remaining New Shares 2016 to trading on the regulated market on 20 July 2016. Admission of the New Shares 2016 purchased by Weichai Power to trading on the regulated market will be sought at the earliest when the lock-up ends.

The right of the shareholders of KION GROUP AG to subscribe to the New Shares 2016 was excluded by the Executive Board, by a resolution of 18 July 2016, with the consent of the Supervisory Board on the same day. In the opinion of the Executive Board and the Supervisory Board, the requirements for excluding the subscription rights were satisfied since the New Shares 2016 were issued at a price that did not fall substantially short of the stock exchange price. By not granting subscription rights to the existing shareholders, it was possible to ensure the necessary level of transaction security and speedy handling. In the opinion of the Executive Board and the Supervisory Board, excluding subscription rights was necessary so as to be able to make use at short notice of a market situation that was favourable for a corporate action of this kind at the time of the

utilization of the Authorized Capital 2014 and to generate maximum possible issue proceeds by setting a price that was as close as possible to the market price. The subscription period of at least two weeks that is required when subscription rights are granted would have made it impossible to respond quickly to the current market situation.

Moreover, if subscription rights are granted, the final subscription price has to be made public at least three days before the subscription period ends. Owing to the time that lapses between setting the price and carrying out the capital increase, and because of the volatility of the stock markets, the market risk and in particular the price change risk is greater than if subscription rights are excluded. For the placement in the context of a capital increase with subscription rights to be successful, it would therefore have been necessary to allow for a safety margin on the current stock market price, which would presumably have resulted in conditions that were not close to the market.

The costs of a capital increase with an exclusion of subscription rights and quick allocation of the New Shares 2016 are also significantly lower than the costs of a capital increase with proportional subscription rights for the existing shareholders.

For the reasons set out above, the exclusion of subscription rights was in the interest of the Company.

The gross proceeds from the issue of the New Shares 2016 amounted to some EUR 459.3 million. The net issue proceeds remaining after deduction of the transaction costs were used for the partial refinancing of the purchase of Dematic, a specialist for automation and supply chain optimisation, which was made with borrowed funds. Setting a price close to the market price and limiting the number of shares being issued while excluding subscription rights to 10% of the current share capital adequately protects the shareholders' interests. With a view to a liquid market, in principle the shareholders have the possibility to maintain their relative share in the Company by buying shares on the stock market on comparable conditions.

Based on the above, all in all excluding subscription rights when utilizing the Authorized Capital 2014, whilst observing the requirements imposed, was objectively justified.

### Report of the Executive Board on agenda item 9

The Executive Board is to have the possibility in future as well of making use of financing options with the consent of the Supervisory Board in the interest of the Company in order to take advantage of business opportunities and to strengthen the Company's equity capital base. It was authorized, by a resolution adopted by the General Meeting on 19 May 2014, to increase the Company's share capital with the consent of the Supervisory Board, once or repeatedly up to and including 18 May 2019, by up to a total of EUR 9,890,000.00 by issuing up to 9,890,000 new no-par value bearer shares against cash and/or non-cash contributions (Authorized Capital 2014). The Authorized Capital 2014 was utilised in full in the 2016 financial year and has therefore ceased to exist.

It is therefore intended to resolve on a new authorized capital.

For this reason, the Executive Board and the Supervisory Board propose to the General Meeting under agenda item 9 that new authorized capital of up to a total of EUR 10,879,000.00 be created by the issuance of up to 10,879,000 new no-par value bearer shares (Authorized Capital 2017). The Executive Board shall be authorized to issue shares at any time up to and including 10 May 2022 on the basis of the Authorized Capital 2017. The Authorized Capital 2017 shall be available both for capital increases against cash and for capital increases against non-cash contributions.

The issuance of new shares on the basis of the proposed Authorized Capital 2017 is restricted in that the total pro rata amount of the share capital attributable to the shares may not exceed 10% of the share capital, either when this authorization comes into effect or when it is exercised. This restriction to 10% of the share capital shall also include the proportional amount of the share capital that is attributable to shares which may or must be issued in order to service bonds carrying a conversion or option right or a conversion or option obligation, if the bonds are issued during the term of the

Authorized Capital 2017. Because of this capital limit, the total extent of any issuance of shares on the basis of the authorized capital and the issuance of bonds is restricted to 10% of the current share capital. In this way, shareholders will be protected to a particularly high degree against dilution of their holdings.

By way of the proposed Authorized Capital 2017, the Executive Board of KION GROUP AG will be enabled to align the equity base of KION GROUP AG to the business requirements at any time within the specified limits and to act quickly and flexibly in the interest of the Company. In order to be able to do so, the Company must always have the necessary instruments for procuring capital available, regardless of the specific utilisation plans. As decisions on the coverage of capital requirements normally need to be made on short notice, it is important that the Company does not have to wait for the next annual general meeting and does not have to call an extraordinary general meeting either. The instrument of authorized capital has been created by the legislator to address the need to procure capital on short notice. Common reasons for utilising authorized capital include to strengthen the equity capital base and to finance the acquisition of equity interests.

If and when the Authorized Capital 2017 is utilised, the shareholders will generally have a subscription right. Pursuant to section 186(5) German Stock Corporation Act, the new shares may also be subscribed to by one or more credit institutions which undertake to offer the shares for subscription to the shareholders (so-called indirect subscription right). The proposed authorization provides for the Executive Board to be allowed – in accordance with the legal provisions – to exclude the shareholders' subscription right in whole or in part with the consent of the Supervisory Board in the cases described below.

#### **Exclusion of the subscription right for fractional amounts**

The Executive Board shall be authorized to exclude the shareholders' subscription right for fractional amounts with the consent of the Supervisory Board. Such exclusion of the subscription right shall allow for a practicable subscription ratio and shall thus facilitate the technical implementation of a capital

increase. The value of the fractional amounts is normally low, whereas the time and effort required to issue shares without excluding the subscription right for fractional amounts is regularly much higher. When it comes to fractional amounts, the costs associated with trading in subscription rights would be out of proportion to the shareholders' actual benefits. The new shares that will be excluded from the shareholders' subscription right as so-called "non-allocable fractional amounts" will be used in the best possible way for the Company. The exclusion of the subscription right in these cases will thus serve to make an issue and its implementation more practicable and feasible.

#### **Exclusion of the subscription right for bonds with warrants and convertible bonds**

Further, the Executive Board shall be authorized to exclude the shareholders' subscription right with the consent of the Supervisory Board also to the extent that this is necessary to grant the holders or creditors of conversion or option rights and/or the holders or creditors of financing instruments carrying conversion or option obligations, which were or are issued by the Company or by a domestic or foreign company in which the Company directly or indirectly holds the majority of the votes and capital, a subscription right to the same extent to which they would be entitled after exercising the conversion or option rights or after performing a conversion or option obligation.

The reasons for this are as follows: The economic value of the aforementioned conversion or option rights or the bonds with conversion or option obligations depends not only on the conversion or option price but also and in particular on the value of the shares of the company to which the conversion or option rights or conversion or option obligations relate. In order to ensure a successful placement of the respective bonds or, rather, to avoid a corresponding markdown in the price during placement, it is therefore common practice to include so-called anti-dilution provisions in the terms and conditions of the bonds, which will protect the holders of the rights from a loss in the value of their conversion or option rights as a result of a dilution of the value of the shares to be subscribed; the inclusion of such anti-dilution



provisions in the terms and conditions of the bonds is therefore also provided for in the authorization to issue convertible bonds and/or warrant bonds and/or participation rights and/or participation bonds, as proposed under agenda item 10. In the absence of such protection against dilution, the subsequent issuance of shares by granting the shareholders' subscription right would typically result in such dilution of the value of the shares. The aforementioned anti-dilution provisions in the terms and conditions of the bonds regularly provide for a reduction of the conversion or option price in such a case, with the result that in the event of the subsequent conversion or exercise of the option or the subsequent performance of a conversion or option obligation, the funds accruing to the Company are reduced and the number of shares to be issued by the Company is increased, respectively.

As an alternative which makes it possible to avoid reducing the conversion or option price, the anti-dilution provisions usually permit the holders of rights under bonds with conversion or option rights or conversion or option obligations to be granted a right to subscribe to new shares to the extent to which they would be entitled after exercising their own conversion or option rights or after performing their conversion or option obligations. They are thus placed in the position in which they would be, if they had already become a shareholder prior to the offer to subscribe, by exercising the conversion or option rights or by performing any conversion or option obligations, and would already be entitled to subscribe to that extent; thus, they are compensated – like all shareholders already holding shares – for the dilution of value by the value of the subscription right. For the Company, this second alternative for granting protection against dilution has the benefit that the conversion or option price need not be reduced; therefore, this alternative serves to ensure the largest possible inflow of funds in the event of a subsequent conversion or exercise of the option or the subsequent performance of any conversion or option obligation, and reduces the number of shares to be issued in this case, respectively. This also benefits the participating shareholders, so that this is at the same time compensation for the restriction of their subscription right. Their subscription right as such continues to exist and is merely reduced pro rata to the extent to which, in addition to the participating shareholders, the holders of the conversion or

option rights or the bonds with conversion or option obligations are also granted a subscription right. In case of an issue of subscription rights, the present authorization will enable the Company to choose between one of the two above alternatives for granting protection against dilution, by weighing the shareholders' interests against those of the Company.

#### **Exclusion of the subscription right in case of capital increases against cash**

In the case of capital increases against cash, the Executive Board shall be authorized to exclude the subscription right with the consent of the Supervisory Board in accordance with section 203(1) sentence 1 and (2) and section 186(3) sentence 4 German Stock Corporation Act if the issue price of the new shares is not substantially lower than the stock exchange price of the shares which are already listed.

It may be expedient to make use of this statutory possibility of excluding the subscription right in order to enable the Company to quickly and flexibly take advantage of favourable market situations and to satisfy any capital requirements arising in this regard, if necessary, even at very short notice. The two-week subscription period required when granting a subscription right to the shareholders (section 186(1) sentence 2 German Stock Corporation Act) does not allow for a comparably swift reaction to the current market situation. Moreover, due to the volatility of the stock markets, terms and conditions which are close to market terms and conditions can generally only be achieved if the Company is not bound to them for a prolonged period. If a subscription right is granted, section 186(2) German Stock Corporation Act stipulates that the final subscription price must be announced no later than three days before the expiry of the subscription period. This means that the granting of a subscription right is connected with a greater market risk – in particular the risk of price changes over several days – than an allocation without a subscription right is. When granting a subscription right, one must hence regularly provide for corresponding safety discounts on the current market price in order to achieve a successful placement; this will normally result in less favorable terms and conditions for the Company than when

increasing the capital with the subscription right being excluded. The exclusion of the subscription right allows for a placement close to the stock exchange price. Also, when granting a subscription right, a full placement is not definitely ensured due to the uncertainty regarding the exercise of the subscription rights by those entitled thereto, and a subsequent placement with third parties is normally associated with additional expenses.

The proportion of the share capital which is attributable to the shares issued by such exclusion of the subscription right must not exceed, in total, 10% of the share capital either at the time when this authorization takes effect or at the time of when this authorization is exercised. Within this limit, the legislator deems it reasonable for the shareholders to maintain the percentage of their shareholding by purchases on the market. This restriction to 10% of the share capital also includes the proportional amount of the share capital that is attributable to shares which are issued or sold during the term of the Authorized Capital 2017, with a subscription right being excluded, on the basis of an authorization to issue new shares or sell own shares by direct or analogous application of section 18(3) sentence 4 German Stock Corporation Act. The proportional amount of the share capital that is attributable to shares which may or must be issued in order to service bonds carrying a conversion or option right or a conversion or option obligation shall also count towards this 10% limit if the bonds are issued during the term of the Authorized Capital 2017 by excluding the shareholders' subscription right by analogous application of section 186(3) sentence 4 German Stock Corporation Act. Such taking into account serves to protect the shareholders in order to keep the dilution of their shareholding as low as possible.

This model for taking into account specific portions of the share capital allows for the shareholders' participation rate to be diluted by not more than 10% even when capital measures are combined with the issue of bonds and/or the sale of own shares of the Company. Aside from this, the shareholders will be generally able, because the issue price of the new shares is close to the stock exchange price and because the volume of the capital increase with the subscription right being excluded is limited, to maintain their participation rate by acquiring the necessary shares on the stock

exchange on approximately the same terms and conditions. It is therefore ensured that the financial and participation-related interests remain adequately protected, in line with the legal rationale of section 186(3) sentence 4 German Stock Corporation Act, when Authorized Capital 2017 is utilised with the subscription right being excluded, while the Company is given a wider scope of action in the interest of all the shareholders.

#### **Exclusion of the subscription right in case of capital increases against contributions in kind**

Further, the Executive Board shall be authorized to exclude the shareholders' subscription right with the consent of the Supervisory Board in the case of capital increases against contributions in kind, in particular for the purpose of acquiring enterprises, parts of enterprises, or interests in enterprises.

This shall enable KION GROUP AG to offer shares of the Company quickly and flexibly in suitable individual cases in order to satisfy claims arising from the preparation, implementation, closing or settlement of contractual or statutory acquisition processes as well as company mergers without using the stock markets. KION GROUP AG competes at a global level. It must be in a position at all times to act quickly and flexibly on the international and regional markets in the interest of its shareholders. This includes acquiring enterprises, businesses, parts of or interests in enterprises or other assets or claims to the acquisition of assets, including claims against the Company or its group companies, at short notice in order to improve its competitive position. In return, it may be expedient or even necessary to grant shares in order to preserve liquidity or to meet the sellers' expectations. The granting of shares instead of money may also be reasonable from the perspective of an optimum financing structure. This will not be disadvantageous to the Company, as the issue of shares against a contribution in kind requires for the value of such contribution in kind to be in due proportion to the value of the shares. When determining the valuation ratio, the Executive Board will ensure that the interests of the Company and of its shareholders are appropriately protected and that an adequate issue price is achieved for the new shares. Moreover, the Company's listing on the stock exchange generally

enables every shareholder to increase its participation rate by acquiring additional shares.

#### **Exclusion of subscription rights for the issuing of shares to employees**

The Executive Board shall also to be authorized, with the Supervisory Board's consent, to exclude the shareholders' subscription rights in order to issue shares to persons employed by or in a service relationship with the Company or any of its group companies. The exclusion of subscription rights in this regard is restricted to a total of no more than 5% of the share capital, both at the time at which this authorization comes into effect and when it is exercised. The purpose of this provision is to increase the ties between employees and their respective companies. This is in the interest of the Company. The Executive Board and the Supervisory Board also regard the restriction to 5% of the share capital as appropriate.

#### **Further information**

Each and every case of an exclusion of the subscription right, as proposed herein, will require the consent of the Supervisory Board.

Further, the Executive Board will carefully consider in each individual case whether it would be in the interest of the Company to make use of the Authorized Capital 2017; the Executive Board will consider also and in particular whether a possible exclusion of the subscription right is objectively justified in a specific case. The Executive Board will report to the next General Meeting on any utilisation of the authorization.

#### **Report of the Executive Board on agenda item 10**

An adequate capital base and adequate financing are material bases for the further development of KION GROUP AG and for a successful market presence. By issuing convertible and warrant bonds, participation rights and participation bonds, the Company can – depending on the market situation and its financing needs – take advantage of attractive financing opportunities at comparatively

low interest rates, for example to procure favourable debt capital for the Company. Moreover, by issuing convertible and warrant bonds, participation rights and participation bonds, the Company may possibly even reach new investor groups in addition to using other instruments, such as a capital increase. Further, the Company will benefit from the conversion and option premiums obtained when issuing such bonds.

The planned authorization is intended to replace the existing authorization to issue bonds with warrants or convertible bonds or participation rights which had been resolved in the General Meeting of 19 May 2014. Although the authorization resolved on 19 May 2014 will remain available until 18 May 2019 and has not been utilised to date, there is no more contingent capital available to issue shares with which bonds with warrants or convertible bonds or participation rights issued on the basis of the authorization of 19 May 2014 could be serviced. The Contingent Capital 2014 in the amount of EUR 9,890,000.00 created for this was reduced pursuant to the resolution of the General Meeting of 19 May 2014 and article 4(5) of the Articles of Association by the proportion of the share capital that was attributed to shares issued on the basis of the Authorized Capital 2014. Since 9,890,000 new shares with a pro rata amount of the share capital of EUR 9,890,000.00 were issued on the basis of the Authorized Capital 2014 in the 2016 financial year, the Contingent Capital 2014 is no longer available as a basis for issuing shares.

The Executive Board and the Supervisory Board consider it reasonable to continue to enable the Company in future to issue convertible bonds and/or bonds with warrants, participation rights and participation bonds, by excluding the subscription right, in a flexible manner. The new authorization to issue bonds which is proposed under agenda item 10 and the Contingent Capital 2017 which is also proposed will enable the Executive Board to issue, once or repeatedly up to and including 10 May 2022, bearer or registered convertible bonds and/or bonds with warrants and/or participation rights and/or participation bonds carrying a conversion or option right and/or conversion or option obligation (or a combination of these instruments) in the total nominal amount of up to EUR 1,000,000,000.00 with or without a limited maturity term

(hereinafter referred to collectively as “**Bonds**”) and to grant to or impose on the creditors of Bonds conversion/option rights and/or conversion/option obligations to subscribe to a total of up to 10,879,000 new no-par value bearer shares of the Company with a pro rata amount of the share capital of up to EUR 10,879,000.00 in total in accordance with the terms and conditions of the Bonds (hereinafter collectively the “**Bond Terms**”). The authorization proposed in agenda item 10 will also enable the Executive Board to issue the Bonds with a variable interest rate, in terms of which the interest rate may be wholly or partially dependent on the amount of the net profit for the year, the balance sheet profit, or the Company’s dividend.

The issuance of Bonds is restricted in that the total amount of the shares issued in order to serve Bonds that are issued on the basis of this authorization may not exceed a pro rata amount of 10% of the share capital, either when this authorization comes into effect or when it is exercised. Shares that are issued during the term of this authorization from authorized capital will be counted towards this limit. Because of this capital limit, the total extent of any issuance of shares on the basis of the issuance of Bonds and authorized capital is restricted to 10% of the current share capital. In this way, shareholders will be protected to a particularly high degree against dilution of their holdings.

The possibility provided for in the authorization to the effect that Bonds may also be issued with a conversion or option obligation upon maturity or at other times extends the scope for structuring financing instruments of this kind.

When issuing Bonds, the Company shall be able, depending on the market situation, to make use of the German or international capital markets and issue Bonds not only in Euro but also in the legal currency of an OECD country, however, limited to the equivalent value in Euro. The Bonds may also be issued by domestic or foreign companies in which the Company directly or indirectly holds the majority of the votes and capital (hereinafter also a “**Majority-Owned Subsidiary**”); in this case, the Executive Board will, with the consent of the Supervisory Board, be authorized to provide a guarantee for the Bonds on behalf of the Company and to grant the creditors of

such Bonds conversion and/or option rights on shares of the Company and/or perform conversion or option obligations in shares of the Company, as well as to make other declarations and take other actions which may be required for a successful issue.

The proposed Contingent Capital 2017 shall enable the Company to issue shares to the creditors of Bonds which are issued on the basis of the authorization that is to be newly created under agenda item 10. The nominal value of the Contingent Capital 2017 corresponds to 10% of the current share capital of the Company. The new shares from the Contingent Capital 2017 shall be issued at the conversion or option price to be determined in each case in accordance with the respective authorization. Pursuant to section 193(2) no. 3 German Stock Corporation Act, the authorization will merely define the bases for determining the relevant minimum issue price so as to give the Company the necessary flexibility when determining the terms and conditions. The conditional increase of the share capital shall be performed only to the extent that conversion or option rights under issued Bonds are exercised or conversion or option obligations under such Bonds are performed, and to the extent that the conversion or option rights and/or conversion or option obligations are not satisfied through own shares, shares from authorized capital, or other consideration.

When Bonds with a conversion or option right or a conversion or option obligation are issued, the shareholders are generally entitled to a subscription right (section 221(4) German Stock Corporation Act in conjunction with section 186(1) German Stock Corporation Act). If the Bonds are issued by a Majority-Owned Subsidiary of KION GROUP AG, KION GROUP AG must ensure that the shareholders are granted the statutory subscription right. To simplify the settlement procedure, the Bonds may also be subscribed to by one or several credit institutions pursuant to section 186(5) German Stock Corporation Act, which must undertake to offer them to the shareholders for subscription (so-called indirect subscription right).

In this regard, the Executive Board shall – with the consent of the Supervisory Board – also be permitted to determine that the subscription right in part shall be a direct subscription right and otherwise an indirect subscription right. In particular, it may be

appropriate and in the Company's interest for financial reasons to offer a principal shareholder entitled to subscription, who has committed to the subscription of a fixed number of (partial) Bonds in advance, such Bonds directly for subscription, in order to thus avoid the issuing banks' fees that would be otherwise incurred by the Company in case of an indirect subscription right. This does not entail any restriction of the content of the subscription right for those shareholders to whom the Bonds are offered by way of an indirect subscription right.

In accordance with the legal provisions, the Executive Board shall be authorized – with the consent of the Supervisory Board – in the cases specified in detail in the authorization to exclude the shareholders' subscription right.

#### **Exclusion of the subscription right for fractional amounts**

First, the Executive Board shall be authorized to exclude the shareholders' subscription right for fractional amounts with the consent of the Supervisory Board. Such exclusion of the subscription right shall allow for a practicable subscription ratio and shall thus facilitate the technical performance of the issue of Bonds. As a general rule, the value of the fractional amounts is low, whereas the time and effort required to issue Bonds without an exclusion of the subscription right for fractional amounts is regularly much higher. When it comes to fractional amounts, the costs associated with trading in subscription rights would be out of proportion to the shareholders' actual benefits. The Bonds that are excluded from the subscription right due to such fractional amounts shall be utilised in the best possible manner for the Company. The exclusion of the subscription right in these cases thus serves to make an issue and its implementation more practicable and feasible.

#### **Exclusion of the subscription right for bonds with warrants and convertible bonds**

Further, the Executive Board shall be authorized, when issuing Bonds, to exclude the shareholders' subscription right with the consent of the Supervisory Board also to the extent that this is necessary to grant holders and/or creditors of conversion or option

rights or creditors of Bonds with conversion or option obligations, which were issued or are still to be issued by the Company or a Majority-Owned Subsidiary, a subscription right to the extent to which they would be entitled as a shareholder after exercising the conversion or option rights or after the performance of conversion or option obligations.

The reasons for this are as follows: The economic value of the aforementioned conversion or option rights or the bonds with conversion or option obligations depends not only on the conversion or option price but also and in particular on the value of the shares of the company to which the conversion or option rights or conversion or option obligations relate. In order to ensure a successful placement of the respective bonds or to avoid a markdown of the price in the placement, it is therefore common practice to include so-called anti-dilution provisions in the terms and conditions of the bond, which will protect the holders of rights from a loss in the value of their conversion or option rights as a result of a dilution of the value of the shares to be subscribed; accordingly, the inclusion of such anti-dilution provisions in the Bond Terms is also provided for in the authorization to issue convertible bonds and/or bonds with warrants and/or participation rights and/or participation bonds carrying a conversion or option conversion right and/or a conversion or option obligation (or a combination of such instruments), as proposed under agenda item 10. In the absence of such protection against dilution, the subsequent issuing of further bonds with conversion or option rights or with conversion or option obligations, with the subscription right being granted to the shareholders, would typically lead to such a dilution of value. This is because in order to make the terms and conditions of the subscription right attractive to the shareholders and to ensure that the shares will be subscribed to, the relevant convertible bonds or bonds with warrants are generally issued on more favourable terms and conditions than would be in line with their market value, if a subscription right is granted. This leads to a corresponding dilution of the value of the shares. The aforementioned anti-dilution provisions in the Bond Terms regularly provide for a reduction of the conversion or option price in such a case, with the result that in the event of the subsequent conversion or exercise of the option or the subsequent performance of a conversion or option obligation, the

funds accruing to the Company are reduced and the number of shares to be issued by the Company is increased, respectively.

As an alternative by which the reduction of the conversion or option price can be avoided, the anti-dilution provisions usually permit the holders of rights under bonds with conversion or option rights or conversion or option obligations to be granted a right to subscribe to subsequently issued convertible bonds and/or bonds with warrants to the extent to which they would be entitled after exercising their own conversion or option rights or after performing their conversion or option obligations. They are thus placed in the position in which they would be, if they had already become a shareholder prior to the offer to subscribe, by exercising the conversion or option rights or by performing any conversion or option obligations, and would already be entitled to subscribe to that extent; thus, they are compensated – like all shareholders already holding shares – for the dilution of value by the value of the subscription right. For the Company, this second alternative for granting protection against dilution has the benefit that the conversion or option price need not be reduced; therefore, this alternative serves to ensure the largest possible inflow of funds in the event of a subsequent conversion or exercise of the option or the subsequent performance of any conversion or option obligation, and reduces the number of shares to be issued in this case, respectively. This also benefits the participating shareholders, so that this is at the same time compensation for the restriction of their subscription right. Their subscription right as such continues to exist and is merely reduced pro rata to the extent to which, in addition to the participating shareholders, the holders of the conversion or option rights or Bonds with conversion or option obligations are also granted a subscription right. This authorization will enable the Company in the case of a subscription right issue to choose one of the two alternatives for granting protection against dilution described above, by weighing the shareholders' interests against those of the Company.

#### **Exclusion of the subscription right in the issue of Bonds against consideration in cash**

Further, the Executive Board shall be authorized to exclude the subscription right with the consent of the Supervisory Board if, where Bonds are issued in return for cash payment, the issue price of the Bonds is not substantially below the theoretical market value of the Bonds determined by applying recognised financial calculation methods.

It may be expedient to make use of this statutory possibility of excluding the subscription right, in order to enable the Company to respond swiftly to favourable market situations and place Bonds on the market quickly and flexibly on attractive terms and conditions. The two-week subscription period required when granting a subscription right to the shareholders (by analogous application of section 186(1) sentence 2 German Stock Corporation Act) does not allow for a comparably swift reaction to the current market situation. Moreover, because of the volatility of the stock markets, terms and conditions which are close to market terms and conditions can generally only be achieved if the Company is not bound to them for a longer period of time. If a subscription right is granted, section 186(2) German Stock Corporation Act stipulates that the final subscription price or, in the case of Bonds with conversion and/or option rights or with conversion or option obligations, the final terms and conditions of the Bonds must be announced no later than three days before the expiry of the subscription period. As compared to an allocation excluding a subscription right, this is therefore associated with a greater market risk, in particular with the risk of a price change that exists for several days. When granting a subscription right, one must hence regularly provide for corresponding safety margins when determining the terms and conditions of the Bonds in order to achieve a successful placement; this will normally result in less favorable terms and conditions for the Company than when placing the Bonds under exclusion of the subscription right. Also, when granting a subscription right, a full placement is not definitely ensured due to the uncertainty regarding the exercise of the subscription rights by those entitled thereto, and a subsequent placement with third parties is normally associated with additional expenses.

In the case of such exclusion of the subscription right, the shareholders' interests are protected by the fact that the Bonds must not be issued substantially below their theoretical market value, whereby the arithmetical value of the subscription right is reduced to almost zero. The resolution therefore provides that the Executive Board, before issuing the Bonds, must have arrived at the conclusion that the envisaged issue price will not lead to any significant dilution of the value of the shares. To the extent that the Executive Board deems it appropriate in the given situation to obtain expert advice, it may seek the support of experts – e.g. the syndicate banks involved in the issue, an independent investment bank or an expert – who will confirm in appropriate form that any significant dilution of the value of the shares is not to be expected. Regardless of such assessment performed by the Executive Board, a market-driven determination of the terms and conditions will be ensured in case of a book-building procedure being performed. This means that the exclusion of the subscription right will not lead to a significant dilution of the value of the shares.

This authorization to exclude the subscription right will apply only to Bonds carrying rights to shares or obligations to subscribe for shares, to which a proportional amount of no more than 10% of the share capital is attributable, either at the time of the authorization taking effect or at the time of the authorization being exercised. Within this limit, the legislator deems it reasonable for the shareholders to maintain the percentage of their shareholding by purchases on the market. Shares of the Company which are issued or sold by the Company during the term of this authorization, with the shareholders' subscription right being excluded pursuant to or by analogous application of section 186(3) sentence 4 German Stock Corporation Act, shall be taken into account for the purpose of this 10% limit. Such taking into account serves to protect the shareholders in order to keep the dilution of their shareholding as low as possible.

#### **Exclusion of the subscription right in the issue of Bonds against non-cash consideration**

Further, the Executive Board shall be authorized to exclude the shareholders' subscription right with the consent of the Supervisory Board in the case of Bonds being issued against non-cash consideration, if the exclusion of the subscription right is in the Company's interest.

This shall ensure that the Bonds can be used as an acquisition currency in order to specifically acquire certain assets, enterprises, parts of or interests in enterprises. The Company will thus be enabled, in particular in combination with other financing instruments or with the issue of Bonds against consideration in cash, to act flexibly and to respond to the respective demands made by the sellers. The issue of the Bonds against consideration in kind requires that the value of the consideration in kind is at least equivalent to the issue price of the Bonds. Therefore, the Company will not suffer any disadvantage as a result of issuing Bonds against consideration in kind. Rather, this possibility will allow for additional flexibility and will improve the Company's competitive position in terms of making acquisitions. In each individual case, the Executive Board will carefully consider whether it will make use of the possibility of issuing Bonds against consideration in kind. The Executive Board will only make use thereof if this is in the best interest of the Company and thus of its shareholders.

#### **Further information**

Each and every case of an exclusion of the subscription right, as proposed herein, will require the consent of the Supervisory Board.

Furthermore, the Executive Board will carefully consider in each case whether it would be in the interest of the Company to make use of the proposed authorization to issue Bonds; in this regard, the Executive Board will consider also and in particular whether a possible exclusion of the subscription right is objectively justified in a specific case. The Executive Board will report to the respective next General Meeting on any utilisation of the authorization.

## FURTHER INFORMATION AND NOTES

### I. Total number of shares and voting rights

As at the date of the invitation to the Annual General Meeting, the share capital of the Company amounts to EUR 108,790,000.00 and is divided into 108,790,000 no-par value shares, each of which grants one vote. This total number includes 164,486 own shares held by the Company as at the date of the invitation; pursuant to section 71b German Stock Corporation Act, the Company does not have any rights in respect of these own shares.

### II. Requirements for attending the General Meeting and exercising voting rights

#### 1. Eligibility to attend

Pursuant to article 20(1) of the Articles of Association, only those shareholders who have registered with the Company in a timely manner prior to the meeting are entitled to attend the General Meeting – either in person or by proxy – and to exercise their voting rights. Notice of registration must be given in text form in either German or English.

Shareholders must provide evidence of their right to attend the General Meeting and to exercise their voting rights (article 20(2) of the Articles of Association). Evidence of their shareholding issued in text form by the custodian bank (“evidence of eligibility”) will be sufficient for this purpose. This evidence of eligibility must relate to the beginning of the twenty-first day (local time at the Company’s registered office) prior to the General Meeting, i.e. to 0:00 on 20 April 2017 (CEST) (“record date”).

Only persons who have furnished evidence of eligibility will be deemed to be shareholders of the Company for the purpose of attending the General Meeting and exercising voting rights. This means that shareholders who have only acquired their shares

after the record date will not be able to attend the General Meeting nor have voting rights at the General Meeting. The record date does not have any consequences for the saleability of the shares. Shareholders who have sold their shares after the record date will therefore – provided that they have registered in good time and have submitted evidence of eligibility – nevertheless be eligible to attend the General Meeting and exercise their voting rights. The record date is irrelevant as far as entitlement to dividends is concerned.

The notice of registration and evidence of eligibility must be received by the Company by no later than 24:00 on 4 May 2017 (CEST) via

- the following address

KION GROUP AG  
c/o Link Market Services GmbH  
Landshuter Allee 10  
80637 Munich, Germany or

- the following fax number  
+49 (0) 89.210 27 289 or
- the following e-mail address  
inhaberaktien@linkmarketservices.de.

Shareholders who have registered for the General Meeting will be sent an admission ticket. Admission tickets are issued purely as an organisational aid and are not a prerequisite for attending the General Meeting and exercising voting rights.



## 2. Notes on casting votes by proxy

In addition to casting their votes at the General Meeting in person, shareholders may also vote by proxy, which can, for example, be a credit institution prepared to do so, a shareholders' association or other representatives such as, for example, so-called Company proxies appointed by the Company. If shareholders wish to vote by proxy, they nevertheless still have to register in good time and evidence of their shareholdings must be received by the Company in good time in the manner described above.

For further details on voting by proxy, please see the section "Procedure for voting by proxy".

## 3. Notes on postal votes

Shareholders may also vote by post without attending the General Meeting in person or being represented by a proxy at the meeting. In the case of postal votes, shareholders must also register in good time and evidence of their shareholdings must be received by the Company in good time in the manner described above.

For further details on voting by post, please see the section "Procedure for voting by post".

## III. Procedure for casting votes

Once shareholders have duly and properly registered, they may attend the General Meeting in person and exercise their voting rights themselves. They may however also cast their votes by proxy, by Company proxies appointed by the Company or by post.

## 1. Procedure for voting by proxy

Shareholders who do not wish to exercise their voting rights at the General Meeting in person, but rather by proxy, must grant such proxy a due and proper proxy authorization before the vote. The following should be noted in this regard:

- a) If neither a credit institution nor another person or institution (such as a shareholders' association) treated as equivalent to a credit institution pursuant to section 135(8) or (10) German Stock Corporation Act has been authorized, the proxy authorization must be issued in text form either
  - aa) to the Company using one of the addresses listed above for registration or
  - bb) directly to the proxy (in such a case, evidence of the proxy authorization must be submitted to the Company in text form).

The same applies to revocation of the proxy authorization.

Shareholders and their proxies may submit evidence of the authorization or revocation thereof in text form to the Company at one of the addresses listed above for registration. Such evidence may also be submitted on the day of the General Meeting at the entrance/exit desks.

- b) The statutory provisions, in particular section 135 German Stock Corporation Act, apply to proxy authorizations granted to credit institutions or other persons or institutions (such as shareholders' associations) treated as equivalent to a credit institution pursuant to section 135(8) or (10) German Stock Corporation Act as well as to the revocation and the evidence of such proxy authorizations. Shareholders must also observe any rules laid down by the respective proxies in this regard.

- c) If a shareholder authorizes more than one person, the Company is entitled to reject one or more of them pursuant to section 134(3) sentence 2 German Stock Corporation Act.

- d) Instructions to Company proxies in respect of agenda item 2 in this invitation will also apply should the proposed resolution on the appropriation of the profit be amended on account of a change in the number of shares carrying dividend rights.

## 2. Procedure for voting by Company proxy

Shareholders may also be represented at the General Meeting by persons appointed by the Company. The following should be noted in this regard:

- a) Company proxies may only vote in respect of agenda items for which they have received express instructions on how to exercise the voting right. Company proxies are obliged to vote according to the instructions given to them.
- b) Please note that Company proxies (i) cannot accept any requests to speak, to lodge objections to general meeting resolutions or to ask questions or submit motions and that they (ii) are only available to vote on such motions and candidate nominations in respect of which resolution proposals by the Executive Board and/or the Supervisory Board pursuant to section 124(3) German Stock Corporation Act or by shareholders pursuant to sections 124(1), 122(2) sentence 2 German Stock Corporation Act have been published in this invitation or subsequently or have been made available pursuant to sections 126, 127 German Stock Corporation Act.
- c) Proxy authorizations and instructions to Company proxies may be issued, amended or revoked vis-à-vis the Company in text form, using one of the addresses listed for registration by **18:00 on 10 May 2017 (CEST)**. In all these cases, the time at which the proxy authorization or instruction, amendment or revocation is received by the Company will be decisive. On the day of the General Meeting, proxy authorizations and instructions to Company proxies may also be issued, amended or revoked in text form at one of the entrance/exit desks.

- e) Should a separate vote rather than a block vote be carried out in respect of an agenda item, the instruction given in respect of this agenda item will apply analogously to each point of the separate vote.

## 3. Procedure for voting by post

When voting by post the following should be noted:

- a) Postal votes may be cast up to **18:00 on 10 May 2017 (CEST)** either in writing or by way of electronic communication, using one of the addresses listed above for registration. In all these cases, the time at which the postal vote is received by the Company will be decisive.
- b) Please note that postal votes may only be cast with regard to motions and candidate nominations in respect of which resolution proposals by the Executive Board and/or the Supervisory Board pursuant to section 124(3) German Stock Corporation Act or by shareholders pursuant to sections 124(1), 122(2) sentence 2 German Stock Corporation Act have been published in this invitation or subsequently or have been made available pursuant to sections 126, 127 German Stock Corporation Act.
- c) Credit institutions or other persons or institutions (such as shareholders' associations) treated as equivalent to a credit institution pursuant to section 135(8) or (10) German Stock Corporation Act with proxy authorizations may also avail themselves of postal votes.
- d) Postal votes that have been cast in good time may be amended or revoked up to **18:00 on 10 May 2017 (CEST)**

either in writing or by way of electronic communication, using one of the addresses listed above for registration. In all these cases, the time at which the amendment or revocation is received by the Company will be decisive.

- e) Shareholders voting by postal vote are not excluded from attending the General Meeting in person. Should a shareholder or his proxy attend the General Meeting in person, any postal votes cast beforehand will be deemed to have been revoked.
- f) Postal votes cast in respect of agenda item 2 in this invitation will also apply should the proposed resolution on the appropriation of the profit be amended on account of a change in the number of shares carrying dividend rights.
- g) Should a separate vote rather than a block vote be carried out in respect of an agenda item, the postal votes cast in respect of this agenda item will apply analogously to each point of the separate vote.

#### 4. Forms for proxy authorizations and postal votes

To register, issue proxy authorizations or cast postal votes, shareholders may use any of the formal methods described above in sections II.1, III.1, III.2 as well as III.3. A form for issuing proxy authorizations and casting postal votes is available on the Company's website at [www.kiongroup.com/agm](http://www.kiongroup.com/agm). Proxy authorizations may also be issued during the General Meeting.

Should a shareholder wish to authorize a credit institution or another person or institution (such as a shareholders' association) treated as equivalent to a credit institution pursuant to section 135(8) or (10) German Stock Corporation Act, he must discuss the form in which the proxy authorization is to be issued with such institution or person.

#### IV. Shareholders' rights

In the run-up to and during the General Meeting the shareholders will, *inter alia*, have the following rights. For further details, please see the Company's website at [www.kiongroup.com/agm](http://www.kiongroup.com/agm).

##### 1. Right to put items on the agenda

Shareholders whose shares together represent an amount of the share capital equal to EUR 500,000.00 (this corresponds to 500,000 shares) may, pursuant to section 122(2) German Stock Corporation Act, request that items be put on the agenda and published. Each new item must be accompanied by the grounds for this or a draft resolution. The request must be submitted in writing, using the address:

KION GROUP AG  
Vorstand  
Abraham-Lincoln-Strasse 21  
65189 Wiesbaden, Germany

It must be received by the Company at least 30 days prior to the meeting, i.e. by no later than **24:00 on 10 April 2017 (CEST)**. The shareholders in question must, pursuant to section 122(2), (1) sentence 3 German Stock Corporation Act, prove that they have owned the shares for at least 90 days prior to the date of receipt of the request and that they will hold the shares until the Executive Board decides on the application.

Additional agenda items that must be published will be published in the Federal Gazette without undue delay on receipt of the request and, pursuant to section 121(4a) German Stock Corporation Act, be forwarded for publication to such media capable of distributing the information throughout the entire European Union. They will also be made available on the Company's website at [www.kiongroup.com/agm](http://www.kiongroup.com/agm) and notified to the shareholders.

## 2. Counter-motions and candidate nominations

Each shareholder is entitled pursuant to section 126(1) German Stock Corporation Act to submit counter-motions to proposed resolutions in respect of individual agenda items. If the counter-motions are to be made available by the Company, they must be furnished with grounds and submitted at least 14 days prior to the General Meeting, i.e. by no later than **24:00 on 26 April 2017 (CEST)**, using

- the following address

KION GROUP AG  
Rechtsabteilung  
Abraham-Lincoln-Strasse 21  
65189 Wiesbaden, Germany or

- the following fax number  
+49 (0) 611.770 333 or
- the following e-mail address  
HV2017@kiongroup.com.

Counter-motions sent to a different address need not be made available.

In all cases in which a counter-motion has been submitted, the time at which the counter-motion is received by the Company will be decisive.

Shareholders' counter-motions that are to be made available will be made available together with the shareholders' names and the grounds for the counter-motions as well as any statements by the Executive Board and the Supervisory Board in this regard on the Company's website at [www.kiongroup.com/agm](http://www.kiongroup.com/agm).

The Company may decide not to make a counter-motion and the grounds for it available if the conditions of section 126(2) German Stock Corporation Act have been met. The grounds on which the Company may do so are listed on its website at [www.kiongroup.com/agm](http://www.kiongroup.com/agm).

These provisions apply, pursuant to section 127 German Stock Corporation Act, analogously to a shareholder's nomination for the election of a member of the Supervisory Board or the auditors of the annual financial statements. No grounds need be furnished for such nominations, however. In addition to the grounds listed in section 126(2) German Stock Corporation Act, the Executive Board need not make a candidate nomination available if, inter alia, the nomination does not include the name, occupation and place of residence of the candidate. Nor does the Company have to make nominations for the election of members of the Supervisory Board available if the nomination does not include information on any positions held by the proposed candidate in other supervisory boards required by law within the meaning of section 125(1) sentence 5 German Stock Corporation Act.

## 3. Right to be provided with information

Pursuant to section 131(1) German Stock Corporation Act, each shareholder is to be provided on request with information on the Company's affairs at the General Meeting by the Executive Board, provided that such information is needed by a shareholder to properly assess a specific agenda item and provided that the Executive Board is not entitled to refuse to provide such information. The Executive Board's duty to provide information also extends to the Company's legal and business relationships with its affiliated enterprises. The duty to provide information also covers the situation of the KION Group and enterprises included in the consolidated financial statements of the KION Group. The circumstances in which the Executive Board is entitled to refuse to provide information are listed on the Company's website at [www.kiongroup.com/agm](http://www.kiongroup.com/agm).

**V. Information and documentation on the General Meeting;  
website**

This invitation to the General Meeting, the documents to be made available to the General Meeting, including the information required pursuant to section 124a German Stock Corporation Act, any shareholders' motions as well as additional notes on shareholders' rights pursuant to section 122(2), section 126(1), section 127 and section 131(1) German Stock Corporation Act will be available on the Company's website ([www.kiongroup.com/agm](http://www.kiongroup.com/agm)) from the day on which the General Meeting is convened. All documents that must be made available to the General Meeting by law will also be available for inspection at the General Meeting.

Wiesbaden, March 2017

KION GROUP AG  
The Executive Board



## DIRECTIONS

**Gesellschaftshaus Palmengarten**  
**Palmengartenstraße 11**  
**60325 Frankfurt am Main**

### How to reach us

The Gesellschaftshaus is located at the southern side of the Palmengarten, at the Palmengartenstraße 11. Parking (fee by hours) is available directly at the Palmengarten below the Eingangsschauhaus in Siesmayerstraße 61. Approx. 5 minutes walking distance to the Gesellschaftshaus through the Palmengarten.

The tube station "Westend" is in close vicinity, as well as the tube, tram and bus stop "Bockenheimer Warte".

Via the connection point Miquelallee, Zeppelinallee, Bockenheimer Landstraße, Siesmayerstraße you reach the Palmengartenstraße 11.



**KION GROUP AG**

Corporate Communications  
Abraham-Lincoln-Straße 21  
65189 Wiesbaden  
Germany

Phone: +49 (0) 611 770 0

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