

## REPORT TO THE ANNUAL GENERAL MEETING

### Executive board report regarding the granting of authority to buy back shares including utilization under exclusion of shareholder subscription rights as per article 71, paragraph 8 and article 186, paragraph 4 of the German Stock Corporation Act:

The authorization to buy back shares that expires on January 20, 2011 is to be renewed by way of a resolution at the annual general meeting in order to give the company the option of buying back shares beyond this date. The authorization is to be valid for the new maximum duration of five years permitted by law. The German Stock Corporation Act already provides for authorizations with a validity of up to five years for authorized capital (article 202, paragraph 1 of the Stock Corporation Act) and for placement of convertible bonds (article 221, paragraph 2 of the Stock Corporation Act). Item 7 thus proposes that the company be authorized to buy back shares of the company to a limit of 10 % of current share capital until January 19, 2015.

According to article 71, paragraph 1, item 8 of the German Stock Corporation Act, treasury stock may also be purchased or sold by means other than the typical case of purchasing or selling on the open market. Preference should be given to using these options.

In addition to acquisition via the stock exchange, the company shall also have the option to buy back shares by way of a public bid (tender). Given this option, every shareholder of the company who is prepared to sell can decide how many shares to dispose of and at what price if a price range has been defined. If the quantity offered at the defined price exceeds the number of shares the company has requested, it must allocate the sales offers. This provides the opportunity to extend preferential treatment to small offers or small parts of offers, which makes it possible to avoid fractional and small residual amounts when defining the quotas to be purchased and simplifies administration.

According to the provisions of article 71, paragraph 1, item 8 of the German Stock Corporation Act, shareholders at the annual general meeting can also authorize the company to sell shares by means other than via the stock exchange.

In cases as described in item c) of the proposed resolution, it is intended to allow treasury shares acquired through a buyback program to also be sold with exclusion of shareholder subscription rights.

The purpose here is to enable the executive board to have treasury shares at its disposal to use as a form of payment, subject to approval by the supervisory board, in conjunction with corporate mergers or the acquisition of companies or parts of companies or shares of companies. This form of payment is occasionally required for such transactions. The intent of the authorization proposed here is to enable the company to quickly and flexibly take advantage of opportunities that arise in conjunction with corporate mergers, the acquisition of companies or parts of companies or shares of companies. There are currently no firm plans to utilize this authorization. The executive board will report to shareholders at the annual general meeting regarding utilization of this authorization.

The proposed resolution also includes authorization to sell the treasury shares purchased in cases other than in conjunction with corporate mergers, the purchase of companies, parts of companies or shares in companies other than via the stock market with exclusion of shareholders subscription rights, provided the shares are sold in exchange for cash and at price that is not significantly lower than the stock market price of a similar type of the company shares at the time of the sale. However, this authorization shall only be effective subject to the proviso that the shares sold subject to the exclusion of the subscription rights according to article 186, paragraph 3, clause 4 of the German Stock Corporation Act may not, in total, exceed 10 percent of the share capital, either on the date this authorization becomes effective or on the date on which it is exercised. The limit of 10 % of share capital shall include shares that (i) are issued or sold by utilizing an authorization to issue new shares with the exclusion of subscription rights as per article 186, paragraph 3, clause 4 of the German Stock Corporation Act during the term of this authorization and/or (ii) are issued or can be issued to service bonds with conversion rights or warrants, if the bonds are issued by utilizing an authorization valid during the term of this authorization by way of appropriate application of article 186, paragraph 3, clause 4 of the German Stock Corporation Act excluding shareholder subscription rights.



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This authorization gives the company more flexibility. In particular, it enables shares to be issued specifically to business partners or financial investors, even when they are not used for corporate mergers, the acquisition of companies, parts of companies or shares of companies. Due regard is given to the interests of shareholders in that the issue price must be in line with the current price of the shares on the stock market. Shareholders always have the option of maintaining their relative interest in the company by purchasing additional shares on the stock market. There are currently no firm plans to utilize this authorization. The executive board will report to shareholders at the annual general meeting regarding each utilization of this authorization.

Finally, the executive board shall be authorized, subject to approval by the supervisory board, to use the treasury shares with exclusion of shareholder subscription rights to service rights of conversion and subscription rights associated with existing and any future bonds with warrants or conversion rights, which shareholders at the annual general meeting may have already authorized or will in future authorize the executive board to issue, and to transfer the treasury shares to holders of conversion or subscription rights subject to terms and conditions already defined per resolution or to be defined in future resolutions on authorizations by shareholders at the annual general meeting. Under agenda item 6 of the annual general meeting on July 29, 2008, shareholders authorized the executive board, subject to approval by the supervisory board, to place a convertible bond or bonds once or several times up until July 28, 2013. The executive board, with approval from the supervisory board, made use of this authorization by issuing a convertible bond on June 30, 2009. It may be wise to partially or entirely service the rights to acquire shares associated with this instrument using treasury shares. Accordingly, it is proposed that treasury shares be used under exclusion of subscription rights not only for future bonds, but also for existing bonds with conversion rights or warrants. In particular, transferring treasury shares to service subscription rights from bonds with warrants or conversion rights instead of utilizing conditional capital avoids any dilution that would otherwise occur. Shareholders are always granted subscription rights to bonds with warrants or conversion rights that may be placed as a result of a future authorization by shareholders at the annual general meeting, provided this is not excluded by shareholders at

the annual general meeting as per detailed instructions in article 221, paragraph 4 in conjunction with article 186 of the German Stock Corporation Act. When deciding whether to use treasury shares or conditional capital, the executive board will carefully consider the interests of the company and shareholders.

The company shall also be able cancel treasury shares without a new resolution by shareholders at the annual general meeting. The purpose of this authorization is to give the executive board the flexibility to properly align the company's longer-term dividend distribution policies with the interests of the company and its shareholders. Article 71, paragraph 1, item 8, clause 6 of the German Stock Corporation Act states that the executive board may not only be authorized by shareholders at the annual general meeting to buy back shares, but also to cancel them. If the executive board makes use of this cancellation authorization, there will be a corresponding decrease in capitalization. The executive board shall also have the alternative option of canceling shares as per article 237, paragraph 3, clause 3 of the German Stock Corporation Act without affecting capitalization. In such case the share of share capital of the remaining outstanding shares is proportionally increased as a result of the cancellation as per article 8, paragraph 3 of the Stock Corporation Act. The executive board shall therefore also be authorized to adjust the number of shares in the Articles of Incorporation, as a result of the reduction due to cancellation. Cancellation of treasury shares has been shown in the past to stabilize or improve the company's share price on the stock market and to strengthen the company's position in the capital markets, and is therefore in the interests of the company and its shareholders. After due consideration, the executive board will decide at some time whether to take advantage of authorization to cancel shares.

The authorization to buy back shares or resell or cancel same can be exercised once or several times.

The current existing authorization to buy back shares passed by shareholders as per item 8 of the agenda for the annual general meeting dated July 21, 2009 expires as of the effective date of the new authorization.