



Ordinary General Meeting 2011

Additional explanations on the rights of the shareholders pursuant to sec. 121 para. 3 sentence 3 no. 3 German Stock Corporation Act (AktG)

The invitation to the general meeting already contains data on the rights of the shareholders mentioned in sec. 121 para. 3 sentence 3 no. 3 AktG pursuant to sec. 122 para. 2, sec. 126 para. 1, secs. 127, 131 para. 1 AktG. The following data serve as a further explanation of these provisions.

1. Supplementary requests to the agenda at the request of a minority pursuant to sec. 122 para. 2 AktG

Shareholders whose shares together reach the twentieth part of the share capital (which corresponds to 2,944,532 non-par value shares) or the proportionate amount of the share capital of EUR 500,000 (which corresponds to 500,000 non-par value shares) may request in accordance with sec. 122 para. 2 AktG that items be put on the agenda and published. Every new item must be accompanied by an explanatory statement or a proposed resolution.

Supplementary requests must be received by the company in writing at least 30 days prior to the meeting; the day of receipt and the day of the general meeting are not taken into account when calculating this period. Thus, the latest possible date of receipt is 26 April 2011 (24:00). Supplementary requests received later will not be taken into account.

The applicants must provide evidence that they have been holders of the shares with regard to the minority shareholding for a minimum of three months prior to the day of the general meeting (sec. 142 para. 2 sentence 2 in conjunction with sec. 122 para. 1 sentence 2, para. 2 sentence 1 AktG).

Any supplementary requests must be sent to the following address:

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Balda Aktiengesellschaft
– The Board of Directors –
Bergkirchener Straße 228
32549 Bad Oeynhausen
Germany

Extracts from the provisions of the AktG on which these shareholder rights are based are as follows:

Sec. 122 paras. 1 and 2 AktG:

- (1) The general meeting is to be called if shareholders, whose total shares equal or exceed the twentieth part of the share capital, so request in writing, stating the purpose of and the grounds; the request is to be addressed to the board of directors. The articles of association may provide that the right to request that a general meeting be called is linked to another form and the holding of a lower share in the share capital. Sec. 142 para. 2 sentence 2 applies accordingly.
- (2) Likewise, shareholders whose total shares amount to the twentieth part of the share capital or to the proportionate amount of 500,000 euro, may request that items are placed on the agenda and published. Each new item must be accompanied by an explanatory statement or a draft resolution. The request in the sense of sentence 1 must be received by the company at least 24 days, in the case of listed companies at least 30 days, prior to the meeting; the day of receipt is not to be included in this calculation.

Sec. 142 para. 2 sentence 2 AktG:

The applicants must provide evidence that they have been the holders of the shares for at least three months prior to the day of the general meeting and that they hold the shares until a decision on the request is made.

Supplements to the agenda which must be published will be published without undue delay after receipt of the request in the electronic Federal Gazette and passed for publication to such media of which it can be assumed that they distribute the information throughout the entire European Union. They will also be published on the Internet site www.balda.de under the section "Investor Relations" → "Annual Meeting" or "Hauptversammlung" and notified to the shareholders pursuant to sec. 125 para. 1 sentence 3 AktG.

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2. Motions and election proposals of shareholders pursuant to sec. 126 para. 1 and sec. 127 AktG

Shareholders may present counter-motions against proposals made by the board of directors and the supervisory board with regard to any specific point of the agenda and make proposals on the election of auditors.

Counter-motions and election proposals to be made available that are received by the company at least 14 days prior to the meeting, not taking into account the day of receipt and the day of the general meeting, i.e. on 12 May 2011 (24:00) at the latest, will be made available to the other shareholders including the name of the shareholder and the explanatory statement on the Internet without undue delay at www.balda.de under the section "Investor Relations" → "Annual Meeting" or "Hauptversammlung". Any comments of the management will also be published there.

Counter-motions, unlike election proposals, will only be made available if they are accompanied by an explanatory statement.

Any counter-motions and election proposals to be made available must only be sent to the following address:

Balda Aktiengesellschaft
– The Board of Directors –
Bergkirchener Straße 228
32549 Bad Oeynhausen
Germany
fax: +49 (0) 5734 / 922-2604
e-mail: CKowarik@balda.de

Counter-motions and election proposals sent to any other address will not be taken into account.

A counter-motion and its explanatory statement do not need to be made available under the conditions of sec. 126 para. 2 sentence 1 AktG. The explanatory statement of a counter-motion does not need to be made available pursuant to sec. 126 para. 2 sentence 2 AktG if it contains more than 5,000 characters.

Sec. 126 AktG applies accordingly to the proposal of a shareholder for the election of auditors. Proposals for the election of auditors will, in addition, only be made available if they contain the name, the exercised profession and the residence of the proposed natural person or the company name and the seat of the proposed legal person.

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The right of each shareholder to make counter-motions during the general meeting on the individual points of the agenda and proposals for the election of auditors remains unaffected. We hereby give notice that counter-motions and proposals for election transmitted timely in advance will only be considered at the general meeting if they are made orally there.

Extracts from the provisions of the AktG on which these shareholder rights are based and which also provide under which conditions counter-motions and proposals for election do not need to be made available are as follows:

Sec. 126 AktG:

- (1) Motions by shareholders including the name of the shareholder, the explanatory statement and any comments of the management are to be made available to the entitled persons pursuant to sec. 125 paras. 1 to 3 under the conditions stated there if, at least 14 days before the meeting, the shareholder has sent to the company at the address indicated in the calling a counter-motion to a proposal of the board of directors and supervisory board on a specific point on the agenda. The date of receipt is not to be taken into account in the calculation. In the case of listed companies, access shall be provided via the company's Internet site. Sec. 125 para. 3 applies accordingly.
- (2) A counter-motion and its explanatory statement do not need to be made available
 1. to the extent the board of directors would by making such access commit a criminal offence,
 2. if the counter-motion would result in a resolution of the general meeting which would be in breach of the law or of the articles of association,
 3. if the explanatory statement contains obviously false or misleading data on significant points or insults,
 4. if a counter-motion of the shareholder based on the same facts has already been made available to a general meeting of the company pursuant to sec. 125,
 5. if the same counter-motion of the shareholder with a significantly similar explanatory statement has already been made available pursuant to sec. 125 to at least two general meetings of the company in the past five years and

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less than the twentieth part of the share capital represented voted in its favour at the general meeting,

6. if the shareholder gives notice that he will neither participate in nor be represented at the general meeting, or
7. if in the past two years at two general meetings the shareholder has failed to propose a counter-motion of which he had given notice or failed to have such counter-motion proposed.

The explanatory statement does not need to be made available if it contains more than 5,000 characters.

- (3) If several shareholders make counter-motions for resolution on the same item, the board of directors may consolidate such counter-motions and their explanatory statements.

Sec. 127 AktG:

Sec. 126 applies accordingly to the proposal of a shareholder for the election of members of the supervisory board or auditors. The election proposal does not need to be justified. The board of directors does not need to make the election proposal available if it does not contain the data pursuant to sec. 124 para. 3 sentence 3 and sec. 125 para. 1 sentence 5.

3. Shareholder's right to information pursuant to sec. 131 para. 1 AktG

Pursuant to sec. 131 para. 1 AktG, each shareholder must upon request be informed by the board of directors at the general meeting about affairs of the company including the legal and business relationships with affiliated companies and about the position of the group and the companies included in the consolidated financial statements to the extent the information is necessary for the proper evaluation of the item of the agenda.

Extracts from the provisions of the AktG on which these shareholder rights are based and which also provide under which conditions no information needs to be provided are as follows:

Sec. 131 AktG:

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- (1) Each shareholder shall on request be provided with information at the general meeting by the board of directors regarding the company's affairs, to the extent such information is necessary for the proper evaluation of the item of the agenda. The duty to provide information also extends to the company's legal and business relationships to any affiliate. If a company avails of the alleviations in sec. 266 para. 1 sentence 2, sec. 276 or sec. 288 of the Commercial Code, any shareholder can request that the annual financial statements be presented to him at the general meeting on the annual financial statements in the form which it would have been if such alleviations had not been availed of. The obligation of the board of directors of a parent company to provide information (sec. 290 para. 1 and para. 2 of the Commercial Code) at the general meeting at which the consolidated financial statements and group management report are presented extends to the position of the group and of the companies included in the consolidated financial statements.
- (2) The information provided has to comply with the principles of conscientious and accurate accounting. The articles of association or the rules of procedure pursuant to sec. 129 may authorise the chairman of the meeting to reasonably limit the time of the shareholders' rights to ask questions and to speak and may make more detailed provisions.
- (3) The board of directors may refuse to provide information
 1. to the extent providing the information is, according to reasonable business judgement, likely to cause not insignificant disadvantages to the company or an affiliate;
 2. to the extent such information relates to tax valuations or the amount of certain taxes;
 3. with regard to the difference between the value at which items are shown in the annual balance sheet and a higher value of such items, unless the general meeting adopts the annual financial statements;
 4. with regard to the methods of accountancy and valuation, to the extent disclosure of such methods in the notes suffices to provide a picture of the company's assets, financial position and profitability within the meaning of sec. 264 para. 2 of the Commercial Code which corresponds to the facts; this does not apply if the general meeting adopts the annual financial statements;

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5. to the extent the board of directors would, by provision of the information, commit a criminal offence;
6. to the extent in the case of a credit institution or financial services institution data on the methods applied to the accountancy and valuation and set-offs in the annual financial statements, the management report, the consolidated financial statements or the group management report do not need to be provided;
7. to the extent the information is continuously available on the company's Internet site for at least seven days prior to the beginning of the general meeting as well as during the meeting.

Information may not be refused on other grounds.

- (4) If a shareholder has been given information in his capacity as shareholder outside the general meeting, it must also be given to every other shareholder on request at the general meeting even if it is not necessary for the proper assessment of the item of the agenda. The board of directors may not refuse to give the information pursuant to paragraph 3 sentence 1 nos. 1 to 4, sentences 1 and 2 do not apply if a subsidiary (sec. 290 paras. 1, 2 Commercial Code), a joint venture company (sec. 310 para. 1 Commercial Code) or an associated company (sec. 311 para. 1 Commercial Code) provides the information to a parent company (sec. 290 paras. 1, 2 Commercial Code) for the purpose of including the company in the consolidated financial statements of the parent company and the information is required for that purpose.
- (5) If a shareholder is refused information, he can request that his question and the grounds for refusing to give the information be included in the minutes.

In addition, the chairman of the meeting is entitled to take various leading and procedural measures at the general meeting. This includes the restriction of the right to speak and ask questions. Extracts from the provisions in the articles of association of the company thereon are as follows:

Sec. 17 para. 2 of the articles of association of the company:

The chairman conducts the negotiation and determines the sequence of the matters of negotiation as well as the manner and form of voting. He is authorised to appropriately restrict the right of the shareholders to ask questions and speak temporally, if necessary.