



Report by the Management Board
of
DO & CO Aktiengesellschaft
Vienna, FN 156765 m,
with regard to
authorising the Management Board
upon the Supervisory Board's approval to acquire,
own shares off the floor and to dispose of own shares acquired by methods
other than on the floor or by public bid

(TOP 8 Authorising the Management Board to acquire own shares)

The members of the Management Board submit the following Report by the Management Board of DO & CO Aktiengesellschaft, domiciled in Vienna, pursuant to Section 65 (1b) AktG in combination with Section 170 (2) AktG and the second sentence of Section 153 (4) AktG, to the 16th ordinary General Meeting of Shareholders of DO & CO Aktiengesellschaft held on 3 July 2014.

1. DO & CO Aktiengesellschaft, domiciled in Vienna at A-1010 Vienna, Stephansplatz 12, registered in the Company Register at FN 156765 m, currently has a share capital of € 19,488,000.–, divided into 9,744,000 non-par value bearer shares.
2. The Company's Management Board intends to propose to the 16th ordinary General Meeting of Shareholders of the Company on 3 July 2014, to resolve regarding **Agenda Item 8** as follows:
 - a) The Management Board shall be authorised, under Section 65 (1) 8 and Paras 1a and 1b AktG to acquire non-par value bearer shares or registered non-par value

shares of the Company for up to 10% of the Company's share capital for a period of 30 months starting on 3 July 2014, both on and off the floor, from individual shareholders or any single shareholder, including but not limited to UniCredit Bank AG, for a minimum equivalent of € 20.– (twenty euros) per share and a maximum equivalent of € 60.– (sixty euros) per share. Trade in own shares shall be excluded as a purpose of the acquisition. The authorisation may be exercised in whole or in part or in several parts and in the pursuit of one or more purposes, by the Company, a subsidiary (Section 228 (3) UGB) or a third party on behalf of the Company.

- b) On-the-floor acquisition may be resolved on by the Management Board of DO & CO Aktiengesellschaft, subject to the Supervisory Board being notified subsequently of such resolution. Off-the-floor acquisition shall be subject to the prior approval of the Supervisory Board. An off-the-floor acquisition may be executed by excluding pro rata disposal rights (reverse exclusion of subscription rights).
- c) The Management Board shall be authorised, for a period of five years following adoption of the resolution pursuant to Section 65 (1b) AktG and subject to the Supervisory Board's approval, to decide regarding the disposal or use of own shares, on a method of disposal other than on the floor or by a public bid, applying *mutatis mutandis* the provisions governing the exclusion of shareholders' subscription rights, and to determine the terms and conditions of disposal. The authorisation may be exercised in whole or in part or in several parts and in the pursuit of one or more purposes, by the Company, a subsidiary (Section 228 (3) UGB) or a third party on behalf of the Company.
- d) The Management Board shall be furthermore authorised, subject to the Supervisory Board's approval, if necessary to reduce the share capital by redeeming such own shares without any further resolution by the General Meeting of Shareholders pursuant to the last sentence of Section 65 (1) 8 in combination with Section 122 AktG. The Supervisory Board shall be authorised to adopt amendments to the Articles of Association resulting from the redemption of shares.

- e) The most recent authorisation of the Management Board to acquire own shares under the Resolution of the General Meeting of Shareholders of 5 July 2012, agenda item 8, is revoked; this revocation shall be effective only when and to the extent that the resolutions of the General Meeting of Shareholders pursuant to the above items a) through d) remain uncontested.
3. To start with, it must be noted that the Management Board was authorised by a resolution of the General Meeting of Shareholders of 5 July 2012 to acquire own shares pursuant to Section 65 (1) 8 AktG, and that the Management Board did not make use of this authorisation and that this authorisation will expire on 5 January 2015, i.e. before the General Meeting of Shareholders in 2015.
 4. In view of the option to acquire own shares off the floor pursuant to Section 65 (1) 8 AktG and the disposal, pursuant to Section 65 (1b) AktG of own shares acquired in accordance with Section 65 (1) 8 AktG by a method other than on the floor or by public bid, the Management Board, under Section 65 (1b) AktG in combination with Section 170 (2) AktG and the second sentence of Section 153 (4) AktG needs to submit a written resolution regarding the reason for the associated exclusion of subscription rights or the exclusion of the pro-rata disposal rights (reverse exclusion of subscription rights) associated with an off-the-floor acquisition.
 5. The Company's Management Board requires the prior approval of the Supervisory Board in order to acquire own shares off the floor and to dispose of the own shares acquired by the Company by a method other than on the floor or by public bid. On-the-floor acquisition may be resolved on by the Management Board of DO & CO Aktiengesellschaft, but the Supervisory Board needs subsequently to be informed of such resolution.
 6. The own shares acquired pursuant to Section 65 (1) 8 and Paras 1a and 1b AktG may be disposed of by methods other than on the floor or by public bid if and when the disposal of such shares serves as consideration for the acquisition of enterprises, operations, divisions or stakes in one or more businesses, i.e. also by the contribution

of stakes, businesses, operations and divisions as contributions in kind in Austria and abroad.

DO & CO Aktiengesellschaft intends to continue to grow in Austria and abroad. Such growth may also occur by way of acquiring other businesses or operations. The acquisition of businesses, operations and divisions may be legally arranged in the form of purchasing certain assets (and liabilities) of a business, operation or division (a so-called asset deal) or purchasing shares in a company (a so-called share deal). Both methods of acquiring a business, operation or division (asset deal and share deal) are described as deals below.

The consideration in a deal may be money or shares in the acquiring business. This may be in the interest of DO & CO Aktiengesellschaft in its capacity of buyer as well as in the interest of the seller. Where the deal consists of the seller contributing the business (or shares in the business) as a contribution in kind to DO & CO Aktiengesellschaft against the provision of new shares (in this case from the approved capital), this increases the share capital and thus the equity of DO & CO Aktiengesellschaft. When a business is purchased by the payment of a cash price this may cause a major drain on the company's liquidity; this is avoided by the acquiring company (DO & CO Aktiengesellschaft) when a business is acquired by way of a contribution in kind, which actually leads to an increase in the company's equity. There may be cases where it is necessary and useful for strategic reasons that the seller of a business takes a small stake in DO & CO Aktiengesellschaft or that the seller requests a stake in the Company in return.

Owing to the restrictions imposed on the acquisition of own shares (10% of the Company's share capital for almost all cases under Section 65 AktG), a seller cannot acquire any major stake in DO & CO Aktiengesellschaft. To the extent that the Company acquired own shares at an earlier date and their price has since increased, it saves on its consideration when acquiring a business by using its own shares: in specifying the consideration for the acquisition the own shares to be furnished as (part of the) consideration are, as a rule, valued at the current (average) market value or possibly higher intrinsic value but not at the lower historic purchase price.

The acquisition of a business in the form that the business or a stake in the business is brought into the Company against contributions in kind and excluding the subscription rights of the other shareholders is generally accepted as an objective justification for excluding the subscription right. In view of the planned growth of DO & CO Aktiengesellschaft, the Company is interested in enabling the acquisition of businesses by way of a contribution in kind while excluding the subscription right and at the same time going easy on the Company's liquidity. Granting a consideration by way of own shares enables the Company to respond with the rapidity and flexibility required by such transactions.

The disposal of own shares by methods other than on the floor or by public bid is necessary when acquiring businesses because, on the one hand, this is the only way for the Company, in acquiring a business against contributions in kind, to ensure that this will not cause a drain on its liquidity and because, on the other hand, the seller is frequently willing to transfer the business or a stake in it only upon receiving, in its turn, a stake in the Company that is equivalent in value. From the point of view of DO & CO Aktiengesellschaft it may be necessary, on strategic or organisational grounds, to include the seller as a shareholder in its Group. When a business is acquired by contributions in kind, the seller, being the contributor in kind, can achieve the desired stake only when the seller is the only one to receive new shares: after all, the seller wants to get a (percentage) share in DO & CO Aktiengesellschaft which reflects the value of the seller's business as a proportion of the value of DO & CO Aktiengesellschaft and grants the seller corresponding voting (and thus participatory) rights in the Company.

Moreover, the exclusion of subscription rights and the sale of own shares by methods other than on the floor or by public bid is commensurate because DO & CO Aktiengesellschaft is typically very interested in acquiring the business or stake concerned. The interests of the original shareholders are still protected because the acquisition involves making over a proportional number of shares, typically following a valuation of the business. The value of the business or stake to be contributed is compared to that of DO & CO Aktiengesellschaft, and the contributor in kind receives proportionate own shares acquired by the Company. The original

shareholders moreover will then participate in the profits of the acquired business which should increase due to synergies with DO & CO Aktiengesellschaft.

When disposing of own shares acquired pursuant to Section 65 (1) 8 and Paras 1a and 1b AktG by methods other than on the floor or by public bid, the Management Board must publish a report not later than two weeks before the resolution of the Supervisory Board (which must approve a disposal by a method other than on the floor or by public bid), which report must i.a. explain the sales price of the shares (Section 65 (1b) in combination with Section 171 (1) AktG).

7. It is intended that the Management Board be allowed greater flexibility than it had previously enjoyed and greater rapidity of action. To this end, it may be necessary to have the type and amount of currency required for the acquisition quickly at their disposal and buy, off the floor, own shares as a package from individual shareholders or a single shareholder, including but not limited to UniCredit Bank AG. The rapid availability of the currency of acquisition by way of own shares for a purpose as described in this report is the objective justification for the reverse exclusion of the subscription rights, i.e. the exclusion of pro rata disposal rights by the shareholders.
8. In conclusion it should be noted that authorising the Management Board to acquire, subject to the Supervisory Board's approval, own shares off the floor and to sell, subject to the Supervisory Board's approval, acquired own shares by methods other than on the floor or by public bid, each for the purpose of giving shares as consideration for the purchase of a business, is a common and generally accepted procedure in many listed Austrian (and German) companies. This is also expressed in Section 5 (2) 7 VeröfentlV which states that the notification to be given must state the type and purpose of the repurchase and/or disposal of own shares, and especially whether the repurchase and/or disposal is to be carried out on the floor and/or off the floor.

As outlined above, it is noted once again that the disposal of own shares and the off-the-floor acquisition by methods other than on the floor or by public bid is possible only upon the approval of the Supervisory Board. The Management Board of DO & CO Aktiengesellschaft is not authorised to make the decision on its own.

9. Summarising, the Management Board of DO & CO Aktiengesellschaft has arrived at the conclusion that authorising the Management Board of the Company to acquire own shares off the floor, also from individual shareholders or any single shareholder, including but not limited to UniCredit Bank AG, or to dispose own shares acquired pursuant to Section 65 (1) 8 and Paras 1a and 1b AktG, subject to the Supervisory Board's approval, by methods other than on the floor or by public offer, is fully in line with the provisions of the law.

Vienna, 21 May 2014

The Management Board