



**Report of the Management Board in accordance with Section 71 para 1 no. 8 sentence 5 German Stock Corporation Act (in conjunction with Section 186 para 4 sentence 2 and para 3 sentence 4 German Stock Corporation Act) regarding the exclusion of shareholders' subscription right in connection with the utilization of treasury shares, as well as regarding restrictions on shareholders' right to tender their shares in connection with the purchase of treasury shares pursuant to Agenda item 8 (resolution regarding the authorization to buy back and utilize treasury shares):**

The Company wants to use the authorization proposed in Agenda item 8 to avail itself of the option — created by Section 71 para 1 no. 8 German Stock Corporation Act — to repurchase treasury shares and use repurchased treasury shares for specific purposes, even by excluding shareholders' subscription rights, taking the equal treatment provisions of Section 53a German Stock Corporation Act into account

According to the law, treasury shares may not be acquired for the purpose of trading treasury shares or maintaining the share price on an ongoing basis.

The authorization is to be limited to the purchase of treasury shares having a pro rata share of 10% in the Company's share capital existing at the time at which the Annual Shareholders' Meeting adopts the resolution on December 15, 2009. Under Section 71 para 2 German Stock Corporation Act, a Company's holdings of treasury shares may not exceed 10% of its share capital. Any treasury shares acquired under this authorization — together with other treasury shares that the Company has already acquired and still holds or that are attributable to it under Section 71a et seq. German Stock Corporation Act — may therefore not at any time exceed 10% of the Company's share capital. In addition, any such buyback shall be permitted only if, at the time of the purchase, the Company would be able to recognize reserves equivalent to the amount of the expenditure required for the buyback without reducing the share capital or any reserves that are required under the law or the Company's Articles of Incorporation and may not be used for payments to

shareholders. This restriction follows from Section 71 para 2 sentence 2 German Stock Corporation Act and has been included in the proposed resolution for purposes of clarity.

The authorization to acquire treasury shares shall remain in effect until December 14, 2014 (inclusive). The Company will thus avail itself of the leeway granted under the Act Implementing the Shareholder Rights Legislation (ARUG) such that, in the future, it shall request authorizations pursuant to Section 71 para 1 no. 8 German Stock Corporation Act at longer intervals instead of annually, as has been the case to date. This gives the Company's management greater planning security.

The buyback may be executed not just by the Company itself but also by Group entities dependent on the Company within the meaning of Section 17 German Stock Corporation Act, or for the account of the Company or a Group entity dependent on it within the meaning of Section 17 German Stock Corporation Act.

Treasury shares may be acquired on the stock exchange or by way of a public tender offer at the prices that are set forth in the authorization and track current exchange prices. In a tender, any Company shareholder willing to sell may decide how many shares and, if a price range is established, at which price they want to sell such shares. The authorization shall provide for limiting the offer's volume. In such a case, the treasury shares must be purchased at the ratio of the number of shares tendered to the Company if the number of shares tendered at the fixed price exceeds the quantity of shares the Company intends to buy back. Any additional right on the part of shareholders to tender their shares is to be excluded. In technical terms, the buyback procedure can only be executed in an economically reasonable framework if the treasury shares are acquired in accordance with tender quotas. The proposed authorization shall also provide for granting priority in this connection to small quantities of tendered shares (no more than 50 shares). In this case, too, any additional further shareholder right to tender their shares is to be excluded. Granting priority to the purchase of smaller quantities of shares would serve to avoid fractions at the time the quotas to be acquired are determined, as well as small residual amounts, and hence facilitate settlement of such transactions. At the same time, this option also serves to avoid residual shares that are not economical for small shareholders. For the rest, the fact that the buyback is to be executed by means of a public tender offer and on the stock exchange leads to the equal treatment of all shareholders.

The proposed resolution provides for a narrow range within which the Company may set the price it will pay per share: The per-share price to be paid for a no-par bearer share to be acquired may not 5% above or below the applicable exchange price (excluding ancillary acquisition costs). If the shares are acquired on the stock exchange, the applicable exchange price shall be the opening auction price or, in the alternative — i.e. if no opening auction price is determined for the Company's share — the opening price of the share in Xetra trading (or a functionally comparable successor system that has taken its place) on the Frankfurt/Main stock exchange on the respective trade date. If the shares are acquired by way of a public tender offer, the applicable exchange price shall be the closing auction price (in the alternative: the closing price) of the shares in Xetra trading (or a functionally comparable successor system that has taken its place) on the Frankfurt/Main stock exchange on the third trading day prior to publication of the offer.

On the one hand, the option to retire treasury shares without having to obtain a new and thus expensive resolution of the Annual Shareholders' Meeting should be available. This would result in a reduction of the Company's share capital.

On the other hand, the proposed resolution provides for the option to utilize the treasury shares subject to the exclusion of shareholders' subscription right:

1. The proposed resolution provides for authorizing the Management Board to grant the treasury shares acquired (subject to the exclusion of shareholders' subscription right) to third parties as consideration in connection with business combinations or the acquisition of companies, business units, or stakes in companies. Notwithstanding the foregoing, the Management Board shall also have the option to use treasury shares that the Company is already holding at the time the Annual Shareholders' Meeting adopts the resolution on December 15, 2009 — the Company currently holds 572,678 treasury shares — for this purpose as well, subject to the exclusion of shareholders' subscription right.

The aim is to give the Company the possibility — also in the interest of its shareholders — of using treasury shares as consideration (i.e. acquisition currency) in connection with business combinations or the acquisition of companies, business units, or stakes in companies. The Company competes in both the national and the international sphere. Hence it must always be capable of acting rapidly and flexibly in national and international markets. This also includes the option of improving its competitive position by combining its operations with other companies or by acquiring companies, business units, or

stakes in companies. In individual cases, optimal execution of this strategy in the interest of both the shareholders and the Company itself entails effecting business combinations or acquisitions of companies, business units, or stakes in companies by granting shares in the acquiring company to the seller. Granting extant treasury shares as consideration will permit the Company to carry out such transactions without impairing its liquidity.

Experience shows, moreover, that transactions on both international and national markets involving attractive acquisition properties frequently require the acquiring company to offer its shares as consideration. This is why the Company must be given the option of having treasury shares available as payment in connection with business combinations or the acquisition of companies, business units, or stakes in companies.

Excluding shareholders' subscription right does dilute their shareholdings and voting rights. However, granting a subscription right to the Company's shareholders would make it impossible for the Company to offer its treasury shares as consideration in connection with business combinations or the acquisition of companies, business units, or stakes in companies, and the resulting benefits for the Company and its shareholders alike would remain out of reach.

While the remaining Authorized Capital 2008 (§ 5 para 2 of the Articles of Incorporation) may be used to grant shares in connection with the acquisition of companies, business units or stakes in companies, the aim is also to have the option to use treasury shares that have been bought back as acquisition currency. The proposed authorization serves to give the Company the leeway it needs to flexibly exploit opportunities that may arise in connection with business combinations and acquisitions of companies, business units or stakes in companies and issue shares as consideration therefor, in suitable cases, without having to execute a capital increase, which is more time consuming because it must be recorded in the Commercial Register.

There are no specific acquisition plans where this option would come into play. However, the Management Board will duly review — should opportunities arise for business combinations, or to acquire companies, business units, or stakes in companies in return for treasury shares — whether or not it should utilize the authorization for the purpose of business combinations, or for acquiring companies, business units, or stakes in companies in return for issuing treasury

shares subject to the exclusion of shareholders' subscription right. The Management Board will follow this approach only if business combinations or the acquisition of companies, business units, or stakes in companies in return for issuing treasury shares is in its interest, properly understood.

In order to protect extant shareholders, however, the price at which treasury shares are to be offered to third parties may under no circumstances be more than 5% below the average (unweighted) closing auction price — in the alternative: the closing price — of the Company's no-par bearer shares in Xetra trading (or a functionally comparable successor system that has taken its place) on the Frankfurt/Main stock exchange during the 30 trading days preceding the effective date of the binding agreement with the relevant third party (excluding ancillary acquisition costs. The Management Board will duly review in each case whether using treasury shares is in the Company's interest, properly understood, and whether the value of the entities to be acquired and the value of the Company's treasury shares are reasonably proportionate to each other. To that end, the Management Board will avail itself of the expertise of external specialists, insofar as it deems such input appropriate in the given situation. Particularly an auditor's valuation of the company, business unit, or stake in a company to be acquired would be considered in this regard.

2. The proposed resolution also provides for authorizing the Management Board to use the acquired treasury shares (subject to the exclusion of shareholders' subscription right) in return for the transfer to the Company of loan or interest payables under loans granted to it. Notwithstanding the foregoing, the Management Board shall also have the option to use treasury shares that the Company is already holding at the time the Annual Shareholders' Meeting adopts the resolution on December 15, 2009 for this purpose as well, subject to the exclusion of shareholders' subscription right. These authorizations are related to the Company's restructuring and refinancing.

The intention is to allow the Company to discharge the relevant loans and the attendant interest owed without using cash. Transferring loan and interest payables to the Company would eliminate its debt(s) vis-à-vis the lenders under the relevant underlying loan contract in the amount of the respective claim (confusion). Excluding shareholders' subscription right does dilute the shareholdings and voting rights of shareholders not entitled to exercise their subscription right. If shareholders were permitted to exercise their subscription right, it would be impossible to acquire loan and/or interest payables under loans

granted to the Company in return for the issuance of shares, and the resulting aforementioned benefits for the Company and its shareholders alike would remain out of reach. The Management Board will only transfer treasury shares to the claimants in return for reasonable consideration. The Management Board will duly review in each case whether using treasury shares in return for such transfer is in the Company's interest, properly understood, and whether the value of the respective payables and the value of the Company's treasury shares are reasonably proportionate to each other. To that end, the Management Board will avail itself of the expertise of external specialists, insofar as it deems such input appropriate in the given situation. Particularly an auditor's assessment of the claims against the Company would be considered in this regard.

While the remaining Authorized Capital 2008 (§ 5 para 2 of the Articles of Incorporation) may be used to grant shares in return for transferring claims against the Company for payment of principal and/or interest under the loan agreements to the Company, the aim is also to have the option to use treasury shares that have been bought back for this purpose. The proposed authorization serves to give the Company the necessary flexibility to use shares, in suitable cases, as currency for transferring claims against the Company for payment of principal and/or interest under the loan agreements to the Company without having to execute a capital increase, which is more time consuming because it must be recorded in the Commercial Register.

Currently existing claims for payment of principal and interest shall not be considered as consideration for treasury shares. But we cannot preclude that the Company might find itself in a situation yet again where (true or economic) equity is made available to it, subject to loan agreements that provide for the option to convert the lenders' claims to payment of principal and interest into share capital. The Company has already used this financial tool — so-called debt-to-equity swaps — in connection with the refinancing that it launched in 2007.

3. Furthermore, the proposed resolution provides for authorizing the Management Board to grant the acquired treasury shares (subject to the exclusion of shareholders' subscription right) to employees of the Company and to employees of entities affiliated with it under Section 15 et seq. German Stock Corporation Act for purchase as employee shares or — if loans to purchase securities or loans of securities are used to buy such employee shares — to use the treasury shares to fulfill the obligations arising from such loans to purchase securities or loans of securities. Notwithstanding the foregoing, the Management Board shall

also have the option to use treasury shares that the Company is already holding at the time the Annual Shareholders' Meeting adopts the resolution on December 15, 2009 for this purpose as well, subject to the exclusion of shareholders' subscription right. The Company is to be enabled to grant employee shares to its own employees and to the employees of its affiliates with the aim of enhancing their company loyalty and motivation. When shares are issued as employee shares, special conditions may be granted that conform to the provisions governing the tax exemptions under the Act Promoting Employee Stakes in Companies (Mitarbeiterkapitalbeteiligungsgesetz). In view of facilitating the granting of employee shares, the aim is also to enable the Company to obtain the shares needed to that end by acquiring treasury shares using loans obtained for that purpose or loans of securities, and subsequently to use treasury shares, if necessary, to satisfy the claims for restitution of the entities making such loans or lending such shares.

Issuing new shares as employee shares requires the exclusion of shareholders' subscription right. However, granting a subscription right would make it impossible for the Company to offer new shares as employee shares or to repay loans of securities utilized to purchase employee shares, and the resulting benefits for the Company and its shareholders alike would remain out of reach.

The proposed authorization notwithstanding, there is the option to buy back shares pursuant to Section 71 para 1 no. 2 German Stock Corporation Act absent an authorization of the Annual Shareholders' Meeting and to offer the shares thus bought back to employees for subscription. However, a share buyback pursuant to Section 71 para 1 no. 2 German Stock Corporation Act is not subject to the safe harbor privilege that prohibits insider trading or a manipulation of the market by law in accordance with the provisions of Commission Regulation (EC) No. 2273/2003 dated December 22, 2003, implementing EU Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buyback programs and stabilization of financial instruments (Official Journal of the European Union No. L 336/33). An authorization by the Annual Shareholders' Meeting is required in order to purchase and grant employee stock using the aforementioned safe harbor privilege.

4. The proposed resolution also provides for authorizing the Supervisory Board to grant the treasury shares that have been bought back to members of the Management Board as components of their compensation. Notwithstanding the

foregoing, the Supervisory Board shall also have the option to use treasury shares that the Company is already holding at the time the Annual Shareholders' Meeting adopts the resolution on December 15, 2009 for this purpose as well, subject to the exclusion of shareholders' subscription right. Issuing shares to members of the Management Board serves to intensify their loyalty to the Company. This makes it possible, at the same time, to create variable components of compensation where the bonus is not paid in cash but in shares, subject to a waiting period (at least four years pursuant to Section 193 para 2 no. 4 German Stock Corporation Act) during which the respective Management Board member may not dispose of the respective shares. In turn, this reflects the aims of the German Law on the Adequacy of the Management Board's Compensation (Gesetz zur Angemessenheit der Vorstandsvergütung) and of the amendment of item 4.2.3 of the German Corporate Governance Code, both of which require taking not just positive developments but also negative ones into account when fixing the compensation of the Management Board. Granting shares subject to a multi-year holding period provides not just a bonus but, in particular, a true penalty effect in the event of negative developments. This is a tool that can help to create a situation where Management Board members shoulder a greater share of economic accountability in the interest of both the Company and its shareholders. Under the proposed authorization, cash payments may also be replaced by granting shares. This makes it possible to adequately compensate the members of the Management Board as well as to establish positive incentives in the interest of the Company and its shareholders that do not impair the Company's liquidity. The Supervisory Board believes for the aforementioned reasons that the proposed exclusion of shareholders' subscription right is justified. The Management Board agrees.

Specifically, the intention is to pay a portion of the bonus due any member of the Management Board not in cash but instead to issue a certain number of treasury shares to them, subject to a four-year holding period. This rule shall affect 100% of the bonus of the Chairman of the Management Board, Mr. Brune, and 60% of the bonuses of the Management Board members, Messrs. Keil and Santana. In that connection, the applicable number of treasury shares shall be determined by dividing the amount of the annual bonus payable in treasury shares by the price of one Zapf Creation share in Xetra trading (or a functionally comparable successor system that has taken its place) on the Frankfurt/Main Stock Exchange at a fixed point in time. The intention is also to pay 25% of Mr. Brune's annual fixed compensation in treasury shares. In this case, too, the number of treasury shares shall be determined by dividing the amount of the annual fixed

salary payable in treasury shares by the price of one Zapf Creation share in Xetra trading (or a functionally comparable successor system that has taken its place) on the Frankfurt/Main Stock Exchange at a fixed point in time.

5. The proposed resolution also provides for authorizing the Management Board to use the treasury shares that were bought back to fulfill options issued under the authorization resolved by the Annual Shareholders' Meeting on December 15, 2009, pursuant to Agenda item 9, subject to the exclusion of shareholders' subscription right, and to transfer them to the optionees in accordance with the conditions established by means of the aforementioned resolution of the Annual Shareholders' Meeting on December 15, 2009. Notwithstanding the foregoing, the Management Board shall also have the option to use treasury shares that the Company is already holding at the time the Annual Shareholders' Meeting adopts the resolution on December 15, 2009 for this purpose as well, subject to the exclusion of shareholders' subscription right. It might be expedient, from time to time, to use treasury shares, in whole or in part, to fulfill the subscription rights instead of executing a capital increase from contingent capital, the creation of which is being proposed to the Annual Shareholders' Meeting in Agenda item 9 along with the authorization to issue options. This is because treasury shares are suitable for counteracting any dilution of existing shareholders' interest in the Company's share capital and their voting right, as may occur to a certain extent if the subscription rights are fulfilled using new shares. However, in no event shall the dilution effect be greater than it would be if new shares were to be used for fulfillment purposes. Indeed, it might be advisable to use treasury shares especially in connection with the exercise of small numbers of options and thus avoid a more expensive capital increase.
6. Finally, the proposed resolution provides for authorizing the Management Board to dispose of the acquired treasury shares (subject to the exclusion of shareholders' subscription right) other than on the stock exchange or by means of an offering to all shareholders in return for cash at a price that is not substantially lower than the exchange price of the Company's shares of the same class at the time of disposal (so-called simplified exclusion of subscription rights). Notwithstanding the foregoing, the Management Board shall also have the option to use treasury shares that the Company is already holding at the time the Annual Shareholders' Meeting adopts the resolution on December 15, 2009 for this purpose as well, subject to the exclusion of shareholders' subscription right, provided that the 10% limit is not exceeded overall.

The option to sell shares obtained through the treasury shares buyback in return for cash (subject to the exclusion of shareholders' subscription right) serves the Company's interest in obtaining the best possible price when disposing of the treasury shares. The option to exclude shareholders' subscription right pursuant to Section 71 para 1 no. 8 sentence 5 German Stock Corporation Act (in conjunction with Section 186 para 3 sentence 4 German Stock Corporation Act) permits the Company to exploit opportunities that may arise due to the prevailing climate on the stock market — rapidly, flexibly, and economically. The higher disposal proceeds resulting from pricing close to the market usually generate a greater inflow of funds per share than would be possible in connection with an offering that includes shareholders' subscription right and thus the greatest possible inflow of equity. In addition, being able to circumvent the time- and cost-intensive processing of shareholders' subscription right also helps the Company to cover equity requirements using short-term market opportunities and gain additional groups of shareholders both at home and abroad. While Section 186 para 2 sentence 2 German Stock Corporation Act does permit publishing the subscription price no later than three days prior to the expiration of the subscription period, given the volatility of the stock markets, even this entails a market risk — specifically, the risk that the share price might change — during several days which, in turn, could lead to risk allowances at the time the sales price is fixed and thus to terms that do not reflect market conditions. Moreover, granting shareholders' subscription right makes it impossible for the Company to react quickly to beneficial market conditions due to the length of the subscription period and to cover short-term equity needs.

The proposed authorization is limited to a maximum of 10% of the Company's share capital, specifically, at the time the Annual Shareholders' Meeting adopts the resolution. If the share capital is reduced — for example, because repurchased treasury shares have been retired — then the amount of the share capital at the time the shares are sold shall govern. The authorized volume is to be reduced by the pro rata interest in the share capital allocable to those shares that are issued or sold starting on December 15, 2009 — i.e. the day of the Annual Shareholders' Meeting — subject to the exclusion of shareholders' subscription right, in connection with the direct or analogous application of Section 186 para 3 sentence 4 German Stock Corporation Act. This is designed to ensure compliance with the statutory 10% limit under Section 186 para 3 sentence 4 German Stock Corporation Act, taking all authorizations that include the option to exclude shareholders' subscription right in accordance with Section 186 para 3 sentence 4 German Stock Corporation Act into account. The resulting

restrictions on the scope of the authorization, as well as the fact that the disposal price for treasury shares to be issued must be based on the exchange price, ensure that shareholders' interests relating to both their assets and their voting rights are reasonably protected in accordance with Section 71 para 1 no. 8 sentence 5 German Stock Corporation Act (in conjunction with Section 186 para 3 sentence 4 German Stock Corporation Act) in the event treasury shares are sold to third parties subject to the exclusion of shareholders' subscription right.

While a sale of repurchased treasury shares subject to the authorization to exclude shareholders' subscription right will dilute both the shareholdings and voting shares of those shareholders who have been excluded from exercising their subscription right, the dilution is limited by the restricted scope of the authorization. In addition, shareholders precluded from exercising their subscription right have the option to maintain their stake in the Company and hence the number of their voting shares by purchasing the requisite number of shares on the stock exchange. This will counter any dilution of the value of the shareholdings of shareholders excluded from the subscription right by ensuring that the sale price for the new shares must be based on the exchange price.

The remaining Authorized Capital 2008 also provides for the simplified exclusion of shareholders' subscription right in connection with the 10% threshold (§ 5 para 2 of the Articles of Incorporation). However, there shall also be the option to dispose of treasury shares that have been bought back in this manner. The proposed authorization serves to give the Company the leeway that it needs in order to be able to exploit opportunities flexibly and without having to execute a more time consuming capital increase.

Having weighed all aforementioned circumstances, the Management Board believes that the option to exclude shareholders' subscription right in the aforementioned cases is justified on the merits and appropriate vis-à-vis shareholders on the stated grounds.

The buyback of treasury shares, as well as all of the options provided for in items d) through f) as well as h) and i) utilizing such treasury shares — in particular, the option to use the acquired treasury shares to the exclusion of shareholders' subscription right — are subject to the approval of the Supervisory Board. The Supervisory Board will consent thereto only if it believes that the relevant measure is in the interest of both the Company and its shareholders. In case of item g), the Supervisory Board shall exclusively be entitled to make the decision.

If it is impossible or no longer in the Company's interest to utilize the treasury shares purchased in accordance with the proposed authorization for the envisioned purpose(s), then such treasury shares may be used for any other purpose pursuant to the authorization proposed in items d) through j) or sold on the stock exchange or by means of an offering to all shareholders. However, it must also be possible to execute the buyback without first establishing a specific purpose. In this case, too, disposing of the shares via the stock exchange or through an offering to all shareholders must be possible instead of using them in accordance with items d) through j) of the proposed authorization. The Management Board shall have the option of excluding shareholders' subscription right to fractional shares, subject to the approval of the Supervisory Board, in the event of a disposal through an offering to all shareholders. It may be necessary in individual cases to exclude subscription rights in connection with fractional shares in order to be able to obtain a technically feasible subscription ratio. The shares excluded from shareholders' subscription right due to their fractional nature may be disposed of in the Company's best interest on the stock market or by other means. A dilution effect, if any, will be minor given the limitation to fractional amounts. Under the proposed resolution, excluding shareholders' subscription right to fractional shares requires the Supervisory Board's approval. It is the view of the Management Board that the option to exclude shareholders' subscription right to fractional shares is justified on the merits and appropriate vis-à-vis shareholders on the stated grounds.

The Management Board may only avail itself of the option to use treasury shares that the Company is already holding at the time the Annual Shareholders' Meeting adopts the resolution on December 15, 2009, for the purposes set forth in the authorization and in accordance with the provisions stipulated therein to the extent that it can, in fact, buy back treasury shares based on the proposed authorization. The same shall apply analogously, to the extent that the Supervisory Board wants to avail itself of the option to dispose of treasury shares as provided for in item g). The scope of the authorization in item b) sentence 1 above is reduced by the number of treasury shares that the Company is already holding at the time the Annual Shareholders' Meeting on December 15, 2009, adopts the resolution and that are being used for the purposes set forth in items d) through i) in accordance with the relevant provisions, unless the purpose is identical to the purpose for which the buyback was originally executed. This serves to treat the establishment of a new purpose for the old shares as if the relevant shares had been bought back pursuant to the proposed new buyback authorization.

The Management Board of Zapf Creation AG will report to the Annual Shareholders' Meeting on its utilization of the authorizations.