



■ **How does a capital reduction work and what does it mean for the shareholders?**

A shareholder who, for example, owns 10,000 shares will in future own 1,000 shares; however, the value will be 10 times higher than the value of the MAGNAT share before this measure was taken. By way of example: rather than each share being worth EUR 0.40, after the capital reduction the value should be EUR 4 per share. Due to the reduction in share capital, 1,000 new shares are equal to the same proportion of MAGNAT's share capital as 10,000 used to be. Therefore, the shareholder suffers no loss in value due to the capital reduction. At the same time, the MAGNAT share will be able to lose its penny-stock image and will thus be more attractive for institutional investors.

■ **Should, in connection with the capital reduction, a liability to pay definitive withholding tax on shares acquired before 2009 be anticipated?**

Basically, shareholders who acquired shares before 2009 will not be liable to pay definitive withholding tax. There is one exception: as long as shareholders do not possess the number of partial legal rights necessary for full legal rights (fraction of shares) and purchase more partial legal rights. This purchase would mean that the share, which is composed of already existing and additionally purchased partial legal rights, would be construed as having been acquired in 2009 and to that extent would be subjected to definitive withholding tax in the event of a future sale.

■ **Should a liability to pay definitive withholding tax on partial legal rights be anticipated?**

Alongside purchasing partial legal rights, shareholders have the possibility to sell partial legal rights if they are not interested in adding to their partial legal rights in order to establish full legal rights. The proceeds generated from the sale of these partial legal rights would be liable for definitive withholding tax if the shareholder purchased his/her/its shares in 2009. Here, the shares acquired before 2009 are construed as being old stock, the result of this is that if the partial legal rights are subsequently sold, no definitive withholding tax is to be held back.