

Covenience translation [only German version decisive]

**Hapag-Lloyd Aktiengesellschaft
Hamburg**

- ISIN DE000HLAG475 -

- Wertpapierkennnummer (German securities identification number) HLAG47 -

Annual General Meeting on 26 August 2016

Voluntary additional information

**regarding the intended merger of the Company with
United Arab Shipping Company S.A.G.**

On 15 July 2016 Hapag-Lloyd Aktiengesellschaft (**Hapag-Lloyd** or the **Company**) entered a Business Combination Agreement (**BCA**) with United Arab Shipping Company S.A.G. (**UASC**) and agreed that the Company would acquire the shares in UASC, with all shareholders in USAC investing their USAC shares in the Company by way of a contribution in kind (the **Transaction**; Hapag-Lloyd and UASC collectively the **Merger Parties**). The 2016 Authorised Capital, which is the subject-matter of the resolution put before the general meeting under item 7 of the agenda, is to be used to implement the Transaction.

The Company's management board has prepared a comprehensive report under section 203(2) sentence 2 in conjunction with Section 186(4) sentence 2 German Stock Corporation Act (*AktG*) with respect to item 7 of the agenda (hereinafter referred to as the **Management Board Report**). The Management Board Report was published in the Bundesanzeiger (Federal Gazette) when the general meeting was convened on 20 July 2016 and has been available on the Company's website at www.hapag-lloyd.com/hv since that time. In the Management Board Report the management board explained and set out the justification and background to the merger with UASC and provided the objective justification for providing authorisation for an exclusion of subscription rights when utilising the 2016 Authorised Capital.

Following the publication of the Management Board Report, on 10 August 2016 Hapag-Lloyd published further information as part of its interim financial reporting at the close of the first half of 2016 (relevant date: 30 June 2016). Certain key figures from this financial Company information and the equivalent key figures from the UASC financial information valid as at the same relevant date have a financial impact on the performance of the BCA existing between the Merger Parties. In addition, the Company received a number of questions from shareholders on the planned Transaction already in the lead up to the general meeting on 26 August 2016. Against this background, the management board is now providing shareholders with additional information on the planned merger with UASC in advance of the general meeting.

In the text below, further information will first be provided on the agreements underlying the Transaction (under section I.). Then, based on the key figures for the Company and for UASC as at the close of the first half of 2016, further details will follow on the valuation that forms the basis for the Transaction (under section II.) and key financial figures from the combined consolidated financial statements of Hapag-Lloyd and UASC (under section III.). Finally, the combined Hapag-Lloyd and UASC fleet that will result from the Transaction will then be presented (under section IV.) and a final conclusion will be drawn (under section V.).

I. Further information on the Transaction

1. Key contents of the Business Combination Agreement

a) Parties and subject matter of the Business Combination Agreement

The parties to the Business Combination Agreement, which is governed by German law, are Hapag-Lloyd and UASC. At the same time as concluding the BCA, Hapag-Lloyd and UASC concluded what is known as a Shareholders Support Agreement (**SSA**) with the anchor shareholders of Hapag-Lloyd, i.e. CSAV Germany Container Holding GmbH (**CSAV**), Kühne Maritime GmbH (**Kühne**) and HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement GmbH (**HGV**) (CSAV, Kühne and HGV are collectively referred to as the **Controlling HL Shareholders**), and the anchor shareholders of UASC, i.e. Qatar Holding LLC for the State of Qatar (**QH**) and the Public Investment Fund for the Kingdom of Saudi Arabia (**PIF**) (QH and PIF are collectively referred to as the **Controlling UASC Shareholders**; the Controlling HL Shareholders and the Controlling UASC Shareholders are collectively referred to as the **Controlling Shareholders**), with the SSA and BCA together forming one composite legal transaction, and the Controlling Shareholders making a commitment to the Merger Parties under the SSA to fulfil the obligations incumbent upon them under the BCA (for more details, see 2. below).

Hapag-Lloyd and UASC agreed the terms of their merger in the BCA, under which, following the re-domiciliation of UASC to the Dubai International Financial Centre (**DIFC**), a free trade zone in the Emirate of Dubai within the United Arab Emirates, Hapag-Lloyd shall acquire all shares in UASC, with all shareholders of UASC contributing their shares in UASC to Hapag-Lloyd by way of a contribution in kind (*Sacheinlage*).

b) Re-domiciliation of UASC

The re-domiciliation to the DIFC to be completed prior to the closing of the transaction shall involve a conversion of UASC into the legal structure of a 'company limited by shares' pursuant to DIFC Companies Law No. 2 of 2009. The shareholders of UASC already approved the re-domiciliation with the necessary majority at its shareholder meeting of 2 June 2016. In the course of this meeting a resolution was also passed on the new articles of association of UASC, which will come into effect upon registration of the re-domiciliation. Under the new articles of association the Controlling UASC Shareholders can oblige all UASC minority shareholders that do not support the Transaction to fully contribute all of their UASC Shares to the Company ('Drag Along Right'). The Transaction was unanimously approved at the UASC shareholder meeting of 29 June 2016, with 99.999% of the UASC capital carrying voting rights present at the meeting. Therefore, the management board

proceeds from the basis that UASC will only have to avail of its right to oblige minority shareholders to contribute their UASC Shares to the Company, if at all, in relation to the minority shareholders that were not represented at the shareholder meeting of 29 June 2016.

- c) Contribution of UASC Shares to Hapag-Lloyd by way of a contribution in kind in return for new Hapag-Lloyd shares issued out of the Authorised Capital

The BCA makes provision for, amongst other things, the technical details in connection with the capital increase by way of contributions in kind necessary to complete the Transaction, in particular the obligation incumbent on the executive and supervisory boards of Hapag-Lloyd to propose a shareholder resolution to be passed at the general meeting regarding the cancellation of the existing Authorised Capital III and the creation of the 2016 Authorised Capital in the amount of EUR 50,000,000, including authorisation for the Company's management board to exclude subscription rights. The audit of the capital increase by way of contributions in kind, which is to be carried out to verify whether the value of the contributions in kind reaches the lowest issue price of the shares to be granted for the shares, shall be performed by an expert auditor appointed by the relevant court with jurisdiction to do so. Should the court-appointed expert auditor conclude in their audit report that the value of the contributions in kind does not reach the lowest issue price of the shares to be granted as consideration, meaning that the number of the Hapag-Lloyd shares to be newly issued would then have to be reduced, UASC shall have the option of either contributing all UASC Shares to the Company in return for the issuance of a correspondingly lower number of Hapag-Lloyd shares, or terminating the agreement.

UASC shall ensure, where appropriate by using the Drag Along Right provided for in the new UASC articles of association, that all UASC shareholders enter into contribution in kind agreements with Hapag-Lloyd and that they contribute their shares in UASC to Hapag-Lloyd in return for the issuance of new Hapag-Lloyd shares by way of a contribution in kind. The new Hapag-Lloyd shares issued must be listed for trading on the regulated markets of the Hamburg and Frankfurt stock exchanges within a maximum of three months of the closing of the Transaction.

- d) Valuation and shareholder structure

On the basis of the valuation of Hapag-Lloyd and UASC, the Merger Parties have determined a relative value ratio of 72.0% (Hapag-Lloyd) to 28.0% (UASC). This value ratio is not subject to any further adjustments in the course of the Transaction; however, the intrinsic value of the Merger Parties and thus, indirectly, the value ratio between the two relevant entities shall be protected by means of financial covenants on equity, debt and cash being made by the Merger Parties that are valid as at particular dates (see letter e) below). In line with this value ratio, directly after the closing of the Transaction the Hapag-Lloyd shareholders shall hold 72% and the UASC shareholders shall hold 28% of Hapag-Lloyd:

Hapag-Lloyd shareholders	UASC shareholders
(i) CSAV: 22.6%	(i) QH: 14.4%
(ii) HGV: 14.9%	(ii) PIF: 10.1%
(iii) Kühne: 14.6%	(iii) Kuwait Investment Authority for the State of Kuwait: 1.4%
(iv) TUI: 8.9%	(iv) Republic of Iraq: 1.4%
(v) Free float: 11.2%	(v) United Arab Emirates 0.6%
	(vi) Bahrain Mumtalakat Holding Company, B.S.C. for the Kingdom of Bahrain: 0.1%

e) Covenants on equity, debt and cash

The BCA contains covenants made by Hapag-Lloyd and UASC in relation to their minimum equity and their maximum debt and minimum cash at relevant dates in the 2016 financial year (see letter aa) below). In the event the closing of the Transaction is delayed beyond 31 December 2016, a minimum equity guarantee is also made for 31 December 2016. In order to determine the Minimum Equity, Maximum Debt and Minimum Cash defined in the Business Combination Agreement, for the purposes of the BCA, the balance sheet items recorded in the financial statements shall be adjusted to account for certain non-operative effects and/or effects that are not dependent on financing activity. Thus, when determining the Minimum Equity, the equity recorded on the balance sheet is adjusted to account for changes in the accumulated other equity that are not recognised in profit and loss and to account for changes in relation to non-controlling shareholders. When determining the Maximum Debt and Minimum Cash, the recorded balance sheet items are adjusted to account for exchange-rate effects resulting from exchange-rate fluctuations.

aa) Applicable thresholds and compensation mechanism

The following thresholds apply to the above-mentioned covenants, which in relation to cash and equity are to be met by the Merger Parties as a minimum, and in relation to debt are not permitted to be exceeded:

- For Minimum Equity as at 30 June 2016: USD 5.543 billion for Hapag-Lloyd and USD 1.950 billion for UASC;
- For Maximum Debt as at 30 September 2016: USD 4.400 billion for Hapag-Lloyd and USD 4.155 billion for UASC;
- For Minimum Cash as at 30 September 2016: USD 480 million for Hapag-Lloyd and USD 380 million UASC; and
- For Minimum Equity as at 31 December 2016: USD 5.300 billion for Hapag-Lloyd and USD 1.750 billion for UASC.

In the event that the Minimum Equity threshold for 30 June 2016 and/or 31 December 2016 is not met or the Minimum Cash threshold for 30 September 2016 is not met and/or if the Maximum Debt threshold for 30 September 2016 is exceeded, a compensatory amount will be calculated, which can be satisfied up to the time of closing by means of the relevant Merger Party being given a corresponding amount of cash by its shareholders. On the side of Hapag-Lloyd, any potential compensatory sum should be made available to the Company by way of a cash capital increase, the placement of which is guaranteed by CSAV and Kühne, where appropriate, if they consent to the payment of the compensatory amount (see section 1.2.b below). On the side of UASC, the payment of any potential compensatory amount payable by the UASC shareholders shall be secured by the Controlling UASC Shareholders, if they declare their agreement to payment of the compensatory amount. In the event that the relevant Merger Party opts not to pay the compensatory amount, the other Merger Party has the right to terminate the BCA.

In the event Hapag-Lloyd's equity as at 30 September 2016 is below an amount of USD 4.95 billion or that of UASC is below an amount of USD 1.6 billion, then the other Merger Party may withdraw from the BCA, regardless of whether or not the Merger Party affected by the relevant shortfall expresses their willingness to arrange for full compensation of the shortfall or not (right of termination in the event of a Material Adverse Change).

On 10 August 2016 the Merger Parties each sent each other their reviewed interim financial statements as at 30 June 2016 and the calculations of the equity on the relevant date and of the satisfaction of the relevant covenants in the BCA that were made on this basis. Afterwards Hapag-Lloyd recorded equity (adjusted for the purposes of the BCA) of USD 5,616.4 million on the relevant date, with UASC recording equity (adjusted for the purposes of the BCA) of USD 1,916.9 million. On the basis of these provisional determinations, it can be stated that Hapag-Lloyd has not broken the Minimum Equity threshold as at 30 June 2016, while UASC fell short of the threshold by USD 33.1 million. These values are subject to review (see letter bb) below) and will then be included in the calculation of a potential compensatory amount.

bb) Determining Minimum Equity, Maximum Debt and Minimum Cash

The question of whether the relevant thresholds for Minimum Equity, Maximum Debt and Minimum Cash have been met or not by the Merger Parties is determined on the basis of the interim financial statements as at 30 June 2016 and 30 September 2016 or on the basis of the Hapag-Lloyd and UASC annual accounts for 2016 (Relevant Date Accounts), which are to be prepared and audited in accordance with the International Financial Reporting Standards (IFRS), where the exercise of accounting principles and options remains unchanged.

The interim financial statements and the 2016 annual accounts are to be audited in Hapag-Lloyd's case by their auditors, KPMG AG Wirtschaftsprüfungsgesellschaft (firm of auditors), and in UASC's case by EY Al Aiban, Al Osami & Partners in line with the provisions of the BCA. In addition, each Merger Party has a right to review the interim financial statements and 2016 annual accounts prepared in line with the contractual agreement themselves or have them reviewed by an auditor commissioned for this purpose. A settlement mechanism and arbitration procedure have also been agreed upon for the event that any differences should arise.

With respect to Minimum Cash, the relevant thresholds from the BCA mentioned above were fixed on the assumption that the Merger Parties would not take any measures they would not normally take in the ordinary course of business and if the Transaction did not exist, i.e. on a stand-alone basis. Thus, the Merger Parties agreed in the BCA that the actual cash position for the purposes of determining the Minimum Cash threshold to be met as at 30 September 2016 will be reduced in a pro forma invoice by any amount by which, as at 30 September 2016, the working capital of the relevant Merger Party and its subsidiaries has been decreased outside the ordinary course of business or inconsistent with past business practice. Under the BCA any such adjustment of the working capital would be advisable in the following cases, in particular:

- Failure to satisfy liabilities due as at 30 September 2016 or within the time for payment allowed by the relevant creditor and consistent with past practice.
- Increasing the ageing of liabilities inconsistent with past practice.
- Extending payment terms of customers at the expense of higher prices/cost.
- Accelerating the collection of outstanding receivables at the expense of price reductions/discount of rates.
- Otherwise entering into cash-generating transactions, e.g. sale and lease back transactions or forfeiting arrangements.
- Failure to incur or pay any trade liabilities as would be inconsistent with past practice.

f) Sale of UASC's participation in United Arab Chemicals Carrier Limited

The BCA also contains provisions in relation to UASC's minority participation in United Arab Chemicals Carrier Limited (the **UACC Participation**), the book value of which is recorded as being USD 182.35 million in UASC's annual accounts for 2015. UASC intends to sell the UACC Participation in the near future as part of a sale process that is already in progress. However, since the time of completion of the sale process is still uncertain, the Merger Parties have come to an understanding on the following mechanism to maintain the book value of the UACC Participation for the benefit of Hapag-Lloyd:

In the event the sale is completed before the closing of the Transaction at a price that is below the book value of the UACC Participation, the Controlling UASC Shareholders shall provide compensation for the shortfall by contributing a corresponding amount to UASC. In the event that the sale of the UACC Participation has not been made by the time all closing conditions have been fulfilled or the fulfilment of these conditions has been effectively waived, UASC and the Controlling UASC Shareholders will enter into a trust agreement under which UASC will hold the shares in UACC on trust for the Controlling UASC Shareholders as of the closing date; this enables beneficial ownership in the UACC Participation to be transferred to the Controlling UASC Shareholders. In return, UASC shall receive a claim against the Controlling UASC Shareholders in the amount of the book value of the UACC Participation (the **UACC Claim**). The UACC Claim will become due as soon as the UACC Participation is sold to a third party (either as part of the sale process that is already in progress or in another context), and on 31 December 2018, at the latest. The

transfer of the UACC Participation to the third party shall then take place concurrently (*Zug um Zug*) with the satisfaction of the UACC Claim.

g) Closing conditions

To ensure the successful closing of the Transaction, the following key conditions have been agreed between the Merger Parties in the BCA, all of which must be fulfilled before or, at the latest, as of the closing of the Transaction, which is currently envisaged for late 2016/early 2017.

- Implementation of UASC's form-changing re-domiciliation to the DIFC, which may only be implemented, however, after the financing banks have given to UASC their necessary approvals under the financing agreements concluded with UASC.
- Registration of the 2016 Authorised Capital in the commercial register of Hapag-Lloyd.
- Audit of the capital increase against contribution in kind (contribution of all UASC Shares against the issue of new Hapag-Lloyd Shares) by an expert auditor to be appointed by the competent court.
- Clearance of the Transaction by all competent cartel authorities or alternatively the expiry of the relevant waiting periods for the Transaction in the respective jurisdictions.
- Clearance of the Transaction by the Committee on Foreign Investment in the United States (CFIUS), by the competent authorities or alternatively the expiry of the relevant waiting periods for the Transaction.
- After registration of the form-changing re-domiciliation of UASC to the DIFC, conclusion of contribution agreements in relation to all shares in UASC to the Company, subject to the condition precedent that the exercise of the 2016 Authorised Capital is registered.
- Absence of orders or other decisions by courts or public authorities which permanently or temporarily prevent the implementation of the Transaction, and the non-initiation of arbitration proceedings against the form-changing re-domiciliation to the DIFC.
- Granting of all necessary consents by the financing banks and lessors. Should such consents be declared only against unacceptable increases of margins by the banks, both Merger Parties are entitled to give notice of termination of the BCA.
- Sale and/or transfer of the UACC Participation to a third party or conclusion of the Trust Agreement between UASC and the Controlling UASC Shareholders (see section I.1.f) above).

If not all of the closing conditions have been satisfied or effectively waived and/or if the closing of the Transaction has not occurred by 31 March 2017 (or, in case of a private placement, by 15 April 2017), each Merger Party has the right to withdraw from (*zurücktreten*) the BCA ("Long-Stop Date").

h) Cash capital increase after closing of the Transaction

Hapag-Lloyd and UASC have agreed to implement at Hapag-Lloyd a cash capital increase in the amount of the Euro equivalent of USD 400 million within six months after closing of the Transaction. The cash capital increase shall be implemented either by (i) a capital increase on the basis of a rights issue (*Bezugsrechts-Kapitalerhöhung*) to be resolved by an extraordinary general meeting prior to the closing of the Transaction, or by (ii) a capital increase using authorised capital that would have to be resolved by an extraordinary general meeting of Hapag-Lloyd shortly after the closing of the Transaction or the 2017 annual general meeting.

i) Corporate governance of the combined entity

The Merger Parties have agreed that the statutory seat and the place of main administration of Hapag-Lloyd will remain at Hamburg also after the merger with UASC. The Merger Parties have further agreed that the shareholders from both Merger Parties will be represented in the supervisory board of Hapag-Lloyd in an appropriate manner. To this end, Hapag-Lloyd has committed itself to propose for resolution at the next annual general meeting to enlarge the supervisory board from currently 12 to 16 members.

j) Mutual obligations and guarantees prior to closing of the Transaction

The Merger Parties to the BCA have assumed a large number of mutual pre-closing guarantees, in particular:

- Mutual guarantees relating to the management of the businesses in the ordinary course of business prior to closing of the Transaction, also with corresponding materiality limits and deduction amounts;
- Mutual guarantees on financial information, the absence of legal deficiencies in relation to the UASC shares to be contributed, fixed assets, observance of relevant laws, legal disputes, material contracts and other operative guarantees as well as taxes and duties to an extent appropriate for the significance of the Transaction with corresponding materiality limits and deduction amounts;
- Indemnification of Hapag-Lloyd and its board members for any losses incurred by Hapag-Lloyd due to any action disputing the validity of the form-changing re-domiciliation of UASC to the DIFC and due to any compulsory transfer of the UASC Shares of former Member States to Hapag-Lloyd utilising the Drag Along Right set forth in the UASC articles of association. This indemnity obligation exists for actions disputing the validity and other claims first asserted within 24 months after closing of the Transaction.

2. The key contents of the Shareholders Support Agreement (SSA)

a) Parties and subject matter of the SSA

In the SSA concluded between Hapag-Lloyd, UASC, the Controlling HL Shareholders and the Controlling UASC Shareholders, the Controlling HL Shareholders and the Controlling UASC Shareholders have undertaken to the Merger Parties to fulfil their obligations under

the BCA. For the avoidance of doubt, it is expressly noted that no obligations are entered into that conflict with the provisions of section 136(2) AktG.

b) Material obligations of the Controlling HL Shareholders

The Controlling HL Shareholders have undertaken, in particular, to take the following measures:

- Approval of the resolution to be proposed under the BCA by the management board and supervisory board of Hapag-Lloyd to the next general meeting regarding the cancellation of the existing Authorised Capital III and the creation of the 2016 Authorised Capital in the amount of EUR 50,000,000, including authorisation for the Company's management board to exclude subscription rights.
- Approval of an increase in Hapag-Lloyd's share capital by a Euro amount equivalent to USD 400 million, either by (i) a capital increase on the basis of a rights issue (*Bezugsrechts-Kapitalerhöhung*) to be resolved by an extraordinary general meeting prior to the Closing of the Transaction, or by (ii) a capital increase out of authorised capital that would have to be resolved by an extraordinary general meeting of Hapag-Lloyd shortly after the Closing of the Transaction or the 2017 annual general meeting (cf. section I.1.h) above).
- Approval of the resolution to be proposed under the BCA by the management board and supervisory board of Hapag-Lloyd to the next general meeting regarding the enlargement of the supervisory board from currently 12 seats to 16 seats.

In addition, CSAV and Kühne have in particular undertaken as follows:

- Ensuring that any compensation amount in relation to a shortfall of the Minimum Equity or of the Minimum Cash and/or an exceeding of the Maximum Debt is provided to the Company either (i) as a cash contribution against issuance of new Hapag-Lloyd shares on the Closing of the Transaction, or (ii) by way of a Private Placement of Hapag-Lloyd shares to institutional investors before or on the Closing of the Transaction, if Hapag-Lloyd decides to settle such a compensation amount (cf. section I.1.f) above) and CSAV and Kühne have approved this decision in writing.
- Assumption of a backstop undertaking subject to a further backstop agreement in relation to 50% of the Hapag-Lloyd shares to be issued in connection with the proposed cash capital increase to be implemented within six months from the Closing of the Transaction.

c) Material obligations of the Controlling UASC Shareholders

The Controlling UASC Shareholders have undertaken, in particular, to take the following measures:

- Contribution of all UASC Shares in Hapag-Lloyd, if appropriate by using the Drag Along Right provided for in the new UASC articles of association (cf. section I.1.b) above).

- Ensuring that any compensation amount in relation to a shortfall of the Minimum Equity or of the Minimum Cash and/or an exceeding of the Maximum Debt of UASC is provided to UASC as a cash contribution against issuance of new UASC Shares or otherwise if UASC decides to balance such a shortfall (cf. section I.1.e) above).
- Agreement with Hapag-Lloyd and UASC on a trust agreement in relation to the UACC Participation and conclusion of this trust agreement if the UACC Participation was not sold by the time when all closing conditions have been fulfilled or fulfilment of these Conditions was effectively waived (cf. section I.1.f) above).
- Signing of two subscription certificates (*Zeichnungsscheine*) for the contribution of the UASC Shares as a contribution in kind (*Sacheinlage*) to Hapag-Lloyd.
- Approval of an increase in Hapag-Lloyd's share capital by a Euro amount equivalent to USD 400 million, either by (i) a capital increase on the basis of a rights issue (*Bezugsrechts-Kapitalerhöhung*) to be resolved by an extraordinary general meeting (if the general meeting is held after the closing of the Transaction), or by (ii) a capital increase out of authorised capital that would have to be resolved by an extraordinary general meeting of Hapag-Lloyd shortly after the closing of the Transaction or the 2017 annual general meeting (cf. section I.1.h) above).
- Assumption of a backstop undertaking in relation to 50% of the Hapag-Lloyd shares to be issued in connection with the proposed cash capital increase to be implemented within six months from the closing of the Transaction.
- Until the closing of the Transaction no grant of rights for the benefit of third parties in relation to the UASC Shares that are held by the Controlling UASC Shareholders.
- Compliance with the indemnification obligation of Hapag-Lloyd from any damage of Hapag-Lloyd resulting from an avoidance of the form-changing re-domiciliation of UASC to the DIFC and from any compulsory transfer of the UASC shares of former member states to Hapag-Lloyd utilising the Drag Along Right set forth in the UASC articles of association (cf. section I.1.j) above).

II. Further explanation and justification of the relative valuation ratio

The valuation of the UASC Shares to be contributed to the Company as a contribution in kind as well as of the new shares of the Company provided as a consideration is based upon a valuation of UASC and of Hapag-Lloyd by the management board in relation to both enterprises involved in the Transaction by applying identical methods and using valuation parameters commonly used in the valuation of container shipping companies. The table below illustrates the valuation methods commonly applied by analysts for Hapag-Lloyd and a representative comparison group of container shipping lines.



Valuation methodologies					
Company	No. of Analysts	P/B ¹⁾	EV/EBITDA ²⁾	DCF ³⁾	Other
Hapag-Lloyd	11	68.2%	2.3%	20.5%	9.0%
Green Line	8	100.0%	0.0%	0.0%	0.0%
K LINE	7	100.0%	0.0%	0.0%	0.0%
MOL MITSUBISHI OIL CO. LTD.	7	85.7%	0.0%	14.3%	0.0%
NYK LINE	9	100.0%	0.0%	0.0%	0.0%
OOCL	10	90.0%	0.0%	0.0%	10.0%
WAN HAI LINES LTD. WAN HAI GROUP	5	100.0%	0.0%	0.0%	0.0%
YANG MING	7	100.0%	0.0%	0.0%	0.0%
Total	59	93.2%	0.0%	3.4%	3.4%

1) Price/Book partially adjusted by goodwill, intangibles and ship values 2) Enterprise Value / EBITDA 3) Discounted Cash Flow Method
 Note: Applied valuation methodology based on the main valuation metric used by analysts to derive target price. Pie charts illustrate the % of analysts using each methodology to derive their respective target prices as a share of the total number of analysts for each company. The data set is based on analysts reports published in the last 12 months, including only the most recent report for each analyst.

Source: Analyst research published in the last 12 months

Accordingly, as shown and substantiated in detail in the Management Board Report, the company values of Hapag-Lloyd and UASC, and thus also the relative values, were determined on the basis of, in particular, the book values of the equity of each of the companies as shown in their financial statements as of 31 December 2015.

As alternative valuation methods, the book value of equity adjusted for goodwill and adjusted for total intangibles was taken into consideration.

The relevant values were derived from the following financial figures of Hapag-Lloyd and UASC as of 31 December 2015:

Presentation of significant group financial positions of Hapag-Lloyd AG

<i>Closing rate [EUR/USD]</i>			
million USD	1.1146 30.6.2016 <i>(unaudited)</i>	1.0893 31.12.2015 <i>(unaudited) **</i>	1.2155 31.12.2014* <i>(unaudited) **</i>
Assets			
Goodwill	1,754.6	1,754.6	1,668.6
Other intangible assets	1,457.2	1,499.2	1,592.0
Vessels	5,211.6	5,264.0	5,087.7
Containers	1,063.6	1,114.6	953.8
Other property, plant and equipment	415.8	313.6	249.9
Investments in equity-accounted investees	346.2	355.7	470.3
Remaining other assets	71.0	62.0	69.0
Non-current assets	10,320.0	10,363.7	10,091.3
Cash and cash equivalents	527.2	625.0	864.7
Remaining other assets	1,050.2	1,079.8	1,315.0
Current assets	1,577.4	1,704.8	2,179.7
Total assets	11,897.4	12,068.5	12,271.0

<i>Closing rate [EUR/USD]</i>			
million USD	1.1146 30.6.2016 <i>(unaudited)</i>	1.0893 31.12.2015 <i>(unaudited) **</i>	1.2155 31.12.2014* <i>(unaudited) **</i>
Equity and liabilities			
Subscribed capital	149.7	149.7	135.2
Capital reserves	1,821.1	1,821.1	2,243.6
Retained earnings	3,645.6	3,805.8	2,967.7
Cumulative other equity	-340.7	-288.3	-284.8
Equity attributable to shareholders of Hapag-Lloyd AG	5,275.7	5,488.3	5,061.7
Non-controlling interests	7.6	8.5	6.4
Equity	5,283.3	5,496.8	5,068.1
Financial debt	4,264.6	4,256.3	4,518.1
Other debt	2,349.5	2,315.4	2,684.8
Total equity and liabilities	11,897.4	12,068.5	12,271.0

* 31.12.2014: Adjusted values as a result of the purchase price allocation.

** The USD figures are the converted EUR figures of the audited group financial statements of Hapag-Lloyd AG.

As of 31 December 2015, the equity of the Hapag-Lloyd Group was USD 5,497 million. The increase compared to the 2014 financial year results, in particular, from the group result for the year and the IPO in November 2015.

The intangible assets shown in the 2015 consolidated financial statements of Hapag-Lloyd, including goodwill, result from acquisition activities in recent years, including the acquisition of CSAV's container shipping activities in 2014.

The increase in maritime assets compared to the 2014 consolidated financial statements results from the investments in ships and containers made in the 2015 financial year.

Despite these investments, the net debt remained on a constant level on a US dollar basis.

Presentation of significant group financial positions of UASC S.A.G.

million USD	30.6.2016	31.12.2015	31.12.2014
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Assets			
Goodwill	18.0	16.1	2.5
Other intangible assets	0.0	0.0	0.0
Vessels	4,328.3	3,595.2	2,609.6
Containers	809.3	809.1	689.6
Other property, plant and equipment	156.9	415.1	693.1
Investments in equity-accounted investees	187.0	192.4	175.5
Remaining other assets	12.0	57.3	57.2
Non-current assets	5,511.5	5,085.2	4,227.5
Cash and cash equivalents	552.4	672.7	1,017.8
Remaining other assets	510.0	577.3	649.6
Current assets	1,062.4	1,250.0	1,667.4
Total assets	6,573.9	6,335.2	5,894.9

million USD	30.6.2016	31.12.2015	31.12.2014
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Equity and liabilities			
Subscribed capital	1,870.3	1,870.3	1,870.3
Capital reserves	261.5	261.5	661.4
Accumulated losses	-206.6	0.0	0.0
Cumulative other equity	-45.8	-25.9	-92.0
Equity attributable to shareholders of the parent company	1,879.4	2,105.9	2,439.7
Non-controlling interests	8.5	10.3	21.3
Equity	1,887.9	2,116.2	2,461.0
Financial debt	4,063.4	3,623.1	2,719.7
Other debt	622.6	595.9	714.2
Total equity and liabilities	6,573.9	6,335.2	5,894.9

As of 31 December 2015, the group equity of UASC was USD 2,116 million. The decrease compared to the 2014 business year results, in particular, from the negative group result for 2015.

In contrast to Hapag-Lloyd, the consolidated financial statements of UASC report only minor intangible assets, as UASC has not made significant acquisitions in recent years.

The increase in maritime assets compared to the 2014 consolidated financial statements results from the substantial investments in large ships and containers with a total volume of more than USD 1.0 billion in the 2015 financial year. Prepayments in respect of the currently existing order book and deliveries of further ordered ships resulted in a further increase of fixed assets in the current financial by approx. USD 500 million as of 30 June 2016. The net debt of UASC increased in accordance with the investments made.

On the basis of the financial figures shown above, the resulting valuation parameters applied are as follows:

Reconciliation valuation methods 31.12.2015

Closing rate [EUR/USD]	1.0893			Hapag-Lloyd	UASC
	million USD				
	Hapag-Lloyd	UASC	cumulated		
	(unaudited) *	(audited)			
Equity	5,497	2,116	7,613	72.2%	27.8%
Goodwill	1,755	16	1,771		
Equity adjusted for goodwill	3,742	2,100	5,842	64.1%	35.9%
Other intangible assets	1,499	0	1,499		
Equity adjusted for total intangibles	2,243	2,100	4,343	51.6%	48.4%

* The USD figures are the converted EUR figures of the audited group financial statements of Hapag-Lloyd AG.

The relative values of Hapag-Lloyd (72%) and UASC (28%) agreed in the BCA were determined on the basis of the financial figures as of 31 December 2015 that were available at the time of the negotiations. For the sake of completeness, however, the valuation parameters on the basis of the interim financial statements as of 30 June 2016 are also shown below. On the basis of these financial figures, the relative values are as follows:

Reconciliation valuation methods 30.06.2016

Closing rate [EUR/USD]	1.1146			Hapag-Lloyd	UASC
	million USD				
	Hapag-Lloyd	UASC	cumulated		
	(unaudited)	(unaudited)			
Equity	5,283	1,888	7,171	73.7%	26.3%
Goodwill	1,755	18	1,773		
Equity adjusted for goodwill	3,528	1,870	5,398	65.4%	34.6%
Other intangible assets	1,457	0	1,457		
Equity adjusted for total intangibles	2,071	1,870	3,941	52.6%	47.4%

The relative valuations taking into account goodwill and other intangible assets (but excluding synergies considerations) result in potential value ranges of 52.6% to 73.7% for Hapag-Lloyd and of 26.3% to 47.4% for UASC. The relative values stated above do not provide any indication as of 30 June 2016 that it may be possible that the relative values agreed as of 31 December 2015 based on book values of equity are not reasonable or adequate or that another valuation method should be used instead.

In particular, as already stated in the Management Board Report, a valuation on the basis of the income approach or DCF method in accordance with the IDW S 1 standard was neither legally required nor would such a valuation have been appropriate for the main objectives pursued by Hapag-Lloyd with the Transaction. This is because, in the Company's view, the Transaction is mainly driven by the interest in UASC's substance, in particular UASC's young, modern and highly efficient fleet, which ideally complements the Company's fleet (cf. section IV. below for details). Targeted investments in the modernisation and renewal of the

fleet to increase productivity and efficiency are an essential part of efforts to significantly increase the Company's profitability. In connection with the "Close the Cost Gap" project, investments to increase the Company's value are a substantial element of Hapag-Lloyd's corporate strategy. As the construction time between the ordering and the delivery of newbuilds is two to three years and the market situation may change during this period, such investments are subject to risk given the long delivery periods. In contrast, the efficient state-of-the-art ships of UASC have already been delivered, except for two vessels, at the time of the closing of the Transaction and can be immediately operated within the network of Hapag-Lloyd and its alliance partners to create synergies.

Therefore, the valuation did not focus on the earnings power of UASC on a stand-alone basis. The relevant relative values were rather determined in consideration of the question to what extent the Transaction allows to use UASC's assets in a manner that achieves value creation for Hapag-Lloyd's shareholders. In addition to the significant synergies that are achievable through the acquisition of the UASC fleet and the integration of the operating business, it is expected that, given the size and age of fixed assets, only minor investments will be necessary for Hapag-Lloyd in the next years as a result of the acquisition of UASC. Furthermore, against the background that the container shipping markets have proven extremely volatile for years, it has proven as unrealistic in the negotiations with UASC to agree on common assumptions for planning figures (such as freight rate, bunker price, transport volume or USD rate) for the purpose of relative valuation.

In order to protect the relative values as agreed on the basis of the balance sheet figures as of 31 December 2015, the Merger Parties have agreed in the BCA, as shown in section I.1.e) above, on covenants regarding Minimum Equity and Minimum Cash as of specific relevant dates and an amount of Maximum Debt to be complied with at the same time. These covenants provide protection against potential diverging developments of the Merger Parties' valuations by providing for obligations for the relevant Controlling Shareholders to make additional capital contributions (*Nachschusspflichten*).

III. Additional presentation of key financial figures from the combined consolidated financial statements of Hapag-Lloyd and UASC

The following financial figures selected for information purposes do not represent consolidated financial statements or pro forma consolidated financial statements of the combined entity but only give a combined view of Hapag-Lloyd and UASC. Consolidated financial statements have not been prepared so far and will not be prepared until closing of the Transaction; in particular, the fair values of the assets and liabilities to be acquired by Hapag-Lloyd have not yet been determined for a purchase price allocation in accordance with IFRS 3.

Presentation of significant financial positions 31.12.2015

<i>Closing rate [EUR/USD]</i>			
million USD	1.0893 Hapag- Lloyd (unaudited) *	UASC (audited)	cumulated
Assets			
Goodwill	1,754.6	16.1	1,770.7
Other intangible assets	1,499.2	0.0	1,499.2
Vessels	5,264.0	3,595.2	8,859.2
Containers	1,114.6	809.1	1,923.7
Other property, plant and equipment	313.6	415.1	728.7
Investments in equity-accounted investees	355.7	192.4	548.1
Remaining other assets	62.0	57.3	119.3
Non-current assets	10,363.7	5,085.2	15,448.9
Cash and cash equivalents	625.0	672.7	1,297.7
Remaining other assets	1,079.8	577.3	1,657.1
Current assets	1,704.8	1,250.0	2,954.8
Total assets	12,068.5	6,335.2	18,403.7

<i>Closing rate [EUR/USD]</i>			
million USD	1.0893 Hapag- Lloyd (unaudited) *	UASC (audited)	cumulated
Equity and liabilities			
Subscribed capital	149.7	1,870.3	2,020.0
Capital reserves	1,821.1	261.5	2,082.6
Retained earnings	3,805.8	0.0	3,805.8
Cumulative other equity	-288.3	-25.9	-314.2
Equity attributable to shareholders of the parent company	5,488.3	2,105.9	7,594.2
Non-controlling interests	8.5	10.3	18.8
Equity	5,496.8	2,116.2	7,613.0
Financial debt	4,256.3	3,623.1	7,879.4
Other debt	2,315.4	595.9	2,911.3
Total equity and liabilities	12,068.5	6,335.2	18,403.7

* The USD figures are the converted EUR figures of the audited group financial statements of Hapag-Lloyd AG.

The combined total assets of the two companies amount to more than USD 18 billion. The maritime assets necessary for achieving economies of scale and efficiency gains represent more than 50% of the combined total assets. Due to the size and age of the fixed assets, the need for investment in the coming years is expected to be low.

Due to the expected low need for future investment, it will be possible to use a big fraction of free cash flows generated from realising the expected synergy effects for the reduction of the financial debt increased as a result of the Transaction.

Presentation of significant operational KPI's Financial Year 2015

<i>Average rate [EUR/USD]</i>			
	1.1100		
	Hapag-Lloyd	UASC	cumulated
	<i>(unaudited) *</i>	<i>(audited)</i>	
Revenue [USD m]	9,814.4	3,317.8	13,132.2
EBITDA [USD m]	922.4	-68.2	854.2
Adjusted EBITDA [USD m]	922.4	32.8	955.2
EBIT [USD m]	406.7	-298.7	108.0
Group profit/loss [USD m]	126.4	-384.3	-257.9

* The USD figures are the converted EUR figures of the audited group financial statements of Hapag-Lloyd AG.

UASC prepares its income statement using the function of expense method (cost of sale method), whereas Hapag-Lloyd uses the nature of expense method. Therefore, it is not possible to directly compare the individual lines in the income statement until the reporting formats will be adjusted.

The combined revenue of the two companies in the previous financial year amount to more than USD 13 billion. The combined EBITDA amounts to USD 854 million. In this connection, it must be taken into account that UASC recognised one-off charges from the valuation of commodity option transactions. Excluding this one-off charge, the combined EBITDA of the two companies amounts to USD 955 million.

As of 30 June 2016, the combined figures on the basis of the audited interim consolidated financial statements of Hapag-Lloyd and UASC are as follows:

Presentation of significant financial positions 30.06.2016

<i>Closing rate [EUR/USD]</i>			
	1.1146		
million USD	Hapag-Lloyd	UASC	cumulated
	<i>(unaudited)</i>	<i>(unaudited)</i>	
Assets			
Goodwill	1,754.6	18.0	1,772.6
Other intangible assets	1,457.2	0.0	1,457.2
Vessels	5,211.6	4,328.3	9,539.9
Containers	1,063.6	809.3	1,872.9
Other property, plant and equipment	415.8	156.9	572.7
Investments in equity-accounted investees	346.2	187.0	533.2
Remaining other assets	71.0	12.0	83.0
Non-current assets	10,320.0	5,511.5	15,831.5
Cash and cash equivalents	527.2	552.4	1,079.6
Remaining other assets	1,050.2	510.0	1,560.2
Current assets	1,577.4	1,062.4	2,639.8
Total assets	11,897.4	6,573.9	18,471.3

<i>Closing rate [EUR/USD]</i>	1.1146		
million USD	Hapag-Lloyd	UASC	cumulated
	<i>(unaudited)</i>	<i>(unaudited)</i>	
Equity and liabilities			
Subscribed capital	149.7	1,870.3	2,020.0
Capital reserves	1,821.1	261.5	2,082.6
Retained earnings	3,645.6	-206.6	3,439.0
Cumulative other equity	-340.7	-45.8	-386.5
Equity attributable to shareholders of the parent company	5,275.7	1,879.4	7,155.1
Non-controlling interests	7.6	8.5	16.1
Equity	5,283.3	1,887.9	7,171.2
Financial debt	4,264.6	4,063.4	8,328.0
Other debt	2,349.5	622.6	2,972.1
Total equity and liabilities	11,897.4	6,573.9	18,471.3

* The USD figures are the converted EUR figures of the unaudited group financial statements of Hapag-Lloyd AG.

The combined operational figures are as follows:

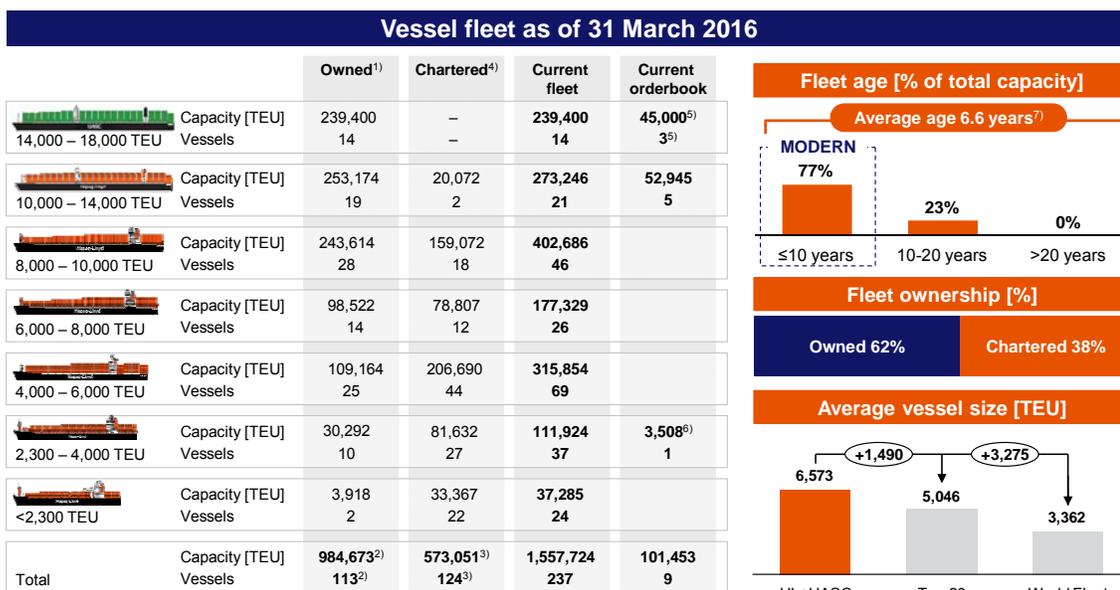
Presentation of significant operational KPI's H1 2016

<i>Average rate [EUR/USD]</i>	1.1127		
	Hapag-Lloyd	UASC	cumulated
	<i>(unaudited)</i>	<i>(unaudited)</i>	
Revenue [USD m]	4,212.2	1,532.4	5,744.6
EBITDA [USD m]	218.8	3.4	222.2
EBIT [USD m]	-44.2	-132.2	-176.4
Group loss [USD m]	-158.1	-201.1	-359.2

IV. Presentation of the combined fleet of Hapag-Lloyd and UASC

As of 31 March 2016, the Hapag-Lloyd fleet comprised a total of 175 container ships with a total TEU capacity of 955,485 TEU. Based on TEU capacity, around 55% of the fleet was owned by the Hapag-Lloyd Group. The average age of the ships was 8.1 years (capacity weighted). The average ship size within the Hapag-Lloyd Group fleet was 5,460 TEU, which is around 7% above the comparable average figure for the twenty largest container liner shipping companies and around 66% above the average ship size in the global fleet.

As of 31 March 2016, UASC operated a fleet of around 62 own and chartered vessels including ultra-large container ships of the so-called A19 class that are considered to be among the most efficient and the greenest in the world. Considered the world's largest container ships according to actual intake, this class has also a very low CO2 output per TEU. The highest utilization of this eco-efficient class was achieved in December 2015 with the – at that time – world's highest load of 18,601 TEU on board UASC's M.V. Al Muraykh.



1) Incl. 3 long-term finance leases 2) Incl. 3 chartered-out 3) Incl. 1 chartered-out 4) Includes long-term (>3 years), mid-term (1-3 years) and short-term (<1 year) charters 5) One 15,000 TEU vessel has been delivered in Q2 2016 6) 3,508 TEU vessel built 2015 acquired by HLAG from NileDutch April 2016 7) Weighted average age by capacity

1 Source: MDS Transmodal July 2016, Hapag-Lloyd and UASC data, only vessels >399 TEU

With a transport capacity of around 1.6 million TEU and an anticipated market share of around 7%, the combined entity will occupy the market position as the world's fifth largest container liner shipping company, ranking only just behind the fourth largest shipping company (COSCO), which also has a transport capacity of around 1.6 million TEU (calculated on the basis of the fleets as of 31 March 2016).

The fleet of the combined entity will have an average age of 6.6 years and an average ship size of 6,573 TEU (calculated on the basis of the fleets as of 31 March 2016). As such, the combined fleet will be significantly younger and will have a significantly larger average size than the Hapag-Lloyd fleet before the merger, which has an average age of 8.1 years and an average TEU capacity of 5,460 TEU. The average ship size in the combined fleet will be around 30% above the average size of the fleet of the twenty largest container shipping companies and more than 90% above the average ship size in the global fleet.

Based on TEU capacity, 62% of the combined fleet will be owned by the combined entity. In the size class above 10,000 TEU to 18,000 TEU, the combined entity will even own 94% of the ships and eight additional ships are in the order book, of which one ship has already been delivered and the others will be delivered in the months to come.

UASC's ships of the A19 class are ready to use liquid natural gas (LNG) as fuel. The classification society DNV GL has granted UASC's container vessels of the A19 classes the class notation "LNG Ready". This will put the combined entity in future in an excellent position to meet the future requirements for emissions and fuel types.

Vessel delivery schedule 2015-2017					
VESSEL	2015		2016e		2017e
	H1	H2	H1	H2	H1
18,000 TEU Vessels					
 Capacity [TEU]	18,000	54,000	36,000	-	-
 Vessels	1	3	2	-	-
15,000 TEU Vessels					
 Capacity [TEU]	45,000	15,000	60,000 ¹⁾	30,000 ²⁾	-
 Vessels	3	1	4 ¹⁾	2 ²⁾	-
10,500 TEU Vessels					
 Capacity [TEU]	-	-	-	21,000	31,500
 Vessels	-	-	-	2	3
9,300 TEU Vessels					
 Capacity [TEU]	37,200	9,300	-	-	-
 Vessels	4	1	-	-	-
3,500 TEU Vessels					
 Capacity [TEU]	-	-	7,000	-	-
 Vessels	-	-	2	-	-
TOTAL Capacity [TEU]	100,200	78,300	103,000¹⁾	51,000²⁾	31,500
TOTAL Vessels	8	5	8¹⁾	4²⁾	3

1) One 15,000 TEU vessel has been delivered in Q2 2016

2) Delivery of last two 15,000 TEU vessels to be delayed from H2 2016 into 2017

Hapag-Lloyd thereby secures the large ships that it needs especially for the Far East trade in order to remain competitive in the shipping market and to achieve low transport costs per container. Already before the proposed merger with UASC, Hapag-Lloyd had identified the need to invest in larger ship classes. Due to the investments already made by UASC in these ship classes, the combined entity will not need to make additional significant vessel investments in the years to come. Otherwise, Hapag-Lloyd would have had to make such investments alone.

As a result of the merger, Hapag-Lloyd will possess one of the largest and most modern shipping fleets in the sector on all important trades and therefore profit from very competitive transport costs per slot.

V. Conclusion

Based upon the relative valuation of Hapag-Lloyd and of UASC described above and the financial covenants made by the Merger Parties and their Controlling Shareholders to maintain this value ratio, the agreed value ratio of 72.0% (Hapag-Lloyd) to 28.0% (UASC) will, in the opinion of the management board, result in an adequate consideration for the contribution in kind also at the time when the authorised capital is utilised. This also applies

on the basis of the respective book values of equity of Hapag-Lloyd and UASC as of 30 June 2016 recently disclosed.

Hamburg, August 2016

Hapag-Lloyd Aktiengesellschaft

The Management Board