

2016

Annual Stockholders' Meeting



Covestro AG

Leverkusen

WKN: 606214 / ISIN: DE0006062144

Notice of the Annual Stockholders' Meeting

Our stockholders are hereby invited to attend the

Annual Stockholders' Meeting at 10.00 a.m.

on Tuesday, May 3, 2016

in the Congress Center at the Cologne Exhibition Center, North Entrance, Hall 9, Deutz-Mülheimer Straße 111, 50679 Cologne.

Foreword

Dear stockholders,

Pushing the boundaries of what is possible is part of what we do at Covestro. In 2015, we tested our own boundaries and moved fast to clear a number of hurdles as we opened a new chapter in our company's history. We have been independent since September, listed on the stock market since October and in the MDAX since December.

The next milestone was the publication of our first annual report in February 2016. In it, we provide evidence of the strength of our business.

In 2015, we met all the financial targets we set for ourselves. Despite a difficult market environment, we increased sales by 2.7 percent. Core volume growth, which is a key performance indicator for the management of the Covestro Group, rose by the same percentage. Adjusted EBITDA grew by around 41 percent to 1.6 billion euros last year and the free operating cash flow set a new record at 964 million euros.

In view of our good business performance, we would like to pay you a first-time dividend of 0.70 euro cent. We will be putting forward this proposal at our first Annual Stockholders' Meeting, to which I would like to invite you on behalf of the Board of Management and the Supervisory Board.

Kind regards,

Patrick Thomas
Chairman of the Board of Management

I. Agenda

1. Presentation of the adopted annual financial statements and the approved consolidated financial statements, the combined management report, the report of the Supervisory Board, the explanatory report by the Board of Management on takeover-related information and the proposal of the Board of Management on the use of the distributable profit, each for the fiscal year ending on December 31, 2015.

The Company was established on August 20, 2015. The annual financial statements for the shortened fiscal year 2015 prepared by the Board of Management on February 17, 2016 were approved by the Supervisory Board on February 22, 2016 in accordance with Section 172 Sentence 1 of the German Stock Corporation Act (AktG); the annual financial statements are thus adopted. At the same time, the Supervisory Board also approved the consolidated financial statements. No resolution on the adoption of the annual financial statements or on the approval of the consolidated financial statements in accordance with Section 173 of the AktG by the Annual Stockholders' Meeting is therefore required. The other documents mentioned above shall be made available to the Annual Stockholders' Meeting in accordance with Section 176, Paragraph 1, Sentence 1 of the AktG without the need for adoption of a resolution, with the exception of the resolution on the use of the distributable profit which will be taken under Agenda Item 2.

2. Resolution on the use of the distributable profit

The Board of Management and Supervisory Board propose that the entire distributable profit of €141,750,000 reported in the annual financial statements for the shortened fiscal year 2015 should be distributed to the shareholders, giving a dividend of €0.70 per share carrying dividend rights.

3. Ratification of the actions of the members of the Board of Management

The Board of Management and Supervisory Board propose that the actions of the members of the Board of Management who held office in the shortened fiscal year 2015 be ratified for that period.

4. Ratification of the actions of the members of the Supervisory Board

The Board of Management and Supervisory Board propose that the actions of the members of the Supervisory Board who held office in the shortened fiscal year 2015 be ratified for that period.

This proposal also includes ratification of the actions of the initial Supervisory Board, which held office from the establishment of the Company on August 20, 2015 until October 1, 2015 and comprised the following three members: Dr. Richard Pott, Johannes Dietsch and Prof. Dr. Rolf Nonnenmacher.

5. Election of the auditor for the audit of the annual financial statements and for the audit review of the interim financial statements

In line with the recommendation made by the Audit Committee, the Supervisory Board recommends that the Annual Stockholders' Meeting should elect PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Essen, Germany, as the auditor for the annual and consolidated financial statements for the fiscal year 2016 and as the auditor for the audit review of the interim financial statements for the first half of the fiscal year 2016, and for any audit review during the year of additional financial information for the fiscal year 2016 and the first quarter of the fiscal year 2017.

6. Approval of the compensation system for members of the Board of Management

Section 120, Paragraph 4 of the German Stock Corporation Act (AktG) provides that the Stockholders' Meeting may pass a resolution approving the compensation system for the members of the Board of Management - without, however, establishing any rights or obligations. This option is to be used at the first Stockholders' Meeting following the Company's listing on the stock market.

The resolution to be passed under this item relates to the compensation system currently applicable at Covestro AG, which also forms the basis for setting the compensation of the Board of Management for the fiscal year 2016. This is outlined in the Compensation Report, which forms part of the combined management report of the Covestro Group and Covestro AG and is printed

in chapter 25 (25.1 Compensation of the Board of Management) of the Annual Report for the fiscal year 2015.

The Board of Management and Supervisory Board propose that the compensation system for the members of the Board of Management be approved.

7. Compensation of the initial Supervisory Board

In the period from the establishment of the Company on August 20, 2015 until October 1, 2015, the Company had an initial Supervisory Board comprising three members: Dr. Richard Pott (Chairman), Johannes Dietsch (Deputy Chairman) and Prof. Dr. Rolf Nonnenmacher.

Under the provisions of the German Stock Corporation Act (AktG), only the Stockholders' Meeting may resolve on the compensation of the initial Supervisory Board. The resolution on this can only be adopted at the Stockholders' Meeting that resolves on ratification of the actions of the initial Supervisory Board.

The Board of Management and the Supervisory Board propose that the members of the initial Supervisory Board of Covestro AG should be granted compensation for their work on the initial Supervisory Board in accordance with the provisions of § 12 of the Articles of Incorporation.

From the date of the notice convening the Annual Stockholders' Meeting, the following documents in particular will be available together with the notice of the meeting at <http://investor.covestro.com/en/events/annual-stockholders-meeting>:

- The annual financial statements (including the proposal of the Board of Management on the use of the distributable profit), consolidated financial statements, combined management report, report of the Supervisory Board, explanatory report by the Board of Management on takeover-related information, in each case for the fiscal year ending on December 31, 2015 (Agenda Item 1)
- Compensation Report with a description of the compensation system for the members of the Board of Management, which forms part of the combined management report of the Covestro Group and Covestro AG and is printed in chapter 25 (25.1 Compensation of the Board of Management) of the Annual Report for the fiscal year 2015 (Agenda Item 6).
- Articles of Incorporation of Covestro AG (Agenda Item 7).

These documents will also be available during the Annual Stockholders' Meeting. In addition, copies of these documents will be available to any stockholder for consultation on request at the Stockholders' Meeting.

II. Additional information on the Annual Stockholders' Meeting

1. Total number of shares and voting rights

On the date of issue of the notice convening the Annual Stockholders' Meeting, the company's capital stock totals €202,500,000 and is divided into 202,500,000 bearer shares, each of which confers one vote. On the date of issue of this notice, the company does not hold any own shares. The total number of shares eligible to participate in the meeting and to exercise voting rights is 202,500,000 as of the date of this notice.

2. Conditions for attendance at the Annual Stockholders' Meeting and the exercise of voting rights

Only those persons who are stockholders of the company at the start of the 21st day prior to the Annual Stockholders' Meeting, i.e. at **00.00 hours on April 12, 2016** (record date), and who register to attend the Annual Stockholders' Meeting are eligible to attend the Meeting - in person or through a proxy - and to exercise voting rights. The registration must be submitted, together with evidence of the stockholding provided by the depositary bank or financial services institution as of the record date, to the registration address given below, **by the end of April 26, 2016** at the latest. Registration and the evidence of the stockholding must be submitted in text form in German or English.

Registration address:

Covestro AG
c/o Computershare Operations Center
80249 Munich
Fax: +49 89 30903-74675
Email: Covestro-HV2016@computershare.de

Depository institutions normally undertake the registration process and submission of evidence of stockholdings on behalf of their clients. Stockholders are therefore requested to contact their depository institution as soon as possible and, at the same time, to order an admission ticket for the Annual Stockholders' Meeting.

3. Significance of the record date

Eligibility to attend the Meeting and the number of voting rights are based exclusively on the shares held by the stockholder on the record date. Only stockholders who have provided evidence of this are recognized by the company as eligible to attend the Annual Stockholders' Meeting and exercise voting rights. The record date does not constitute a freeze on the sale of the shares. Even in the event of complete or partial disposal of the shares after the record date, eligibility to attend the Meeting and the number of voting rights are based exclusively on the shares held by the stockholder on the record date, i.e. selling the shares after the record date has no impact on eligibility to attend the Meeting or on the number of voting rights. This also applies in the event of the purchase of shares after the record date. Persons who do not hold any shares on the record date and only become stockholders after that date are not normally eligible to attend the Meeting or to

exercise voting rights pertaining to such acquired shares; this does not apply if and insofar as such persons are appointed as proxies or authorized to exercise the rights by the previous stockholder, who still held the shares on the record date.

4. Proxy voting procedure*Authorization of a third party*

Stockholders may arrange for their voting rights to be exercised by a proxy, e.g. a bank, stockholders' association or other third party. Registration and submission of evidence of their stockholding by the deadline is also necessary in such cases. Stockholders receive a proxy form with their admission ticket. A proxy form is also available in the internet at <http://investor.covestro.com/en/events/annual-stockholders-meeting>.

Granting and cancellation of the appointment of a proxy and evidence thereof must be submitted to the company in text form. Cancellation of proxy rights is also possible without observing any special format if the stockholder or person that granted the proxy authorization attends the Meeting. Evidence that proxy authorization has been granted can be provided by the proxy showing the authorization at the control points at the entrance to the Annual Stockholders' Meeting. If proxy authorization is granted by issuing a declaration to the company, separate evidence of the granting of proxy authorization is not required.

The following address can be used to submit declarations to the company of the granting of proxy authorization or its cancellation and the submission of evidence that authorization has been issued to a proxy or canceled:

Covestro AG
c/o Computershare Operations Center
80249 Munich
Fax: +49 89 30903-74675
Email: Covestro-HV2016@computershare.de

If made by means of a declaration to the company the notification of the granting and cancellation of proxy authorizations may also be made electronically via the company's internet-based proxy system. Stockholders can obtain access to the internet-based proxy system <http://investor.covestro.com/en/events/annual-stockholders-meeting> using the data on their admission ticket.

Special conditions normally have to be met if proxy is granted to banks or equivalent institutions or companies within the meaning of Section 135 Paragraph 10 of the German Stock Corporation Act (AktG) in conjunction with Section 125 Paragraph 5 AktG, or to stockholders' associations or equivalent persons within the meaning of Section 135 Paragraph 8 AktG; details should be obtained from the relevant proxy.

Granting proxy authorization to company-nominated proxies

In addition, stockholders who have registered correctly are offered the opportunity to authorize proxies nominated by the company and to issue voting instructions to them. The proxies are obligated to vote in accordance with the instructions issued; they may not exercise voting rights

at their discretion. Please note that the proxies may only exercise voting rights on those items on the agenda for which they have received voting instructions; they may not accept instructions on procedural motions, either in advance or during the Annual Stockholders' Meeting. Similarly, proxies may not accept instructions to speak at the Meeting, to raise objections to resolutions of the Annual Stockholders' Meeting, or to ask questions or propose motions.

The proxy authorization and instructions must be issued in text form. Forms to issue proxy authorization and instructions to proxies named by the company are attached to each admission ticket. A form to issue proxy authorization and instructions is also available in the internet at <http://investor.covestro.com/en/events/annual-stockholders-meeting>. The proxy authorization and instructions to company-nominated proxies or cancellation of the proxy must be received by the company at the latest **by 6 p.m. on May 2, 2016** at the following address:

Covestro AG
c/o Computershare Operations Center
80249 Munich
Fax: +49 89 30903-74675

Proxy authorization and instructions to company-nominated or any cancellation of the proxy may also be issued via the company's internet-based proxy and instruction system up to **6 p.m. on May 2, 2016**. Stockholders can obtain access to the internet-based proxy and instruction system <http://investor.covestro.com/en/events/annual-stockholders-meeting> using the data on their admission ticket.

5. Proposed additions to the agenda at minority request pursuant to Section 122 Paragraph 2 AktG

Stockholders whose shares together account for one-twentieth of the capital stock or a proportionate interest of €500,000 (corresponding to 500,000 no-par shares) may request items to be added to the agenda and announced. Each new item must be accompanied by the reasons for it or a proposal for a resolution. The request must be submitted to the Board of Management in writing and must be received by the company in writing **by the end of April 2, 2016.**

Stockholders' proposals for additions to the agenda may be submitted to the company at the following address:

Covestro AG
Board of Management
- Office of the Chairman of the Board of Management -
Kaiser-Wilhelm-Allee 60
51373 Leverkusen
Germany

Applicants must provide evidence that they have held their shares for at least three months prior to the date of receipt of the request and that they will hold the shares until a decision on the motion has been made. Attention is explicitly drawn to the fact that Section 70 of the German Stock Corporation Act provides certain options of apportionment in calculation of this three-month period.

Additions to the agenda that have to be announced will immediately after receipt of the request be published in the Federal Gazette (Bundesanzeiger) and disseminated throughout the European

Union. They will also be made available and notified to the stockholders at the following internet address <http://investor.covestro.com/en/events/annual-stockholders-meeting>.

6. Motions and proposals for election submitted by stockholders in accordance with Sections 126 Paragraph 1 and 127 AktG

Counter-motions to resolutions proposed by the Board of Management and/or Supervisory Board on a specific item on the agenda and proposals from stockholders relating to the election of auditors (agenda item 5), which are to be made available prior to the Annual Stockholders' Meeting must be addressed exclusively to the address given below. Counter-motions and proposals for election submitted to another address will not be considered.

Covestro AG
Investor Relations
Kaiser-Wilhelm-Allee 60
51373 Leverkusen
Germany
Fax: +49 214 6009 7002
Email: ir@covestro.com

Counter-motions and proposals for election received **by the end of April 18, 2016** at the above address, together with evidence of the stockholding, that have to be made available to the other stockholders, will be posted immediately in the internet at <http://investor.covestro.com/en/events/annual-stockholders-meeting>. Any statement by the management will also be posted on this internet site after April 18, 2016.

This does not affect the right of any stockholder to propose counter-motions to the various agenda items and proposals for the election of the auditors at the Annual Stockholders' Meeting, even without advance notification of the company by the deadline.

Please note that stockholders' counter-motions and election proposals can only be voted on at the Meeting if they are proposed at the Annual Stockholders' Meeting, even if they were submitted to the company in advance by the deadline set.

7. Stockholders' right to information under Section 131 Paragraph 1 AktG

Every shareholder is entitled to request and receive information from the Board of Management at the Annual Stockholders' Meeting on matters relating to the company, including information on the company's legal and business relationships with affiliated companies, the situation of the Group and the companies included in the consolidated financial statements, insofar as this is necessary for an objective assessment of items on the agenda.

The Board of Management may only refuse to answer individual questions on the grounds set forth in Section 131 Paragraph 3 of the German Stock Corporation Act (AktG), for example, because providing the information could, on the basis of prudent business consideration, place the company or an affiliated company at a not inconsiderable disadvantage (e.g. there is no duty to disclose business secrets). The person chairing the meeting may set reasonable time limits on the right of stockholders to speak and ask questions.

8. Publication on the internet site/supplementary information

This Notice of the Stockholders' Meeting, the documents to be made available, together with motions proposed by stockholders and further information, especially on attendance at the Annual Stockholders' Meeting, the authorization of proxies and the issue of instructions can be found on the company's website at <http://investor.covestro.com/en/events/annual-stockholders-meeting>. The voting results will also be posted here after the Annual Stockholders' Meeting.

Stockholders will receive further details of attending the Annual Stockholders' Meeting and issuing proxy authorization and voting instructions with their admission ticket.

9. Transmission of the Annual Stockholders' Meeting via the internet

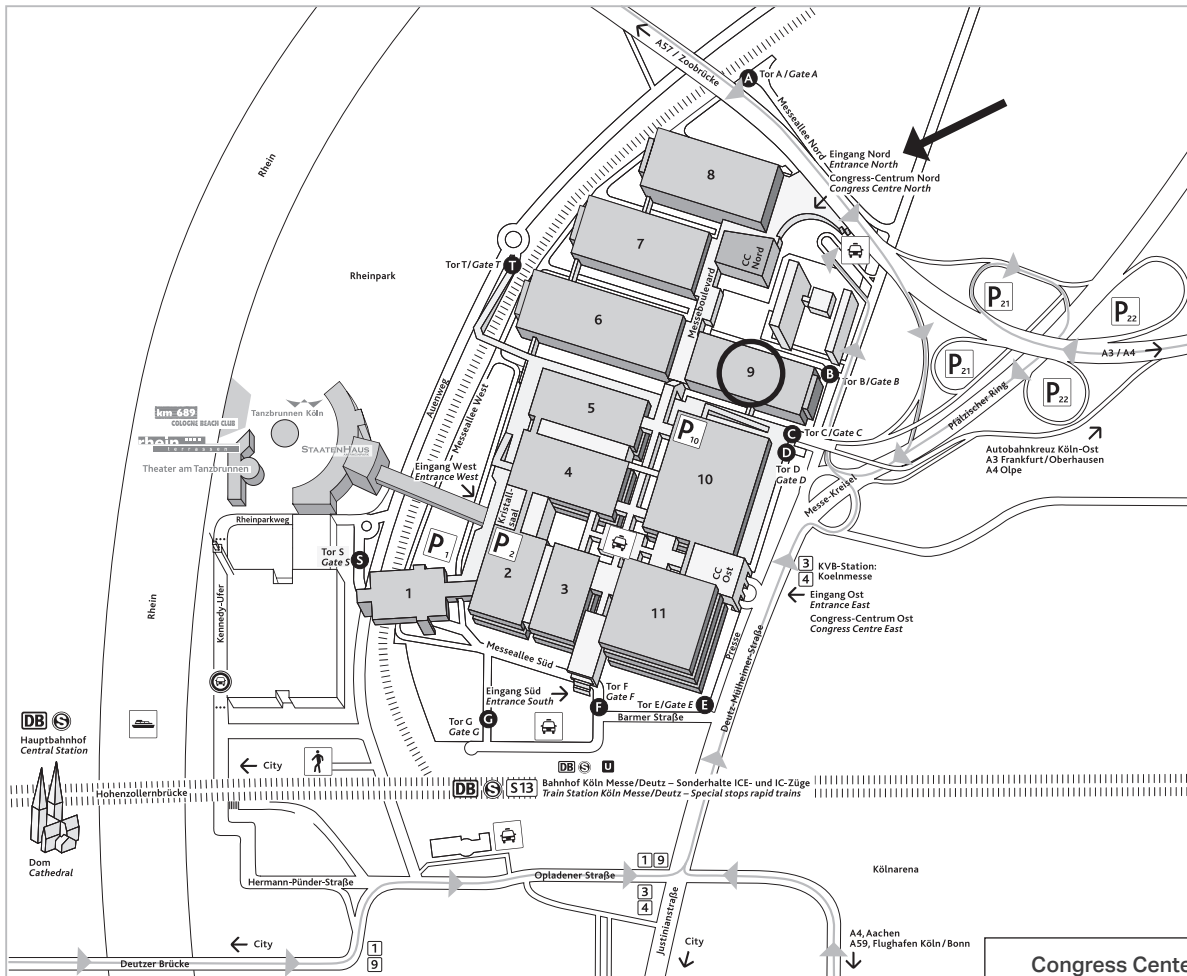
All stockholders of the company and any interested members of the public can follow the opening of the Annual Stockholders' Meeting by the chairman of the meeting and the report by the Board of Management live in the internet from around 10 a.m. at <http://investor.covestro.com/en/events/annual-stockholders-meeting>.

Leverkusen, March 2016

Covestro AG
The Board of Management

NORD

Congress-Centrum Koelnmesse



**Congress Center at the
Cologne Exhibition Center
North Entrance, Hall 9
Deutz-Mülheimer Straße 111
50679 Cologne**



Fußweg
Pedestrian route



Taxi
Taxi



Parkplatz
Parking



Fähre: City/Hbf
Ferry: City/Central Station



S-Bahn
Suburban railway



Bahnhof
Train Station



U-Bahn
Subway



Straßenbahnhaltestelle
Tram Stop



S-Bahn Koelnmesse – Flughafen Köln/Bonn
Suburban railway from Koelnmesse to Cologne/Bonn Airport



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