

Information on the conversion from bearer shares to registered shares

Dear shareholders!

On July 20th, 2016, the extraordinary general meeting of KTM AG decided on the legally binding conversion of existing bearer shares to registered shares (§19 section 1 of the Stock Corporations Act as amended by the Company Law Amendment Act 2011 prescribes that the shares of a non-listed stock company must bear a name; because KTM AG's trade in the third market of the Vienna stock exchange (which as per the Stock Exchange Act is considered a stock market listing) ended on June 24th, 2016, this conversion is legally binding).

We expect the entry of the change to the articles of association in conjunction with this conversion of bearer shares to registered shares in the commercial register for the middle of September 2016.

Below, we illustrate the additional steps. Please read the following pages with care.

As soon as the entry of the change to the articles of association has been made in the commercial register, the depositary banks will be instructed to derecognize our bearer shares (ISIN AT0000645403) **from the deposits of the shareholders**. Please note that this derecognition does not mean that you will lose your position as a KTM AG shareholder (in order to exercise your shareholder rights, however, you must actively apply for your entry in the KTM AG share-register. For details, see below).

1. As part of this derecognition, you will receive a **derecognition notification** from your depositary bank by mail. This derecognition notification is the **proof** of how many bearer shares in KTM AG you have put away in your deposit account on the reporting date. **You require this proof in order to apply for your entry in the share-register of KTM AG as well as the transfer of our registered shares.** For that reason, please keep it in a safe place (For details on the application process, please see below).
2. Furthermore, we will supply you with an **application form** to which you must add the necessary information for the entry in the share-register as well as the transfer of your registered shares. As per §61 of the Stock Corporations Act, the following information is required:



- a. Name/company of the shareholder, delivery address, date of birth/commercial register number;
- b. number of shares;
- c. account details of shareholder at a bank in Austria, the EEA or the OECD specifying IBAN and BIC/sort code to allow the dividend to be paid to this account.

You will be able to download this application form **from the middle of September (once the change to the articles of association have been entered in the commercial register) on our homepage**, <http://www.ktmgroup.com>, under Investor Relations – KTM Share – Conversion to registered shares.

If the shares belong commercially to another person (for example a trustee), the information under a. and b. are also to be made for the person to whom the shares commercially belong.

This information is to be entered in a binding manner in the share-register in accordance with the Stock Corporations Act as amended by the Company Law Amendment Act 2011. KTM AG is required to maintain a share-register of this kind.

The **entry in the share-register** is particularly **important** as only then can all shareholder rights be exercised towards the company, in particular the **right to participate in the Annual General Meeting** and the right to **draw dividends**. In other words, as long as you, as a previous owner of bearer shares in KTM AG, are not entered in the share-register, you cannot exercise your rights as a shareholder in this company.

Please note that you **do not automatically receive the registered shares** and that **your entry in the share-register cannot automatically take place but rather you must apply for this actively from KTM AG** by

- submitting the aforementioned **derecognition notification** from your depositary bank and
- the **completely filled-out and signed application form**.

You must also include with the application a copy of your **official photo ID** (e.g. passport, driver's license). If the shares are held by a legal person, the application must include an excerpt from the commercial register (no older than 2 weeks) as well as a copy of an official photo ID of the person(s) who are entitled to represent the company (e.g. executive manager).



3. The application form and the derecognition notification (incl. a copy of your photo ID) should be sent to: KTM AG, FAO Verena Schneglberger-Grossmann, KTM AG, Stallhofner Straße 3, 5230 Mattighofen, Austria, (by registered post – please attach the originals – or in person at the address specified during working hours between 9:00 and 12:00). If you have any questions you can consult our hotline at aktienbuch@ktm.com, or telephone +43 (0) 7742 6000-4372 during working hours between 9:00 and 12:00 and ask for Ms. Martina Leimhofer.
4. In order to be able to maintain the legally required share-register correctly, we have decided to securitize the future **registered shares exclusively in the form of effective (printed) share certificates**, which we will transfer to you in accordance with the above mentioned application (by registered mail) (if you wish, you can pick up your registered shares from our premises). The registered shares shall, for this reason, not receive an ISIN. For this reason, it shall not be **possible to hold the** registered shares in a collective security account **(as with the bearer shares previously)**. Effective share certificates shall be transferred as collective certificates (i.e. each shareholder shall receive a certificate pertaining to his/her entire possession of shares).

The **derecognition** of previous bearer shares shall be an **automatic** process for you as a shareholder in accordance with the commercial book registry, as described above. We have requested that the depositary banks perform this task **free of charge** for you as shareholders. Any tax liabilities that may arise are the responsibility of the shareholder.

With the **conversion** of the existing bearer shares into registered shares, there is a guarantee that you, as a shareholder, may participate in the next Annual General Meeting in 2017 and that you will receive any dividend that may be due.

The **payment of any dividend due** shall be by KTM AG, which must then execute the transfer **directly to the shareholder (exclusively) to the account** named in the share-register.



For no reason shall the share conversion, as soon as you are entered in the share-register, impair your rights as a shareholder. Your **involvement** in the company remains unaffected.

If, in **future**, you would like to transfer your registered shares, the **transfer thereof is only possible through endorsement** on the reverse of the share certificate. In this case, a copy of the reverse of the share certificate is to be printed with the name of the transferring party and the name of the accepting party, including addresses, and this endorsement is to be signed by the transferring party.

In the event of a transfer of registered shares, the aforesaid is to be reported to the company with the presentation of the share certificate with the fully completed endorsement and other required details about the accepting person (such as account details at a bank in Austria, the EEA or the OECD) to be entered in the share-register as, as previously advised, only those who are entered in the share-register are considered to be shareholders.

Naturally, the company, if requested, shall **present the new shareholder with a new registered share under the name of the shareholder (collective certificate) if the old share certificate is returned.**

The conversion from bearer shares to registered shares is a **legal requirement.**

The conversion to registered shares does not, naturally, mean any change in the relationship with stakeholders. It also includes the **advantage** that we, due to our information in future of our **share-register, communicate directly with our shareholders and can inform our shareholders immediately about events in the company and, in particular, about our Annual General Meeting.**

The **participation in our Annual General Meeting** shall, in the future, **no longer require a deposit confirmation from a bank.** Entry in the **share-register** at the start of the Annual General Meeting is **enough.** One only needs to **register** for the Annual General Meeting in **text form** (by mail, fax, e-mail with PDF), and the company must receive such correspondence **by the third working day** before the Annual General Meeting.

We would request that you send us (as described above) the application form, including your derecognition notification, as soon as possible after receiving the derecognition notification from your depositary bank in order to be able to exercise your shareholder rights. However, there is no statute of limitations on your right to be entered in the share-register and on your right to the transfer of your registered shares. However, as long as you are not entered in the share-register, you cannot exercise your shareholder rights as – described above.



If you have not received the derecognition notification from your depository bank (or have lost it), we would request that you contact your depository bank.

Mattighofen, July 21st, 2016

The Executive Board