Dürr Aktiengesellschaft

with registered office in Stuttgart

WKN 556 520 – ISIN DE 0005565204

24th Annual General Meeting on April 26, 2013

Report of the Board of Management on item 7 of the Agenda pursuant to Section 221 (4) sentence 2 of the German Stock Corporation Act, read in conjunction with Section 186 (4) sentence 2 of the German Stock Corporation Act

The term of the authorization for the issuance of convertible bonds, option bonds, profit participation rights, profit participation bonds or of combinations of such instruments (collectively referred to as "bonds") is to be adjusted to the term of the new authorization for the acquisition of treasury shares (see item 9 of the Agenda below) and the new authorization of the Board of Management to increase the capital stock from authorized capital (see item 10 of the Agenda below). In addition, an adjustment is to be made to reflect the changed practices on the capital market.

The issuance of bonds and the opportunity of also being able to issue bonds without a restriction on their duration enables the Company, in addition to the classical forms of borrowing and equity, to make use of attractive financing alternatives on the capital market, depending on the prevailing market situation. In particular, the authorization for issuance of profit-dependent or profit-oriented instruments such as profit participation rights and profit participation bonds extends the existing possibilities of Dürr Aktiengesellschaft to reinforce its financial resources by issuing so-called hybrid financing instruments and to ensure the prerequisites for its future business development in the process. In the case of the so-called hybrid financing instruments, innovative forms of financing that also provide for an unlimited term or duration are meanwhile becoming more widespread. Against this backdrop, a rigid fixation on instruments with a limited term to maturity does not appear to be sensible. For this reason, a proposal will be made at the Annual General Meeting for the creation of a new authorization for the issuance of convertible bonds, option bonds, profit participation rights, profit participation bonds or of combinations of such instruments also without restrictions of their duration and possibly against non-cash contributions in kind. The proposed new formulation is to facilitate both an adjustment to current statutory and market practices and a further flexibilization. In total, it is to be possible for bonds of up to a total nominal amount of up to EUR 800,000,000.00 to be issued and the bearers or creditors of convertible or option bonds to be granted conversion or option rights to new bearer shares in the form of common shares of Dürr Aktiengesellschaft ("common bearer shares") with a prorated amount of the capital stock totaling up to EUR 22,144,665.60.

The issuance of bonds as contemplated above facilitates borrowing of external capital that can be qualified as equity or in the nature of equity (depending on the terms and conditions of the bond issue), both for rating and for balance sheet purposes, subject to attractive terms and conditions. The possible equity qualification is beneficial to the Company's capital base and thus enables it to make use of attractive financing options and an inflow of capital at a low current interest rate. The additional alternative planned, namely of also establishing conversion obligations in addition to granting conversion or option rights, as well as the possible combination of convertible bonds, option bonds, profit participation rights and profit participation bonds, extends the scope for making use of such financing instruments. Moreover, the authorization also affords the Company the necessary flexibility to place the bonds itself or to have them placed by direct or indirect Group companies. Bonds may be issued in euros but also in other currencies, for instance in legal tender of an OECD country, with or without restrictions on their term to maturity.

To increase the level of flexibility, the terms and conditions of bond issues may provide for the Company not to grant shares to a person entitled to conversion or an option, but to pay out the equivalent in cash, either wholly or in part. The conversion or option price to be fixed from time to time for a bearer share amounts to at least 100% of the volume-weighted average price of all transactions in Dürr Aktiengesellschaft stock in the XETRA trading system on the Frankfurt Securities Exchange (or in some comparable successor system) determined on the day of placement until the price fixing or – in the event that a subscription right is granted – at least 100% of the volume-weighted average price of all transactions in Dürr Aktiengesellschaft stock in the XETRA trading system on the Frankfurt Securities Exchange (or in some comparable successor system) determined on the final day of the subscription period in which the subscription rights to the convertible or option bonds are traded on the Frankfurt Securities Exchange.

The shareholders are to be granted a subscription right on principle. However, the Board of Management is authorized, with the consent of the Supervisory Board, to exclude fractional amounts from subscription rights. Such fractional amounts may arise from the amount of the respective issuing volume and the presentation of a practicable subscription ratio. In such cases, the exclusion of the subscription right facilitates the processing of the issue. The free fractional amounts excluded from the shareholders' subscription right are realized at best possible prices either by sale on the stock exchange or in any other manner.

Furthermore, the exclusion of the subscription right is to be possible if the following prerequisites apply.

To the extent that convertible or option bonds are issued, the Board of Management is to be authorized, with the consent of the Supervisory Board, to exclude the subscription right subject to appropriate application of Section 186 (3) sentence 4 of the German Stock Corporation Act to such an extent so as to ensure that the issuance of shares on the basis of conversion or option rights or conversion obligations is restricted to up to ten percent of the Company's capital stock. The issuance of new shares against cash is to be taken into account in this restriction to ten percent of the capital stock if, once this authorization becomes effective, it is made by utilizing an authorization adopted at the time of effectiveness of this authorization or a substitution thereof for the issuance of new shares from authorized capital pursuant to Section 186 (3) sentence 4 of the German Stock Corporation Act providing for the exclusion of the subscription right. By the same token, the sale of treasury shares is to be taken into account if the shares, once this authorization becomes effective, are sold on the basis of an authorization applicable at the time of effectiveness of this authorization or in substitution thereof pursuant to Section 186 (3) sentence 4 of the German Stock Corporation Act providing for the exclusion of the subscription right. These instances of items being taken into account serve to ensure that no convertible or option bonds are issued if this results in the shareholders' subscription right being excluded for a total of over ten percent of the Company's capital stock in direct or indirect application of Section 186 (3) sentence 4 of the German Stock Corporation Act. This further restriction is in the interests of the shareholders in preserving their participation quota. In the case of such an exclusion of subscription rights, the analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act results in the requirement of the fixing of the issuing price of the bonds at a level that is not considerably below market value. This takes account of the need to protect shareholders from a possible dilution of their shareholdings. On the basis of the fixing of the issuing price of the bonds at a level not considerably below the notional market value as provided for in the authorization, the value of a subscription right would no longer reflect any magnitude of note. To ensure that this requirement for issuance of bonds is met, the issuing price must not be substantially lower than the theoretical market value of the convertible or option bonds determined according to acknowledged financial accounting methods. This will ensure that the shareholders are protected from dilution of their shareholdings, and the shareholders will not sustain a financial disadvantage due to the exclusion of subscription rights. Shareholders who wish to maintain their share of the Company's capital stock can achieve this by acquiring additional shares via the market.

To the extent that profit participation rights or profit participation bonds are to be issued without a conversion right, option right or mandatory conversion, the Board of Management shall be authorized to exclude the shareholders‘ subscription rights as a whole with the consent of the Supervisory Board if such profit participation rights or profit participation bonds have similar features to obligations, i.e. if they do not give rise to any membership rights in the Company, do not grant any participation in liquidation proceeds and are not calculated on the basis of net income, net retained profit or the dividend. Moreover, it is necessary for the interest earned or paid and the issue amount of the profit participation rights or profit participation bonds to correspond to the current market conditions applicable to similar forms of borrowing at the time of issuance. If the preconditions stipulated have been met, then no disadvantages from the exclusion of subscription rights will result for the shareholders since the profit participation rights or profit participation bonds do not give rise to any membership rights and do not grant a share in the liquidation proceeds or in the Company’s profit either. Whereas it may be provided for interest to be made dependent on the availability of net income, net retained profit or a dividend, in contrast a rule would not be permissible if higher net income, higher net retained profit or a higher dividend would result in higher interest being payable. Accordingly, the issuance of profit participation rights or profit participation bonds does not result in voting rights or the participation of the shareholders in the Company and their profit being modified or diluted. Moreover, due to the issuing terms and conditions in conformity with market conditions, which are stipulated in a binding manner for this case of subscription rights being excluded, this does not give rise to a subscription rights value of note.

The two possibilities last mentioned of excluding subscription rights give the Company the flexibility to take advantage of favorable capital market situations at short notice and enable it to benefit in a flexible manner from a low level of interest rates or a favorable demand situation to execute an issue. The objective of achieving an issuing result that is as beneficial as possible depends to a considerable degree on the ability to react at short notice to market developments as they unfold. As a rule, favorable terms and conditions in conformity with those prevailing on the market if possible, can only be guaranteed it the Company is not tied to the terms and conditions for an excessively long offer period. According to Section 186 (2) of the German Stock Corporation Act, in the case of issues with subscription rights the subscription price (and, therefore, as regards option and convertible bonds, the terms and conditions of this bond issue) must be published no later than three days prior to the expiry of the subscription period. However, even within this short period of time there still is a market risk that would lead to substantial safety margins in determining the terms and conditions of the bond issue, which would have an impact on the issuing result to the detriment of the Company. Moreover, the lead period associated with the subscription right is eliminated, which is beneficial both in view of the costs of borrowing and in respect of the placement risk.

Furthermore, the Board of Management is to be given the opportunity, with the consent of the Supervisory Board, to exclude the shareholders' subscription rights in order to grant the bearers of, or creditors under, convertible or option rights, or convertible bonds subject to mandatory conversion, a subscription right to which they would be entitled to an extent applicable after the exercise of the conversion or option rights or after fulfillment of the conversion obligations. This prevents the option or conversion price for holders of already existing conversion or option rights at the time of the exercise of authorization from being reduced or cash compensation having to be paid to the holders of such rights to protect them from dilution as provided for in the relevant option and conversion terms and conditions.

Finally, it is to be made possible for the shareholders' subscription right to the bonds to be excluded with the consent of the Supervisory Board if the bonds are issued against non-cash contributions in kind for the purpose of acquiring enterprises, parts thereof or holdings in enterprises and if this is in the interests of the Company. A precondition for this is that the value of the non-cash contribution in kind must be in an appropriate ratio to the value of the bond. In the case of convertible or option bonds, the theoretical market value determined according to acknowledged methods will be considered the decisive criterion. The issuance of bonds against non-cash contributions in kind opens up the possibility of using the bonds in suitable individual cases as an acquisition currency in connection with the purchase of enterprises, parts thereof, or holdings therein. In supplementation of the authorized capital, this creates the necessary scope for opportunities unfolding for the acquisition of enterprises, parts thereof or holdings therein to be used for the benefit of saving the Company's liquidity. Even under the aspect of an ideal financing structure, a strategy of this kind may be sensible, depending on the facts and circumstances of each individual case.

The contingent capital planned is used to service the conversion or option rights associated with the convertible or option bonds or to meet conversion obligations to the extent that treasury shares are not used to this end.

Bietigheim-Bissingen, March 18, 2013

Dürr Aktiengesellschaft
-The Board of Management-

Ralf Dieter – Ralph Heuwing

Please note:
This is a convenience translation. Only the German text is legally binding.