



Dürr Aktiengesellschaft
with registered office in Stuttgart

WKN 556 520 – ISIN DE 0005565204

27th Annual General Meeting on May 4, 2016

Report of the Board of Management at the Annual General Meeting on item 7 of the Agenda in accordance with Sections 71 (1) No. 8, 186 (4) sentence 2 of the German Stock Corporation Act

Under item 7 of the agenda, it is proposed at the Annual General Meeting to authorize the Management Board pursuant to Section 71 (1) No. 8 of the German Stock Corporation Act for a period of 5 years until May 3, 2021 to acquire treasury shares of up to 10% of the capital stock at the time of the resolution being adopted at the Annual General Meeting or – if this value is lower – of the capital stock existing at the time of the exercise of the authorization. According to the proposed resolution, the Management Board is also entitled to acquire the shares subject to the limitation of the equal treatment principle and a possible tender right of the shareholders and to use the treasury shares acquired on the basis of this authorization resolution to the exclusion of the shareholders' subscription right.

The Company had already adopted resolutions to acquire shares at earlier General Meetings, with the last such meeting authorizing the purchase of shares until April 29, 2015. In keeping with the earlier practice, the Management Board is now to be enabled once again to use the instrument of acquisition of treasury shares. In recent years, the company generated high surplus appropriations. In order to increase the return on cash & cash equivalents, stock redemptions are also an option in addition to acquisitions. The capital structure is optimized in the process and the key financials per share are boosted accordingly. There are no specific plans at present for utilization of the authorization granted. This authorization is subject to the statutory proviso that any new shares additionally acquired, together with treasury shares already existing, must not exceed the limit imposed by Section 71 (2) Sentence 1 of the German Stock Corporation Act of 10% of the capital stock. The acquisition of treasury shares can be made via the stock exchange or by means of a purchase offer addressed to all shareholders. This will equally give all shareholders the opportunity to sell shares to the Company if the latter makes use of the authorization to acquire treasury shares. However, the authorization also provides for the shares to be capable of being purchased subject to the limitation of the equal treatment principle and a possible tender right of the shareholders.

Specifically:

Acquisition of treasury shares to the exclusion of a possible tender right

The acquisition of the treasury shares is to be possible initially on the stock exchange, by means of a public purchase bid addressed to all shareholders of the Company or by a public invitation to submit purchase bids addressed to all shareholders.

In the case of a public purchase bid or a public invitation to submit purchase bids, there may be a situation in which the number of shares of the Company offered by the shareholders exceeds the number of shares in demand by the Company. In this case, allocation must be made on the basis of quotas. In the process, it is to be possible to provide for privileged acceptance of smaller-scale bids or smaller-scale quotas of bids up to a maximum number of 100 shares. This possibility serves to avoid broken amounts in determining the quotas to be acquired and minor residual holdings, which serves to facilitate the technical processing of the share redemption. A de facto adverse treatment of small shareholders can also be avoided in this way. Moreover, the apportionment can be made in the ratio of shares offered (tender quotas) rather than by participation quotas because it is possible for the acquisition process to thus be technically processed in a commercially sensible manner. Finally, rounding according to commercial principles is to be provided for in order to avoid fractional shares having to be calculated. Accordingly, the acquisition quota and the number of shares to be purchased from individual tendering shareholders can be rounded in the necessary manner to render it possible for whole shares to be acquired in technical processing terms. The Management Board considers an inherent exclusion of a possible further-reaching tender right of shareholders to be justified in the circumstances and also appropriate in relation to the shareholders.

Utilization of treasury shares acquired and exclusion of subscription rights

Owing to statutory provisions, treasury shares acquired may be resold by public offer to all shareholders or on the stock market. With the options for sale of the treasury shares acquired, when selling the relevant shares the shareholders' right to equal treatment is safeguarded.

In the event of a sale of treasury shares by public offer to all shareholders, the Management Board is to be authorized with the approval of the Supervisory Board to exclude the shareholders' subscription right to fractional amounts. The exclusion of the subscription right to fractional amounts is necessary in order to make the sale of treasury shares acquired technically feasible by way of a sale offer to the relevant shareholders. The treasury shares excluded from the shareholders' subscription right as free fractional amounts are realized in the best manner possible for the Company, either by sale on the stock exchange or in any other manner.

The proposed authorization for exclusion of the subscription right with the objective of granting the holders of option and/or convertible bonds issued by the Company or one of its subordinate Group member companies a subscription right to the shares in the extent to which they would be entitled on exercising the option or conversion right or on performance of the conversion obligation has the advantage that in the event of the exercise of the authorization of the option or conversion price for holders of al-

ready outstanding option and/or conversion rights or conversion obligations does not need to be reduced.

The proposed authorization for exclusion of the subscription right on the sale of shares against cash payment at a price that does not materially undercut the stock market price of the Company's shares with the same characteristics at the time of sale makes use of the possibility of facilitated exclusion of subscription rights permissible by Section 71 (1) No. 8 of the German Stock Corporation Act, read in conjunction with Section 186 (3) sentence 4 of the German Stock Corporation Act. The notion of shareholders' protection against dilution is taken into account by ensuring that shares may only be sold at a price that does not materially undercut the stock market price applicable. The final fixing of the selling price for treasury shares is made on a timely basis prior to the sale. The Management Board will make a possible discount in relation to the stock market price as low as possible in the market conditions prevailing at the time of the placement. The discount of the stock market price at the time of exercising the authorization will in no circumstances amount to more than 5% of the current stock market price. This authorization applies subject to the proviso that the treasury shares sold in this way may not exceed 10% of the capital stock, namely neither at the time of effectiveness nor – if this value is lower – at the time of the exercise of this authorization. The shares to be taken into account as regards the 10% limit of the capital stock are those that are issued during the term of this authorization from authorized capital, free from the subscription right pursuant to Section 186 (3) sentence 4 of the German Stock Corporation Act. Furthermore, the shares to be taken into consideration in terms of this 10% limit of the capital stock are those that are or still remain to be issued to service bonds with conversion or option rights or conversion obligations if the bonds are issued during the term of this authorization to the exclusion of subscription rights subject to appropriate application of Section 186 (3) sentence 4 of the German Stock Corporation Act. These instances of items being taken into account serve to ensure that no treasury shares acquired to the exclusion of the subscription right pursuant to Section 186 (3) sentence 4 of the German Stock Corporation Act are sold if this would lead to the shareholders' subscription right being excluded for a total of over 10% of the capital stock in direct or indirect application of Section 186 (3) sentence 4 of the German Stock Corporation Act. This restriction and the regulation that the issue price must rely for guidance on the stock market price serve to give the shareholders asset and voting rights appropriate protection. The relevant shareholders may acquire a number of shares necessary to maintain their participation quotas at more or less the same prices and terms on the stock exchange. Moreover, the authorization is in the interests of the Company because it serves to provide greater flexibility and the option of extending the circle of shareholders also by means of targeted issuances of shares to cooperation partners, to institutional or to financial investors. In this way, the Company is also to be enabled to react speedily and flexibly to favorable stock market situations.

Finally, the authorization provides for treasury shares acquired to also be re-deemed again. Such redemption is to be possible both in the form of a reduction of the Company's capital stock on redemption and also without such a capital reduction by pure redemption of the shares and simultaneously increasing the prorated amount of the capital stock accounted for by the remaining shares. The rights of the shareholders will not be impaired in either of the two cases indicated above.

The Management Board will present its report at the General Meeting following the possible exercise of the authorization to acquire treasury shares pursuant to Section 71 (3) sentence 1 of the German Stock Corporation Act or read in conjunction with Section 160 (1) No. 2 of the Stock Corporation Act, if applicable.

Bietigheim-Bissingen, March 2015

Dürr Aktiengesellschaft
-The Board of Management-

Ralf Dieter – Ralph Heuwing

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