Dürr Aktiengesellschaft

with registered office in Stuttgart

WKN 556 520 – ISIN DE 0005565204

25th Annual General Meeting on April 30, 2014

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 same Act

In accordance with Section 221 (4) sentence 2 of the German Stock Corporation Act, read in conjunction with Section 186 (4) sentence 2 of the same Act, the Board of Management prepared a report in writing on the reasons for the authorization proposed in item 7 of the Agenda for the exclusion of subscription rights and on the proposed issuing amount. The report is accessible on the Internet at www.durr.com – Investor Relations – Annual General Meeting from the date of the convening notice of the General Meeting. The report will also be available for inspection by shareholders at the Company's offices (Carl-Benz-Strasse 34, 74321 Bietigheim-Bissingen) from the time the Annual General Meeting is convened until the close of the Annual General Meeting. Copies of the report will be provided on request to any shareholder without delay and free of charge. The request must be sent to the address listed under "Motions and election proposals of shareholders pursuant to Sections 126 (1), 127 of the German Stock Corporation Act". It will also be open to inspection by the shareholders at the General Meeting. The report will be published as follows:

The term of the authorization for the issuance of convertible bonds, warrant-linked 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 of the Board of Management for the increase in the capital stock from authorized capital (see item 8 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, warrant-linked 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 1,600,000,000.00 to be issued and the bearers or creditors of convertible or warrant-linked bonds to be granted conversion or option rights to new bearer shares of Dürr Aktiengesellschaft ("common bearer shares" or "shares") with a pro rata amount of the capital stock totaling up to EUR 44,289,331.20.

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, warrant-linked bonds, profit participation rights and profit participation bonds, extends the scope 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 share amounts to at least ("minimum price") 100% of the volume-weighted average price ("VWAP") of all trades of Dürr Aktiengesellschaft stock in electronic trading on the Frankfurt Securities Exchange 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 trades of Dürr Aktiengesellschaft stock in electronic trading system on the Frankfurt Securities Exchange determined on the fourth day prior to expiry of the subscription period in which the subscription rights to the convertible or warrant-linked bonds are traded on the Frankfurt Securities Exchange. In those cases in which the terms and conditions of the bond issue provide for mandatory conversion or a tender right, the option or conversion price in accordance with the detailed terms and conditions of the bond issue may either amount at least to the minimum price specified above or correspond to the VWAP of the share in electronic trading on the Frankfurt Securities Exchange during the 10 trading days prior to final maturity or some other defined point in time, even if this average price happens to be below the minimum price indicated above. The pro rata amount of the capital stock of the bearer shares to be issued on conversion or exercise of the option may not exceed the nominal amount of the convertible bonds. Section 9 (1) of the German Stock Corporation Act must be observed, read in conjunction with Section 199 (2) of the same Act.

Exclusion of subscription rights for fractional amounts

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.

Exclusion of subscription rights subject to the application of Section 186 (3) sentence 4 of the German Stock Corporation Act

To the extent that convertible or warrant-linked bonds are issued against cash deposits, 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 10% of the Company's capital stock. The issuance of new shares against cash deposits is to be taken into account in this restriction to 10% of the capital stock if, since this authorization was granted, it is carried out until the issuance, free of subscription rights, of bonds or warrant-linked bonds from authorized capital, utilizing this authorization in accordance with Section 186 (3) sentence 4 of the German Stock Corporation Act in accordance with Section 186 (3) sentence 4 of the same Act to the exclusion of subscription rights. The sale of treasury shares is to be taken into account as well if the shares, since the grant of this authorization until the issuance, free of subscription rights, of convertible or warrant-linked bonds in accordance with Section 186 (3) sentence 4 of the German Stock Corporation Act are sold to the exclusion of the subscription right. These instances of items being taken into account serve to ensure that no convertible or warrant-linked bonds are issued if this results in the shareholders' subscription right being excluded for a total of over 10% 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 the exclusion of subscription rights when issuing convertible or warrant-linked bonds, the analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act results in the requirement of fixing 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 warrant-linked 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.

The aforementioned possibility of excluding subscription rights give the Company the necessary 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 warrant-linked 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.

Exclusion of subscription rights for warrant-linked and convertible bonds outstanding

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 bearers of already existing conversion or option rights or obligations 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.

Exclusion of subscription rights when issuing bonds against non-cash contributions in kind

Finally, it is to be made possible for the shareholders' subscription right to the bonds to be excluded by the Board of Management 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 or other economic assets (including receivables) 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 warrant-linked 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 or for the acquisition of other economic assets. In supplementation of the authorized capital, this creates the necessary scope for opportunities unfolding for the acquisition of enterprises, parts thereof or holdings therein and for the acquisition of other economic assets 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.

Restriction of the total volume of issuance of bonds free of subscription rights

In accordance with the authorization, the sum total of shares issued against cash or a non-cash contribution in kind, to the exclusion of subscription rights, may not exceed 20% of the capital stock, namely neither at the time of effectiveness nor – in case this value is lower – at the time of exercising the present authorization. Shares are taken into account in the aforementioned 20% limit that are to be issued under the present authorization to the exclusion of subscription rights, treasury shares that are sold during the term of this authorization until the issue, free of subscription rights, of bonds with option and/or conversion rights or obligations to the exclusion of subscription rights, as well as those shares that are issued for the duration of this authorization until the issuance, free of subscription rights, of bonds with option and/or conversion rights or obligations from authorized capital to the exclusion of subscription rights. As the possibility of excluding subscription rights already is highly restricted in terms of the aforementioned authorization, this additional restriction beyond the statutory restrictions in place results in the shareholders' detriment being confined to tight limits.

Exclusion of subscription rights for profit participation rights and profit participation bonds subject to special terms and conditions

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 contingent capital planned is used to service the conversion or option rights associated with the convertible or warrant-linked bonds or to meet conversion obligations to the extent that treasury shares or other performance measures are not used to this end.

Bietigheim-Bissingen, March 2014

Dürr Aktiengesellschaft
-The Board of Management-

Ralf Dieter – Ralph Heuwing

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