Board of Management Report

on Item 6 of the Agenda of the Annual Shareholders' Meeting on May 18, 2007

in compliance with Sec. 221 (4) sentence 2 in conjunction with Sec. 186 (4) sentence 2 of the German Stock Corporation Act

The resolution passed at the Annual Shareholders' Meeting on May 24, 2006 under Item 6 of the Agenda authorizing the issuance of convertible bonds, warrant bonds, profit participation rights or participating bonds and the creation of related contingent capital (Contingent Capital I) could give rise to legal objections despite the fact that the Contingent Capital I has been entered meanwhile in the Commercial Register. Individual district courts which have reviewed appeals for the avoidance or annulment of by and large similar resolutions have held that the definition of only a minimum issuance amount for the shares to be issued from the Contingent Capital – which was the case at Dürr Aktiengesellschaft, too – does not satisfy the requirements of Sec. 193 (2) No. 3 of the German Stock Corporation Act. In order to avoid any objections regarding the legal validity of the resolution passed under Item 6 of the Agenda at the Annual Shareholders' Meeting, the resolution authorizing issuance of convertible bonds, warrant bonds, profit participation rights or participating bonds and the creation of related Contingent Capital needs to be passed again in modified form under Item 6 of the Agenda at this year's Annual Shareholders' Meeting in such a way that the legal reservations expressed by the district courts are taken into account.

The issuance of convertible bonds, warrant bonds, profit participation rights, participating bonds or combinations of these instruments (referred to collectively as "bonds") and the possibility to issue bonds with an indefinite life affords the Company the opportunity to take advantage of attractive financing alternatives in the capital market according to prevailing market conditions in addition to the traditional forms of debt and equity financing. Especially the authorization to issue profit-linked or profit-oriented instruments such as profit participation rights and participating bonds broadens Dürr Aktiengesellschaft's present scope to strengthen its financial position by issuing so-called hybrid financing instruments and thus secure the basis for its future business development. Innovative forms of finance with an indefinite life are becoming increasingly common among the so-called hybrid financing instruments. In these circumstances it does not make sense to stick rigidly to instruments with a finite life. For this reason we are proposing that the Annual Shareholders' Meeting pass a resolution creating a new authorization to issue convertible bonds, warrant bonds, profit participation rights, participating bonds or combinations of these instruments also with an indefinite life and possibly in exchange for non-cash contributions. The proposed authorization has been redrafted not only to allow an adjustment to current market practices but also to provide for further flexibility. All in all, this will make it possible to issue bonds in a total nominal amount of up to EUR 201,318,400.-- and to grant the holders or creditors of convertible or warrant bonds conversion or option rights to new bearer shares in the form of ordinary shares of Dürr Aktiengesellschaft

(“shares”) representing a pro rata share of the capital stock in a total amount of up to EUR 20,131,840.--.

The issuance of bonds in the form described above enables debt funding at attractive terms and, depending on how the conditions of issue are structured, the debt can qualify as equity or near-equity for credit rating and accounting purposes. The possible qualification as equity has a beneficial effect on the Company's capital base and it opens up attractive financing possibilities and access to capital that can be serviced at low rates of interest. Beyond the granting of conversion or option rights, the possibilities for obligatory conversion and for the combination of convertible bonds, warrant bonds, profit participation rights and participating bonds broaden the scope for structuring these instruments. Further, the authorization provides the Company with the necessary flexibility to place the bonds itself or through directly or indirectly owned Group companies. Bonds can be issued not only in euro but also in other currencies, for instance in the legal tender of an OECD country, and with a finite or indefinite life.

In the interest of greater flexibility, provision can be made in the conditions of issue that, instead of issuing shares of the Company to the holders of the conversion or option rights, the Company pays the equivalent in cash. The respective conversion or option exercise price to be fixed for a share is equivalent to 125% of the volume-weighted average price of all trades in the share of Dürr Aktiengesellschaft in Frankfurt Stock Exchange XETRA trading or in a comparable successor system recorded on the day of the placing up until the time the price is fixed or, if a subscription right is granted, 125% of the volume-weighted average price of all trades in the share of Dürr Aktiengesellschaft in Frankfurt Stock Exchange XETRA trading or in a comparable successor system recorded on the last day of the subscription period during which the subscription rights to the convertible or warrant bonds are traded on the Frankfurt Stock Exchange.

Shareholders must be granted preemptive rights of subscription. However, the Board of Management is authorized, subject to the consent of the Supervisory Board, to exclude fractional amounts from shareholders' preemptive rights. Such fractional amounts can result from the nominal amount of the respective issue and the perception of what subscription ratio is practicable. In these cases, excluding these amounts from shareholders' preemptive rights of subscription simplifies the handling of the issue. The fractional amounts that are excluded from shareholders' preemptive rights of subscription are either sold in the market or realized in some other way in the best interests of the Company.

Further, it is proposed that an exclusion of shareholders' preemptive rights be possible on the following conditions:

Should convertible or warrant bonds be issued, the Board of Management is authorized, subject to the consent of the Supervisory Board, to exclude shareholders' preemptive rights in appropriate application of Sec. 186 (3) sentence 4 of the German Stock Corporation Act insofar as the shares issued to service the conversion or option rights or obligatory conversion are limited to not more than ten percent of the Company's capital stock. This restriction to ten percent of the capital stock includes new shares issued for cash after this authorization takes effect and, pursuant to Sec. 186 (3) sentence 4, with the exclusion of shareholders' preemptive rights on the basis of an authorization to issue new shares from authorized capital which was resolved at

the time this authorization takes effect or which replaces it. It also includes the sale of treasury stock after this authorization takes effect and, pursuant to Sec. 186 (3) sentence 4 of the German Stock Corporation Act, with the exclusion of shareholders' preemptive rights on the basis of an authorization which is in force at the time this authorization takes effect or which replaces it. This ensures that no convertible or warrant bonds are issued if, in direct or indirect application of Sec. 186 (3) sentence 4 of the German Stock Corporation Act, an aggregate of more than ten percent of the capital stock would be excluded from shareholders' preemptive rights of subscription. This further restriction serves to preserve the shareholders' ownership interest. Sec. 186 (3) sentence 4 of the German Stock Corporation Act requires that the issue price of the bonds must not be materially less than the fair market value if shareholders' preemptive rights are excluded. This protects shareholders against a dilution of their ownership interest. Since the authorization would require that the issue price of the bonds must not be materially less than the theoretical fair market value, the subscription right would have no significant value. To meet this requirement for the issuance of bonds the issue price may not be materially less than the theoretical fair market value of the convertible or warrant bond determined according to generally accepted methods of calculation. Shareholders' ownership interests are then protected against dilution and shareholders suffer no financial disadvantage from the exclusion of their preemptive rights. Shareholders wishing to maintain their proportionate interest in the Company's capital stock can do so by buying shares in the market.

If profit participation rights or participating bonds without conversion right, option right or conversion obligation are issued, the Board of Management is authorized, subject to the consent of the Supervisory Board, to exclude shareholders' preemptive rights completely if such profit participation rights or participating bonds have the characteristics of a debt security, in other words do not confer any rights of membership in the Company or any share of the proceeds upon liquidation of the Company and the amount of the interest is not calculated on the basis of the net profit for the year, distributable earnings or the dividend. Furthermore, it is required that the interest and the issue price of the profit participation rights or participating bonds are in line with the fair market conditions for comparable borrowings prevailing at the time of issuance. If these conditions are fulfilled, shareholders suffer no disadvantages from the exclusion of their preemptive rights since the profit participation rights or participating bonds do not confer any rights of membership in the Company and any share in the proceeds upon liquidation of the Company or the profits of the Company. While payment of interest can be made conditional upon there being a net profit for the year or distributable earnings or upon a dividend being paid, it would not be admissible for a provision to be made to the effect that a higher net profit for the year, higher distributable earnings or a higher dividend would lead to a higher interest payment. Consequently, the issuance of profit participation rights or participating bonds will neither change nor dilute the shareholders' equity and voting interest or share in the profits of the Company. Furthermore, issuance at fair market conditions, which is mandatory if shareholders' preemptive rights are excluded, means that the subscription right has no significant value.

The latter two possibilities for excluding shareholders' preemptive rights afford the Company the flexibility to react swiftly to favorable capital market situations and place the Company in a position to take advantage of a low interest level or beneficial demand situation to place an issue with flexibility and speed. Achieving the best possible results depends largely on the ability to respond quickly to market developments.

Favorable terms that are as close to market conditions as possible can only be guaranteed as a rule if the Company is not bound by the terms of issue for too long an offering period. In the case of issues to which shareholders have preemptive rights of subscription, Sec. 186 (2) of the German Stock Corporation Act requires that the subscription price (and thus the conditions of issue in the case of warrant and convertible bonds) must be announced not later than three days before the end of the subscription period. Even within this short period of time there is still a market risk, which would lead to not insignificant risk premiums when the conditions of issue are fixed and affect the outcome of the issue to the Company's disadvantage. Moreover, it dispenses with the lead time associated with a rights issue, which has benefits both with regard to borrowing costs and with regard to the placement risk.

It is also proposed that the Board of Management be authorized, subject to the consent of the Supervisory Board, to exclude shareholders' preemptive rights so as to grant holders or creditors of conversion or warrant rights or of convertible bonds with a conversion obligation a right of subscription on a scale to which they would be entitled after exercising their conversion or option rights or after performance of their conversion obligations. This avoids the need, when the authorization is utilized, to lower the conversion or option exercise price for holders of existing conversion or option rights or to make a compensatory cash payment to holders of such rights to protect them against dilution to the extent that this is provided for in the respective conversion and warrant conditions.

Finally, it is proposed that the Board of Management be authorized, subject to the consent of the Supervisory Board, to exclude shareholders' preemptive rights of subscription to the bonds if the bonds are issued in exchange for non-cash contributions for the purposes of acquiring companies, parts of companies or equity interests in companies, and this is in the Company's interests. This is conditional upon the value of the non-cash contribution being fair in relation to the value of the bond. The authoritative value in the case of convertible or warrant bonds is the theoretical fair market value as determined by generally accepted methods of calculation. The issuance of bonds in exchange for non-cash contributions makes it possible, in suitable individual situations, to use bonds as acquisition currency in connection with the acquisition of companies, parts of companies or equity interests in companies. As a supplement to authorized capital, this creates additional room for maneuver to seize upon opportunities to acquire companies, parts of companies or equity interests in companies as such opportunities arise without stretching the Company's liquidity. Such procedure can also make sense, depending on the specific circumstances, in the interest of an optimized financing structure.

The proposed Contingent Capital serves to service the conversion or option rights from convertible or warrant bonds or to meet conversion obligations insofar as treasury stock is not used for this purpose.

Stuttgart, March 2007

Dürr Aktiengesellschaft

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