



**Aktiengesellschaft**

Registered Office: Stuttgart  
Otto-Dürr-Strasse 8, 70435 Stuttgart  
- (WKN) 556 520 -  
- ISIN DE 0005565204 -

**Dear Shareholders,**

You are hereby invited to our

**17th Annual Shareholders' Meeting**

**on Wednesday, May 24, 2006, at 10:00 a.m.,**  
in the Hegelsaal of the Kultur- und Kongresszentrum Liederhalle  
Berliner Platz 1–3, 70174 Stuttgart

**Agenda**

- 1. Presentation of the adopted Annual Financial Statements and the Management Report, the Consolidated Financial Statements approved by the Supervisory Board and the Group Management Report for the year ended December 31, 2005 together with the Report of the Supervisory Board**

Report of the Board of Management

- 2. Ratification of the acts of the members of the Board of Management for fiscal 2005**

The Supervisory Board and the Board of Management propose that the acts of the Board of Management be ratified.

- 3. Ratification of the acts of the members of the Supervisory Board for fiscal 2005**

The Board of Management and the Supervisory Board propose that the acts of the Supervisory Board be ratified.

#### **4. Appointment of the independent auditor for fiscal 2006**

The Supervisory Board proposes that Ernst & Young AG, Wirtschaftsprüfungsgesellschaft, Stuttgart, be appointed as independent auditor for fiscal 2006.

## 5. Authorization to acquire own shares

The Board of Management and the Supervisory Board propose the following resolution:

- a) The Board of Management is authorized to acquire the Company's own bearer shares ("treasury stock") via the stock exchange or by a public tender offer addressed to all shareholders on one or more occasions on or before October 31, 2007.

The proportion of capital stock represented by the total treasury stock to be thus acquired must not exceed ten percent. The equivalent value for the acquisition of this treasury stock (not including incidental acquisition costs), if acquired via the stock exchange, may not deviate more than five percent from the trading price. In the case of a public tender offer to all shareholders, the offered and paid purchase price per share (not including incidental acquisition costs) may be up to twenty-five percent above the trading price, but must be not less than the trading price. For the purposes of this provision the authoritative trading price shall be the average closing price of the shares in XETRA trading (or a comparable successor system) over the last five trading days prior to the acquisition of the treasury stock or prior to publication of the tender offer.

In case of acquisition via a public tender offer to all shareholders, the total amount of the offer may be limited. To the extent that the total subscription for the offer exceeds this total amount, acceptance must be allotted on a proportional basis. Provision may be made for the preferred acceptance of small lots of up to 100 tendered shares per shareholder.

Trading in the Company's own shares is prohibited.

- b) Furthermore, the Board of Management is authorized, subject to the consent of the Supervisory Board, to resell on or before October 31, 2007, either through the stock exchange or by a public tender offer to all shareholders, treasury stock acquired pursuant to Sec. 71 (1) No. 8 of the German Stock Corporation Act on the basis of the authorization under item a) or an earlier authorization of the General Meeting of Shareholders. In the following two cases treasury stock may also be sold in some other manner, thus excluding shareholders' preemptive rights of subscription:

- (1) Resale of treasury stock in an arithmetical nominal amount of up to ten percent of the capital stock for cash if the cash amount is not materially less than the authoritative trading price. With regard to the ten percent limit, account must also be taken of any exclusion of shareholders' preemptive rights on the basis of other authorizations pursuant to Sec. 186 (3) sentence 4 of the German Stock Corporation Act. For the purposes of sentence 1 the authoritative trading price shall be the average closing price of the shares in

XETRA trading (or a comparable successor system) over the last five trading days prior to sale of the Treasury Stock.

- (2) Placing of treasury stock in exchange for the acquisition of companies or the acquisition of equity interests in companies.
- c) Furthermore, the Board of Management is authorized, subject to the consent of the Supervisory Board, to recall on or before October 31, 2007 all or part of the treasury stock acquired pursuant to Sec. 71 (1) No. 8 of the German Stock Corporation Act on the basis of the authorization under item a) or an earlier authorization of the General Meeting of Shareholders, without any further resolution of the General Meeting of Shareholders being required for the recall or its execution. The recall shall be performed without a capital reduction pursuant to Sec. 237 (3) No. 3 of the German Stock Corporation Act such that the portion of the capital stock represented by the remaining shares increases as a result of the recall pursuant to Sec. 8 (3) of the German Stock Corporation Act. The Board of Management is authorized pursuant to Sec. 237 (3) No. 3 second half sentence to amend the number of shares stated in the Articles of Incorporation accordingly.
- d) The authorizations under items b) and c) may be exercised on one or more occasions, individually or together.
- e) Upon this new authorization under items a) to d) taking effect, the authorization to acquire treasury stock resolved under Agenda item 7 by the Annual Shareholders' Meeting of June 22, 2005 shall expire.

**Board of Management Report on Item 5 of the Agenda in compliance with Sec. 71 (1) No. 8 sentence 5 in conjunction with Sec. 186 (4) sentence 2 of the German Stock Corporation Act**

The Board of Management proposes under Item 5 b) (1) of the Agenda that, in appropriate application of Sec. 186 (3) sentence 4 of the German Stock Corporation Act, it may exclude shareholders' preemptive rights of subscription to new shares in the arithmetic nominal amount of up to ten percent of the capital stock, whereby the limit of ten percent may not be exceeded in aggregate, in other words including any other authorizations pursuant to Sec. 186 (3) sentence 4 of the German Stock Corporation Act. The possibility to exclude shareholders' preemptive rights of subscription under this authorization serves the Company's interest to be able to place treasury stock with institutional investors for instance. Additional new groups of shareholders in Germany and abroad can be won in this way. The possibility to exclude shareholders' preemptive rights of subscription will enable management to seize on opportunities arising from prevailing stock market conditions especially for a faster and less expensive placement without the time-consuming and costly procedure associated with a rights issue. When exercising the authorization, the Board of Management will price the treasury stock so that any discount to the trading price is unlikely to exceed three percent of the

Company's then current quoted share price. This procedure will protect shareholders against any undue dilution of their ownership interest.

The authorization proposed under Item 5 b) (2) of the Agenda will enable the Board of Management to use the Company's treasury stock to acquire companies or equity interests at short notice without having to raise funds in the market. Dürr Aktiengesellschaft faces tough competition from other companies, both nationally and internationally, and must be able to act quickly and flexibly at all times in the interests of its shareholders. This includes acquisitions to improve the Company's competitive position. High prices often have to be paid for such acquisitions and equity interests which can no longer be financed entirely from cash without placing the company's liquidity at risk. Acquisitions and equity interests are therefore often financed with the acquiring company's own stock. The proposed authorization is intended to provide Dürr Aktiengesellschaft with the necessary flexibility to be able to take advantage of opportunities to acquire companies or equity interests quickly and flexibly as they arise, also by offering treasury stock in exchange.

**6. Resolution on a new authorization to issue convertible bonds, warrant bonds, profit participation rights and participating bonds (or combinations of these instruments), creation of new contingent capital (Contingent Capital I)**

The Annual Shareholders' Meeting on May 30, 2001 authorized the Board of Management under Item 10 of the Agenda to issue, subject to the consent of the Supervisory Board, on one or more occasions on or before May 30, 2006, convertible bonds or warrant bonds in a total nominal amount of up to EUR 102,400,000.-- with a life of not more than 15 years and to grant the holders of convertible or warrant bonds conversion or option rights to new bearer shares issued in the form of ordinary and/or non-voting preference shares of Dürr Aktiengesellschaft representing a pro rata portion of up to EUR 10,240,000.-- of the capital stock. For this purpose, contingent capital stock of up to EUR 10,240,000.-- was authorized. No convertible bonds or warrant bonds have been issued hitherto on the basis of this authorization.

The resolutions under Item 10 of the Agenda of the Annual Shareholders' Meeting on May 30, 2001 are to be annulled and resolution passed on a new authorization for the issuance of convertible or warrant bonds together with new contingent capital ("Contingent Capital I). It is intended that, in addition to convertible bonds and warrant bonds, the new authorization shall allow the issuance of profit participation rights or profit-sharing bonds, or combinations of these instruments, as well as the issuance of bonds with an indefinite life and possibly also in exchange for non-cash contributions.

The Board of Management and the Supervisory Board propose the following resolution:

**a) Annulment of the resolutions of May 30, 2001**

The resolutions passed by the Annual Shareholders' Meeting on May 30, 2001 under Item 10 of the Agenda authorizing the issuance of convertible or warrant bonds and the creation of contingent capital are annulled.

**b) Authorization of the issuance of convertible bonds, warrant bonds, profit participation rights or participating bonds (or combinations of these instruments)**

The Board of Management is authorized, subject to the consent of the Supervisory Board, to issue, on one or more occasions on or before May 23, 2011, bearer or registered convertible bonds or warrants bonds, profit participation rights or participating bonds (or combinations of these instruments), with a finite or indefinite life, in a total nominal amount of up to EUR 201,318,400.-- and to grant the holders or creditors conversion or option rights to new bearer shares issued in the form of ordinary shares of Dürr Aktiengesellschaft representing a pro rata portion of up to EUR 20,131,840.-- of the capital stock. Issuance may be in exchange for non-cash contributions.

The bonds may be denominated in euros or in the equivalent value in other legal tender, for instance of an OECD country. They may also be issued, to the extent that the borrowing serves Group funding interests, by a directly owned or indirectly owned Group company; in such cases the Board of Management is authorized, subject to the consent of the Supervisory Board, to assume the guarantee in respect of the bonds for that company and, if the bonds confer conversion or option rights to new bearer shares issued in the form of ordinary shares of the Company, to grant such conversion and option rights.

The individual issues are to be divided into equal-ranking bearer bonds.

Should convertible bonds be issued, the holders of the bonds shall have the right to convert their bonds into new bearer shares issued in the form of ordinary shares of the Company on the terms as specified in the conditions of issue of the convertible bonds. The exchange ratio shall be determined by dividing the nominal amount of one bond by the conversion price fixed for one new share of the Company. Provision may be made for a variable conversion price which will be determined, within a specified band, according to the development of the share price during the life of the bond. The exchange ratio may be rounded up or down to a whole number; an additional cash payment may also be specified. Furthermore, provision may be made for fractional amounts to be aggregated and/or settled in cash. The pro rata portion of the capital stock attributable to the shares issued upon conversion may not exceed the nominal amount of the convertible bond. The conditions of issue of the convertible bonds may also make conversion at the end of the life of the bond (or at an earlier date) obligatory. In this case, the conditions of issue may confer on the Company the right to settle in cash, either wholly or partly, any difference between the nominal amount of the convertible bond and the product of the share's defined trading price at the time of the obligatory conversion, however not less than the minimum conversion or option exercise price in accordance

with this authorization, and the exchange ratio. The foregoing provisions shall apply accordingly if the conversion right or conversion obligation relates to a profit participation right or a participating bond.

Should warrant bonds be issued, each bond shall have warrants attached entitling the holder to subscribe to new shares issued in the form of ordinary shares of the Company in accordance with the terms of the warrants. The arithmetic nominal amount of the shares subscribed per bond may not exceed the nominal amount of the bond. The exchange ratio can be rounded to a warrant exercise ratio with a whole number. Furthermore, provision may be made for fractional amounts to be aggregated and/or settled in cash. The foregoing shall apply accordingly if warrants are attached to a profit participation right or a participating bond.

The conditions of issue of bonds which confer or specify a conversion right, a conversion obligation and/or an option may provide in each case that in the event of conversion or exercise of the option this may be in exchange for treasury stock of the Company. Furthermore, provision may be made for the Company not to issue shares of the Company to the party entitled to convert or to exercise the option but to pay the equivalent in cash. It may also be provided in the conditions of issue that the number of shares allottable upon exercise of the conversion or option rights or upon performance of the conversion obligation, or a related exchange right, shall be variable and/or that the conversion or option exercise price may be varied, within a band defined by the Board of Management, during the life according to the development of the share price or on account of dilution safeguard clauses.

The conversion or option exercise price fixed for a share in the form of ordinary shares must be equivalent to at least 80% of the average trading price of the share. For the purposes of this provision the authoritative trading price shall be the average closing price of the share in XETRA trading (or a comparable successor system) over the last ten trading days prior to the day of the Board of Management's decision on the issuance of the convertible or warrant bonds.

The conversion or option exercise price shall be reduced, notwithstanding Sec. 9 (1) of the German Stock Corporation Act, on account of a dilution safeguard clause as provided for in the conditions of issue of the convertible bonds or warrants by payment of a corresponding amount in cash or by lowering the additional cash payment upon exercise of the conversion or option right if during the conversion or option exercise period the Company increases the capital stock or issues further convertible or warrant bonds or grants other options to which its shareholders are granted preemptive rights and the holders of the existing conversion or option rights are not granted rights of subscription on the scale to which they would be entitled after exercising their conversion or option rights. Instead of payment in cash or a reduction of the additional cash payment, the exchange or subscription ratio may be adjusted, insofar as this is possible, by taking the reduced conversion or option exercise price as the divisor.

The conditions of issue of the convertible or warrant bonds may also provide for value-preserving adjustments of the conversion or option exercise price in the event of capital reductions, stock splits or special dividends and other measures which can cause the value of the conversion or option rights to be diluted. On no account may the pro rata share of the capital stock of the shares subscribed per bond exceed the nominal amount per bond. The foregoing provisions shall apply accordingly to profit participation rights or participating bonds which provide for or specify a conversion right, a conversion obligation and/or an option to new bearer shares issued in the form of ordinary shares of the Company.

The bonds are to be underwritten by a consortium of banks with the obligation to offer them to shareholders for subscription. However, the Board of Management is authorized, subject to the consent of the Supervisory Board, to exclude fractional amounts resulting from the subscription ratio from the shareholders' preemptive right of subscription.

Furthermore, should convertible and/or warrant options (or profit participation rights or participating bonds with conversion right, option right or conversion obligation) be issued, the Board of Management is authorized, subject to the consent of the Supervisory Board, to exclude shareholders' preemptive rights of subscription to bonds in a total nominal amount of up to EUR 201,318,400.-- if the issue price is not materially less than the theoretical fair market value, as determined by generally accepted methods of calculation, of the convertible or warrant bonds (or of the profit participation rights or participating bonds with an option right or conversion obligation). However, this authorization to exclude shareholders' preemptive rights, should convertible and/or warrant bonds (or profit participation rights or participating bonds with option right or conversion obligation) be issued with the exclusion of shareholders' preemptive rights in appropriate application of Sec. 186 (3) sentence 4 of the German Stock Corporation Act, shall apply only insofar as at the time this authorization takes effect and at the time it is exercised the shares issued to service the conversion and option rights or obligatory conversion do not in aggregate exceed ten percent of the capital stock. This restriction to ten percent of the capital stock includes the sale of treasury stock insofar as, subsequent to this authorization taking effect, the shares are sold 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. Furthermore, this restriction to ten percent of the capital stock includes those shares which, subsequent to this authorization taking effect, are issued 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 is in force at the time this authorization takes effect or which replaces it.

Should profit participation rights or participating bonds without conversion right, option right or conversion obligation be 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, in this case the interest and the issue price of the profit participation rights or participating bonds must be in line with the fair market conditions for comparable borrowings prevailing at the time of issuance.

The Board of Management is also authorized, subject to the consent of the Supervisory Board, to exclude shareholders' preemptive rights to the extent that this is necessary to grant the holders of conversion or option rights to ordinary shares of Dürr Aktiengesellschaft or the creditors of convertible bonds with conversion obligations 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.

Further, the Board of Management is authorized, subject to the consent of the Supervisory Board, to exclude shareholders' preemptive rights to subscribe to the bonds to the extent that they are issued in exchange for non-cash contributions for the purposes of acquiring companies, parts of companies or equity interests in companies and the value of the non-cash contribution is fair in relation to the value of the bond. The authoritative value in the case of convertible and/or warrant bonds (or profit participation rights or participating bonds with conversion right, option right or conversion obligation) shall be the theoretical fair market value as determined by generally accepted methods of calculation.

The Board of Management is authorized to determine the further details of the issuance and the conditions, in particular the interest rate, life and denomination, the issue price and the maturity, of the convertible and/or warrants bonds, profit participation rights or participating bonds (or combinations of these instruments).

### **c) Contingent Capital I**

The capital stock is subject to a contingent increase by up to EUR 20,131,840.- - by issuing up to 7,864,000 new bearer shares in the form of ordinary shares, each representing a pro rata portion of EUR 2.56 of the capital stock. The contingent capital increase serves to cover the issuance of shares to the holders or creditors of conversion or option rights from bonds issued by the Company on or before May 23, 2011 on the basis of the foregoing authorization under item b). The new shares shall be issued at the conversion or option exercise price to be fixed in each case in accordance with the provisions set forth in item b). The contingent capital increase shall be effected only to the extent that such rights are exercised.

The new shares shall be eligible for dividends as of the beginning of the fiscal year in which they arise through the exercise of the conversion or option rights.

The Board of Management is authorized to determine the further details regarding the execution of a contingent capital increase.

#### **d) Amendment of the Articles of Incorporation**

Article 4 (4) of the Company's Articles of Incorporation is annulled and redrafted as follows:

"The capital stock is subject to a contingent increase by up to EUR 20,131,840.-- by issuing up to 7,864,000 new bearer shares in the form of ordinary shares, each representing a pro rata portion of EUR 2.56 of the capital stock (Contingent Capital I). This contingent capital increase shall be effected only to the extent that the holders or creditors of conversion or option rights attached to convertible and/or warrant bonds, participating bonds and/or profit participation rights (or combinations of these instruments) issued by the Company or a Group company against contributions in cash on or before May 23, 2011 on the basis of the authorization resolved by the Annual Shareholders' Meeting on May 24, 2006 exercise their conversion or option rights, or the holders or creditors of the convertible bonds with a conversion obligation (or profit participation rights or participating bonds with a conversion obligation) issued by the Company or a Group company on or before May 23, 2011 on the basis of the authorization resolved by the Annual Shareholders' Meeting on May 24, 2006 perform their conversion obligation, and to the extent that treasury stock is not used. The new shares issued shall be eligible for dividends as of the beginning of the fiscal year in which they arise through the exercise of the conversion or option rights.

The Supervisory Board is authorized to amend the wording of the Articles of Incorporation to reflect the extent by which the capital stock is increased from contingent capital."

#### **Board of Management Report to the Annual Shareholders' Meeting on Item 6 of the Agenda in compliance with Sec. 221 (4) in conjunction with Sec. 186 (4) sentence 2 of the German Stock Corporation Act**

The present authorization to issue convertible and warrant bonds dating from 2001 expires on May 30, 2006 and should therefore be replaced by a new authorization. The new authorization should take stronger account of innovative forms of financing than the old authorization did.

The issuance of convertible bonds, warrant bonds, profit participation rights and/or 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 which also authorizes the issuance of convertible bonds, warrant bonds, profit participation rights and/or participating bonds (or combinations of these instruments) with an indefinite life and possibly also 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 bearer shares in the form of ordinary shares of Dürr Aktiengesellschaft representing a pro rata share of the capital stock 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 premiums received upon conversion or upon exercise of the warrants and the qualification as equity have 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 and/or option rights, the possibilities for obligatory conversion and combining convertible bonds, warrant bonds, profit participation rights and/or participating loans 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. Furthermore, it can be arranged that the number of shares allotted upon exercising the option or conversion rights, or a related right of exchange is variable and/or the conversion or option exercise price can be changed, within a band defined by the Board of Management, during the life of the bond according to the development of the share price or on account of dilution safeguard clauses. In the case of a variable exchange ratio or variable conversion or option exercise price, the conversion or option exercise price fixed per share must be equivalent to at least 80% of the average trading price of the Dürr Aktiengesellschaft share. The authoritative trading price is the average closing price of the share in XETRA trading (or a comparable successor system) over the last ten trading days prior to the day of the Board of Management's decision on the issuance of the convertible and/or warrant bonds.

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 and/or warrant bonds (or profit participation rights or participating bonds with a conversion or option right) 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 and 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 and/or warrant bonds (or profit participation rights or participating bonds with an option or conversion right) 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 without there being any special substantive reason for doing so. 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 (or profit participation rights or participating bonds with an option or conversion right) 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 or to acquire bonds in proportion to their ownership interest can do so by buying in the market.

If profit participation rights or participating bonds without conversion right, option 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. On the other hand, if shareholders' preemptive rights are excluded, the issue price can be fixed immediately prior to placement, thus avoiding the higher price risk that exists during a subscription period and maximizing the proceeds realized from the issue in the interests of all shareholders. 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 and/or warrant rights or of convertible bonds with conversion obligations 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 and 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 and/or warrant bonds (or profit participation rights or participating bonds with conversion right, option or conversion obligation) 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 and/or warrant bonds (or profit participation rights or participating bonds with a conversion right, conversion obligation or option right) issued by the Company against contributions in cash or conversion obligations into shares of the Company to the extent that treasury stock is not used for this purpose.

## **7. Annulment of previous authorized capital, creation of new authorized capital and amendment of the Articles of Incorporation**

The Board of Management and the Supervisory Board propose the following resolution:

- a) While annulling the Board of Management's authorization to increase the Company's capital stock on or before May 30, 2006 by up to EUR 12,559,564.80 (see Article 5 of the Company's Articles of Incorporation), the Board of Management is authorized, subject to the consent of the Supervisory Board, to increase the Company's capital stock, on one or more occasions on or before May 23, 2011, by up to EUR 20,131,840.-- against non-cash contributions or contributions in cash by issuing up to 7,864,000 bearer shares, each representing a pro rata portion of the capital stock equivalent to that of all the outstanding shares. These shares may be issued in each case in the form of ordinary shares and/or non-voting preference shares, the conditions of which (preferred and additional dividend) shall be as provided for in Article 23 (3) of the Company's Articles of Incorporation. The authorization includes the authority, in the event of more than one issue of preference shares, to issue further preference shares which rank before or equally with the previously issued preference shares in the distribution of earnings or the Company's assets. Upon issuance of the shares, the shareholders shall be granted a preemptive right of subscription. Subject to the consent of the Supervisory Board, the Board of Management may
- aa) exclude shareholders' preemptive rights, in the case of capital increases against contributions in cash not exceeding a pro rata amount of ten percent of the capital stock either at the time when this authorization takes effect or at the time when it is exercised to issue new shares at an issue price that is not materially less than the trading price (Sec. 186 (3) sentence 4 of the German Stock Corporation Act); with regard to the ten percent limit, account shall also be taken of any exclusion of shareholders' preemptive rights on the basis of other authorizations pursuant to Sec. 186 (3) sentence 4 of the German Stock Corporation Act; for these purposes the authoritative trading price shall be the average closing price of the Company's respective class of share in XETRA trading (or a comparable successor system) over the last ten trading days prior to issuance of the shares;
- bb) exclude shareholders' preemptive rights for the purposes of acquiring companies, parts of companies or equity interests in companies;
- cc) exclude shareholders' preemptive rights to the extent that this is necessary to grant holders of convertible bonds and/or warrants of the Company or its Group companies a right of subscription on a scale to which they would be entitled after exercising their conversion or option rights to protect against dilution;
- dd) should preference shares already have been issued, and ordinary shares and preference shares are to be issued in proportion to the share of the capital stock attributable to each class of share, to exclude a preemptive right of holders of one class of share to subscribe to shares of the other class (so-called "exclusion of cross-subscription rights").

Insofar as the Board of Management does not exercise the aforesaid authorizations to exclude shareholders' preemptive rights, only fractional amounts may be excluded from the shareholders' preemptive rights of subscription. The Board of Management is authorized, subject to the consent of the Supervisory Board, to determine the further details for capital increases from authorized capital.

b) Article 5 (1) of the Company's Articles of Incorporation is amended as follows:

"(1) The Board of Management is authorized, subject to the consent of the Supervisory Board, to increase the Company's capital stock, on one or more occasions on or before May 23, 2011, by up to EUR 20,131,840.-- against non-cash contributions or contributions in cash by issuing up to 7,864,000 bearer shares, each representing a pro rata portion of the capital stock equivalent to that of all the outstanding shares. These shares may be issued in each case in the form of ordinary shares and/or non-voting preference shares, the conditions of which (preferred and additional dividend) shall be as provided for in Article 23 (3) of the Company's Articles of Incorporation. The authorization includes the authority, in the event of more than one issue of preference shares, to issue further preference shares which rank before or equally with the previously issued preference shares in the distribution of earnings or the Company's assets. Upon issuance of the shares, the shareholders shall be granted a preemptive right of subscription. Subject to the consent of the Supervisory Board, the Board of Management may

aa) exclude shareholders' preemptive rights, in the case of capital increases against contributions in cash not exceeding a pro rata amount of ten percent of the capital stock either at the time when this authorization takes effect or at the time when it is exercised to issue new shares at an issue price that is not materially less than the trading price (Sec. 186 (3) sentence 4 of the German Stock Corporation Act); with regard to the ten percent limit, account shall also be taken of any exclusion of shareholders' preemptive rights on the basis of other authorizations pursuant to Sec. 186 (3) sentence 4 of the German Stock Corporation Act; for these purposes the authoritative trading price shall be the average closing price of the Company's respective class of share in XETRA trading (or a comparable successor system) over the last ten trading days prior to issuance of the shares;

bb) exclude shareholders' preemptive rights for the purposes of acquiring companies, parts of companies or equity interests in companies;

- cc) exclude shareholders' preemptive rights to the extent that this is necessary to grant holders of convertible bonds and/or warrants of the Company or its Group companies a right of subscription on a scale to which they would be entitled after exercising their conversion or option rights to protect against dilution;
- dd) should preference shares already have been issued, and ordinary shares and preference shares are to be issued in proportion to the share of the capital stock attributable to each class of share, to exclude a preemptive right of holders of one class of share to subscribe to shares of the other class (so-called "exclusion of cross-subscription rights").

Insofar as the Board of Management does not exercise the aforesaid authorizations to exclude shareholders' preemptive rights, only fractional amounts may be excluded from the shareholders' preemptive rights of subscription. The Board of Management is authorized, subject to the consent of the Supervisory Board, to determine the further details for capital increases from authorized capital."

**Board of Management Report on Item 7 of the Agenda in compliance with Sec. 203 (2) sentence 2 in conjunction with Sec. 186 (4) sentence 2 of the German Stock Corporation Act**

Under Item 7 a) aa) of the Agenda the Board of Management proposes that, in appropriate application of Sec. 186 (3) sentence 4 of the German Stock Corporation Act, it be authorized to exclude shareholders' preemptive rights of subscription to new shares in the arithmetic nominal amount of up to ten percent of the capital stock, whereby the limit of ten percent may not be exceeded in aggregate, in other words including any other authorizations pursuant to Sec. 186 (3) sentence 4 of the German Stock Corporation Act. The possibility to exclude shareholders' preemptive rights of subscription on the basis of this authorization serves the Company's interest to be able to place shares with institutional investors for instance. Additional new groups of shareholders in Germany and abroad can be won in this way. The possibility to exclude shareholders' preemptive rights of subscription will enable management to seize on opportunities arising from prevailing stock market conditions especially for a faster and less expensive placement without the time-consuming and costly procedure associated with a rights issue. When exercising the authorization, the Board of Management will fix the issue price of each new share so that any discount to the trading price is unlikely to exceed three percent of the Company's then current quoted share price. This procedure will protect shareholders against any undue dilution of their ownership interest. To maintain their voting interest shareholders have the possibility to buy in the market.

The authorization proposed under Item 7 a) bb) of the Agenda will enable the Board of Management to have Company shares at its disposal at short notice to acquire companies or equity interests, placing the Company in a position to act swiftly and flexibly in the interests of its shareholders. This includes the possibility to acquire companies or equity interests to improve the Company's competitive position. It has to be expected that it may not be possible for the price of such acquisitions to be paid in cash without placing the Company's liquidity at risk. In comparable transactions it is therefore common for the consideration to be paid in the form of stock of the acquiring company. The proposed authorization is intended to provide Dürr Aktiengesellschaft with the necessary flexibility to be able to seize upon opportunities to acquire companies or equity interests quickly and flexibly as such opportunities arise.

The authorization to exclude shareholders' preemptive rights proposed under Item 7 a) cc) of the Agenda enables the Board of Management to grant Company stock to holders of convertible bonds and warrants in order to afford them, to the extent provided for in the respective conditions of issue of the bonds, in this way with protection against a dilution of their potential future shareholder status which they would otherwise suffer. Consequently, the granting of Company stock is only necessary on the scale to which holders of convertible bonds or warrants would be entitled after exercising their option or conversion rights.

The authorization to exclude shareholders' preemptive rights proposed under Item 7 a) dd) of the Agenda would take effect if preference shares are issued in future so that there would be another class of class besides the ordinary shares. If this is the case, and it is planned for additional new preference and ordinary shares to be issued from authorized capital in proportion to the share of the capital stock attributable to each class of share, the Board of Management will be authorized, subject to the consent of the Supervisory Board, to exclude a preemptive right of holders of ordinary shares to subscribe to the preference shares and of holders of preference shares to subscribe to the ordinary shares (so-called "exclusion of cross-subscription rights"). By excluding rights of subscription to the respective other class of share it is possible to take account of the existing shareholder structure and preserve the status quo of the shareholder groups in relation to each other.

The exclusion of shareholders' preemptive rights in respect of fractional amounts proposed additionally under Item 7 a) of the Agenda enables the capital increase to be based on a round subscription ratio. This simplifies the handling of shareholders' subscription rights. The new shares representing fractional amounts excluded from shareholders' preemptive rights are either sold in the market or realized in some other way in the best interests of the Company.

**8. Resolution on the amendment of Article 4 (3) sentence 3 of the Articles of Incorporation (exclusion of individual share certificates)**

The Board of Management and the Supervisory Board propose the following resolution:

Article 4 (3) sentence 3 of the Company's Articles of Association shall be amended as follows:

"The shareholders are not entitled to individual share certificates to the extent that this permitted by law."

**9. Resolution on the amendment of Articles 16 (2), 17 and 19 (3) of the Articles of Incorporation following the introduction of the German Corporate Integrity and Right of Avoidance Modernization Act (UMAG)**

a) The Board of Management and the Supervisory Board propose the following resolution:

- Article 16 (2) of the Company's Articles of Incorporation shall be redrafted as follows:

"The General Meeting of Shareholders shall be called by publication of a single announcement in the official publications provided for in Article 3 of the Articles of Incorporation. The General Meeting of Shareholders shall be called no less than 30 days before the day by the end of which shareholders are required to submit their applications pursuant to Article 17 (1) of the Articles of Incorporation."

- Article 17 of the Articles of Incorporation shall be annulled and redrafted as follows:

"Article 17 Right to Attend the General Meeting of Shareholders

(1) Shareholders are entitled to attend the General Meeting of Shareholders and to exercise the voting right only if they have submitted an application prior to the General Meeting of Shareholders and furnished proof to the Company of their right to attend the General Meeting of Shareholders and to exercise the voting right. The application and the proof must be received by the Company in text or written form, in German or English, at the address stated for such purpose in the calling notice no later than on the seventh day prior to the date of the General Meeting of Shareholders. For the purpose of determining the time limit, the statutory provisions shall apply.

(2) Proof of the right to attend the General Meeting of Shareholders and to exercise the voting right shall be furnished by way of special proof of shareholding issued by the depositary institution in text form. The proof shall be in German or English and must relate to the beginning of the 21st day prior to the General Meeting of Shareholders."

b) The Board of Management and the Supervisory Board propose the following resolution:

At the end of Article 19 of the Articles of Incorporation a new clause (3) shall be added with the following wording:

"The chairperson may impose a reasonable time limit on the shareholders' right to ask questions and to speak. In particular the chairperson may, already at the beginning or in the course of the General Meeting of Shareholders, reasonably determine a timeframe for the meeting, the discussions regarding the individual items on the agenda as well as for the individual questions and speaking contributions."

## 10. Elections to the Supervisory Board

The term of office of all the members of the Supervisory Board ends at the close of this Annual Shareholders' Meeting on May 24, 2006. Pursuant to Sec. 96 (1) and Sec. 101 (1) of the German Stock Corporation Act and Sec. 7 (1) No. 1 of the German Codetermination Act the Supervisory Board is composed of 12 members, of whom six members are elected by the employees and six members are elected by the shareholders.

The Supervisory Board proposes that the following persons be elected to the Supervisory Board as representatives of the shareholders. The details in a) Seats held on supervisory boards required by law and b) Seats held on comparable German and foreign supervisory or administrative bodies of commercial enterprises are disclosures required pursuant to Sec. 125 (1) sentence 3 of the German Stock Corporation Act.

1. Dr. Dr. Alexandra Dürr, Head of the Neurogenetic Clinic Département de Génétique, Hôpital de la Salpêtrière, Paris, resident in Paris

- a) No seats on supervisory boards
- b) No seats on comparable supervisory or administrative bodies

2. Dr.-Ing. E.h. Heinz Dürr, businessman, resident in Berlin

- a) - Benteler AG
- Carl Schenck AG (Chairman)
- Dürr Systems GmbH (Chairman)
- Dussmann AG & Co. KGaA
- Krone GmbH (Chairman)
- b) - Landesbank Baden-Württemberg (Member of the Administrative Board)

Dr.-Ing. E.h. Dürr has announced that, if elected, he will be willing to serve as Chairman of the Supervisory Board.

3. Prof. Dr.-Ing. Holger Hanselka, Professor of Engineering System Reliability, Mechanical Engineering Department, Technical University of Darmstadt, and Head of the Fraunhofer Institute for Materials Endurance, Darmstadt, resident in Darmstadt

- a) No seats on supervisory boards
- b) No seats on comparable supervisory or administrative bodies

4. Prof. Dr. Norbert Loos, Managing Partner of Loos-Beteiligungs-GmbH, resident in Mannheim

- a)
  - BHS-tabletop AG (Chairman)
  - Carl Schenck AG
  - Hans R. Schmid Holding AG (Chairman)
  - LTS Lohmann Therapie-Systems AG (Chairman)
  - MVV-Energie AG
  - Trumpf GmbH + Co. KG
- b)
  - Stadt Mannheim Beteiligungsgesellschaft mbH
  - Mannheimer Kongress- und Touristik GmbH
  - LTS Corp., USA (Chairman)

5. Joachim Schielke, Member of the Management Board of Landesbank Baden-Württemberg, Chairman of the Management Board of Baden-Württembergischen Bank AG, resident in Backnang

- a)
  - ICS Informatik Consulting Systems AG
  - Süd Private Equity Management GmbH & Co. KGaA (Deputy Chairman)
  - Wüstenrot & Württembergische AG
- b)
  - Behr GmbH & Co. KG
  - BWK GmbH Unternehmensbeteiligungsgesellschaft (Chairman)
  - Landesbank Rheinland-Pfalz (Deputy Member of the Administrative Board)
  - Leitz GmbH & Co. KG
  - MKB Mittelrheinische Bank GmbH (Chairman)
  - MMV Leasing GmbH (Chairman of the Advisory Board)

6. Dr. Hans Michael Schmidt-Dencker, Management Spokesman of BWK GmbH Unternehmensbeteiligungsgesellschaft, resident in Stuttgart

- a) - Sick AG
- b) - Behr GmbH & Co. KG
  - Bizerba GmbH & Co. KG
  - BW Mergers & Acquisitions GmbH
  - Dr. Haas GmbH
  - Mypegasus Beteiligungs-GmbH
  - Schmidt Holding GmbH

The persons proposed under No. 2 and Nos. 4 to 6 are currently members of the Supervisory Board and are proposed for re-election.

The General Meeting of Shareholders is not bound by election proposals in its election of shareholders' representatives.

In accordance with the provisions of law, the shareholders' representatives will be elected for a term of office ending with the Annual Shareholders' Meeting in the year 2011.

**11. Omission of the disclosures pursuant to Sec. 285 sentence 1 No. 9 a) sentences 5 to 9 and Sec. 314 (1) No. 6 a) sentences 5 to 9 of the German Commercial Code (individualized disclosure of the remuneration of the members of the Board of Management)**

The Supervisory Board and the Board of Management propose the following resolution:

The disclosures required in Sec. 285 sentence 1 No. 9 a) sentences 5 to 9 and Sec. 314 (1) No. 6 a) sentences 5 to 9 of the German Commercial Code shall be omitted for a period of five years.

**Documents available for examination**

From the time when the Annual Shareholders' Meeting is called the following documents will be available for inspection by shareholders at the Company's business premises at Otto-Dürr-Strasse 8, 70435 Stuttgart, and copies will be provided on request to any shareholder without delay and free of charge:

- The Financial Statements, Consolidated Financial Statements, Management Report, Group Management Report, Report of the Supervisory Board (Item 1 of the Agenda)
- Board of Management Report on Item 5 of the Agenda
- Board of Management Report on Item 6 of the Agenda
- Board of Management Report on Item 7 of the Agenda

These documents are also available on the Internet at [www.durr.com](http://www.durr.com).

## **Participation in the Annual Shareholders' Meeting**

The entry into force of the German Corporate Integrity and Right of Avoidance Modernization Act (UMAG) as from November 1, 2005 has led to changes in the conditions which shareholders must fulfill in order to be entitled to participate in the General Meeting of Shareholders and to exercise their voting rights. According to a transitional ruling provided for in the UMAG the procedures currently provided for in the Articles of Incorporation will continue to apply alongside the new statutory provisions until the Company's Articles of Incorporation are amended to reflect the provisions of the UMAG. Consequently, for this Annual Shareholders' Meeting there are two different ways in which shareholders can acquire the right to participate and exercise their voting rights. To be entitled to participate and to exercise the voting right it is sufficient for one of the two conditions to be fulfilled:

### ***(1) Entitlement by deposition of the shares***

Shareholders will be entitled to participate in the Annual Shareholders' Meeting and to exercise their voting rights if they deposit their shares before the beginning of May 3, 2006 (i.e. by May 3, 2006, 00:00 hours) with the Company (Dürr Aktiengesellschaft, Otto-Dürr-Strasse 8, 70435 Stuttgart), with a financial institution operating collective securities deposits, with a notary public or with a branch of one of the banks ("depository agents") named below and leave them deposited there until the end of the Annual Shareholders' Meeting:

1. Deutsche Bank Aktiengesellschaft
2. Landesbank Baden-Württemberg

Shares will be deemed duly deposited if, with the consent of a depository agent, they are kept blocked for that depository agent at another bank until the end of the Annual Shareholders' Meeting. If the shares are deposited with a notary public, the original or a certified copy of the deposit receipt issued by that notary public must be presented to the Company no later than the day after the time limit for depositing the shares ends.

**OR**

### ***(2) Entitlement by proof of shareholding***

Shareholders will also be entitled to participate in the Annual Shareholders' Meeting and to exercise their voting rights if they furnish proof of shareholding issued by their depository institution in text form to the Company at the address stated below:

Dürr Aktiengesellschaft  
c/o Deutsche Bank AG  
- General Meetings -  
60272 Frankfurt am Main

Fax: +49 (0)69 910-86045  
E-mail: WP.HV@Xchanging.com

The proof must relate to the beginning of May 3, 2006 (i.e. May 3, 2006, 00:00 hours) and must be received by the Company at the above address by no later than the end of May 17, 2006 (i.e. May 17, 2006, 24:00 hours).

Shareholders who do not wish to attend the Annual Shareholders' Meeting themselves may exercise their voting rights through a proxy, including a shareholders' association, by issuing the appropriate authorization.

The Company offers its shareholders the possibility to authorize a proxy nominated by the Company, who may exercise the voting rights only on the strength of specific voting instructions, already before the Annual Shareholders' Meeting. To authorize the proxy nominated by the Company, shareholders must be in possession of an admission ticket to the Annual Shareholders' Meeting. The proxy authorizations must be submitted in writing. Shareholders receive the necessary documents and information together with the invitation to the Annual Shareholders' Meeting which is distributed in accordance with Sec. 125 of the German Stock Corporation Act.

### **Webcast of the beginning of the Annual Shareholders' Meeting**

Anyone interested can watch the opening of the Annual Shareholders' Meeting by the chairperson and the address by the Chairman of the Board of Management live on the Internet.

### **Shareholder motions**

Any counter-proposals on specific items of the Agenda and election nominations pursuant to Sec. 126 and Sec. 178 of the German Stock Corporation Act are to be addressed exclusively to:

Dürr Aktiengesellschaft  
Legal Department  
Otto-Dürr-Strasse 8  
70435 Stuttgart  
Fax: +49 (0)711 136-1473

Counter-proposals received at that address by 24:00 hours on May 10, 2006 will be made accessible without delay – if they comply with statutory requirements - over the Internet at [www.durr.com](http://www.durr.com). No consideration will be given to counter-proposals sent to other addresses.

Stuttgart, **March** 2006

The Board of Management