

## Press release

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# Dräger buys back Siemens stake in Dräger Medical AG & Co. KG

Drägerwerk AG & Co. KGaA, Lübeck, is to purchase the 25 percent minority stake in Dräger Medical AG & Co. KG held by Siemens AG, Munich. The Managing Board of Siemens AG approved the move, as did the corresponding bodies at Drägerwerk AG & Co. KGaA.

“Purchasing this stake at an acceptable price will boost group earnings in 2010. This move also reduces complexity and allows us to establish ourselves as an integrated technology group,” outlines Stefan Dräger, Chairman of the Executive Board of Drägerwerk Verwaltungs AG. The purchase also means that the Siemens stake will go directly towards the profit generated by the medical division in the future (2008: EUR 14 million). This will also lead to tax advantages as a result of creating a tax group (tax revenue 2008: EUR 4.5 million) as well as reduced administrative costs and savings of between EUR 10 and 15 million from pooling purchasing volumes. The buyback allows the group to enjoy all the advantages of a joint functional structure. “There is also no risk of further integration with this purchase,” emphasizes Dräger. The buyback of the Siemens stake will not spell the end of the good cooperation between Dräger and the Munich-based company. Both sides intend to continue and expand their work together. Dräger: “We are already working closely with Siemens to successfully implement projects in a wide range of areas, integrating the technological solutions of both companies and in doing so offering additional benefits for our customers. The market advantages provided by the cooperation for our customers and for our operating business will remain unchanged.” In the medical division, the diagnosis and therapy solutions of both companies complement each other, and there is also considerable potential for joint projects with Siemens in the safety division too.

### Purchase price: EUR 250 million

The purchase price consists of a cash component totaling EUR 175 million, a vendor note of EUR 68.5 million and another component connected to the share price development of Drägerwerk AG & Co. KGaA. Five years after

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the transaction has been completed, this component could lead to an additional payment obligation of a maximum of EUR 50 million. Currently this component is valued at about EUR 6.5 million. Drägerwerk AG & Co. KGaA has the right to replace this component with real share options as long as the corresponding resolutions have been passed at the annual shareholders' meeting. The transaction is still awaiting the approval of anti-trust authorities. Dräger will be entitled to the earnings of Dräger Medical AG & Co. KG for the financial year 2009. Dräger has already secured the financing required to cover the purchase price, with the cash component being paid from the existing cash reserve (EUR 296 million as of September 30, 2009). The independent auditing firm KPMG confirmed that purchase price was appropriate in its "fairness opinion". When the time and structure of the group is right, Dräger will carry out a capital increase aimed at strengthening our equity base. The family shareholders have already agreed to take part in such a measure.

### **Investments in the future remain at a high level**

The stake buyback will have no impact on medium-term investment plans. "We will implement our investments as well as our research and development budget as planned," explains Dräger. It is hoped that the turnaround program will play a major role in reducing the company's breakeven point and at the same time free up funds for investments in the future.

### **Medium to long-term debt limits unchanged**

Although the ratio of net financial debt to the operating result (EBITDA) will increase to over four in the short-term, the medium to long-term goals of the company (2.5 to 3) remain intact. As of December 31, 2008, this ratio was 2.0. "The underlying cautious company planning, purchase price and financing all gave us the scope to purchase this stake. In turn this move improves our earning capacity without impacting operating business or sustainably increasing the risk profile," explains Chief Financial Officer Gert-Hartwig Lescow.

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The Drägerwerk AG & Co. KGaA is an international leader in the fields of medical and safety technology. Dräger products protect, support and save lives. Founded in 1889, in 2008 Dräger generated revenues of around EUR 1.9 billion. The Dräger Group is currently present in more than 190 countries and has about 11,000 employees worldwide. Please visit [www.draeger.com](http://www.draeger.com) for more information.

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