

**Written reports of the general partner on points 9 and 10 on the agenda points of the annual shareholders' meeting on May 6, 2011**

**Written report of the general partner on point 9 on the agenda with regards to the reasons to authorize the general partner to exclude subscription rights for capital increases from authorized capital**

The general partner and the Supervisory Board propose to the shareholders' meeting in regards to point 9 on the agenda to authorize the general partner, subject to approval by the Supervisory Board, to increase the capital stock of the Company by issuing new bearer common shares and / or preferred shares in return for cash and / or deposits in kind by up to EUR 21,132,800.00 in either one or several tranches. The authorization includes the entitlement to optionally issue new common shares and / or non-voting preferred shares which carry the same status as the previously issued non-voting preferred shares with regard to the distribution of profits and / or Company assets. The authorization to issue non-voting preferred shares may only be exercised insofar as the proportion of non-voting preferred shares does not exceed half of the capital stock (Sec. 139 (2) AktG). The authorization expires on May 5, 2016.

The authorization with regards to point 9 on the agenda replaces the existing authorization of the general partner pursuant to Sec. 6 (4) of the articles of association to increase the capital stock of the Company by May 7, 2014, subject to approval by the Supervisory Board, by issuing new bearer common shares in return for cash and / or deposits in kind by up to EUR 6,502,400.00 in either one or several tranches.

The purpose of the authorized capital is to allow the Company to obtain equity at favorable terms and conditions quickly and flexibly when required.

In case the authorized share capital is used, subscription rights must generally be granted to the shareholders. The shares may also be assumed by a bank or consortium of banks with the obligation of offering them to the shareholders of the Company for subscription (indirect subscription right). This may be expedient in order

to streamline processing. The subscription rights of the shareholders are not restricted as a result.

However, subscription rights may be excluded by the general partner, subject to approval by the Supervisory Board, when using the authorized share capital in certain cases.

In the case of common and preferred shares being issued at the same time while maintaining the ratio of both share types at the time of issuance, the general partner is being authorized, subject to approval by the Supervisory Board, to exclude the right of holders of one share type to subscribe to the other type of shares (“crossed exclusion of subscription rights”) This only applies if the new shares are being issued at the existing ratio of the two types of shares to each other at the time. In this case, the crossed exclusion of subscription rights means that the ratio of the two types of shares to each other and the relative shareholdings for the two types of shares remain constant. It is the opinion of the general partner that the crossed exclusion of subscription rights when there are two types of shares is the best way to meet the intent of subscription rights, which is to maintain the existing proportionate voting rights and shareholdings of the Company’s shareholders.

For technical reasons and in particular to establish practical subscription ratios, the exclusion of subscription rights in order to offset fractional amounts in alternative (i) is essential and appropriate when implementing a capital increase. The exclusion of subscription rights to offset fractional amounts streamlines the process of allocating and exercising subscription rights.

In alternative (ii), the proposed resolution specifies that the general partner, subject to approval by the Supervisory Board, can exclude the subscription rights of shareholders in order to obtain deposits in kind, especially within the scope of mergers or in the course of acquiring companies, parts of companies or investments in companies.

This is intended to allow the Company to continue strengthening its competitive position through acquisitions, resulting in a continuous increase in profitability over

the long term. The Company must be able to respond quickly and flexibly to favorable offers or other opportunities to acquire companies, parts of companies or investments in companies on the national and international markets. Experience has shown that the owners of interesting acquisition targets frequently prefer shares instead of cash as consideration in such transactions. This means advantages may result in competing for attractive investments when new shares in the Company can be offered to a seller as consideration. Since shares have to be issued quickly due to competition with other potential buyers when executing acquisition transactions, which regularly involve complex transaction structures, creating authorized share capital and granting authorization to issue shares from the same is essential.

As concrete acquisition targets are identified, the general partner will carefully examine each case in order to determine whether to make use of the authorization to use the authorized share capital subject to the exclusion of shareholder subscription rights. The subscription rights of the shareholders will only be excluded if the acquisition in exchange for issuing shares in the Company is in the best interests of the Company and the shareholders. In such cases, the issue price for the new shares would be established by the general partner, subject to approval by the Supervisory Board, and based on the best interests of the Company. There are currently no concrete plans for acquisitions that would require an increase in capital stock subject to the exclusion of subscription rights.

Alternative (iii) of the proposed resolution provides authorization to exclude subscription rights when issuing new shares for cash pursuant to Sec. 186 (3) Sentence 4 AktG. This authorization does not apply to the total amount of authorized share capital, but to a maximum of 10 percent of capital stock. The 10 percent limit pursuant to Sec. 186 (3) Sentence 4 AktG may only be used once in total. This means that, when and insofar as the Company according to the resolution of the shareholders' meeting on point 11 on the agenda during the term of this authorization makes use of the simultaneous authorization to exclude subscription rights pursuant to Sec. 186 (3) Sentence 4 AktG, for example in the course of reselling its own shares, the number of shares that can be issued when implementing a capital increase from authorized share capital subject to the exclusion of subscription rights pursuant to Sec. 186 (3) Sentence 4 AktG is reduced accordingly.

In addition, the law only permits the exclusion of subscription rights pursuant to Sec. 186 (3) Sentence 4 AktG when the issue price does not fall significantly below the market price of a similar, already listed shares of the same type. Subject to approval by the Supervisory Board, the general partner will keep a discount on the market price as low as possible based on market conditions at the time of placement. The discount will not exceed 5 percent of the market price.

The general partner and the Supervisory Board consider the authorization to exclude subscription rights pursuant to Sec. 186 (3) Sentence 4 AktG essential in order to respond to future capital market opportunities quickly and flexibly without the formal steps and statutory deadlines required for a capital increase with subscription rights. Issuing shares at prices closely linked to the market price also protects the interests of the shareholders. They are not exposed to the risk of significant price declines and are able to purchase additional shares at comparable prices on the stock exchange in order to maintain their investment ratio where applicable. The ability to exclude subscription rights pursuant to Sec. 186 (3) Sentence 4 AktG allows the administration to quickly take advantage of favorable stock market opportunities. Furthermore, a greater increase in equity can be achieved by avoiding the subscription right discount which would be required for a capital increase with subscription rights.

A cumulative upper limit of 20 percent of capital stock applies to the exclusion of subscription rights under all of the alternatives proposed here, except the crossed exclusion of subscription rights. The total pro-rata share of capital stock allocated to new shares for which subscription rights are excluded based on this authorization may not exceed 20 percent of capital stock. Shares issued under the crossed exclusion of subscription rights are excluded from being limited to 20 percent of capital stock, since shareholdings are not actually diluted in this case and shareholders are able to maintain their proportionate voting rights and shareholdings at the existing levels. The existing capital stock as of May 6, 2011, or the day the authorization is being registered, or at the time the new shares are being issued, forms the basis for calculating the 20 percent limit, depending on which one of these dates the capital stock is at its lowest. The exclusion of subscription rights

implemented by the Company in the course of other capital measures during the term of this authorization is included in this overall limit. This means the overall limit is further reduced by the pro-rata amount of capital stock that applies to own shares or new shares from other authorized share capital, or relating to conversion and / or option rights and obligations arising from bonds sold or issued on or after May 6, 2011 under the exclusion of subscription rights. If shares are sold or issued in direct, corresponding or meaningful application of Sec. 186 (3) Sentence 4 AktG, this is to be classed as an exclusion of subscription rights. The purpose of this limit is to restrict the possible dilution effect to a share volume totaling 20 percent of capital stock in order to protect the interests of the shareholders.

The general partner is not entitled to exclude the shareholders' subscription right for exercising option and / or conversion rights or fulfilling conversion obligations from participation certificates.

The general partner will provide a detailed report on the use of this authorization to the annual shareholders' meeting following the issue of Company shares from authorized share capital subject to the exclusion of subscription rights.

Lübeck, Germany, March 2011

Drägerwerk AG & Co. KGaA

The general partner

Drägerwerk Verwaltungs AG

The Executive Board