

Written report of the general partner on point 10 on the agenda with regards to the reasons for the exclusion of subscription rights in the authorization of the general partner to issue participation certificates

The Company issued listed participation certificates in the period from 1983 to 2001, respectively with the approval of the shareholders' meeting. A total of 1,413,425 participation certificates are currently issued in three series (A, K and D). The total nominal value of participation capital is EUR 36,127,143.00. The participation rights do not grant any Company rights, especially no voting rights, no legal subscription rights and no claim to proceeds if the Company is wound up.

However, the terms and conditions of series A, K and D participation certificates include a dilution protection mechanism in favor of the holders of participation certificates if the Company implements a capital increase with shareholder subscription rights. For this purpose, the terms and conditions grant holders of participation certificates the right to obtain new participation certificates at similar terms and conditions in the case of the Company carrying out a capital increase with shareholder subscription rights. However, the right of the holders of participation certificates to obtain new participation certificates is subject to the condition precedent that the annual shareholders' meeting of the Company gives its approval, and the exclusion or limitation of any other legal subscription rights, if this is necessary for guaranteeing the subscription rights of participation certificate holders.

The Company increased its capital stock from authorized share capital in June 2010 by EUR 9,753,600.00 to EUR 42,265,600.00 by issuing common shares with shareholder subscription rights on new shares. In order to meet the terms and conditions of series A, K and D participation certificates, the general partner and the Supervisory Board propose to the shareholders' meeting to authorize the issuance of new participation certificates pursuant to the proposed resolution on point 10 on the agenda for the shareholders' meeting.

For the holders of participation certificates in one series to purchase new participation certificates, the subscription rights of the shareholders and the holders of participation certificates in the respective other series have to be excluded.

If the subscription rights of the shareholders and other participation certificate holders were not excluded, effective protection against dilution for the participation certificate holders as specified in the terms and conditions of participation certificates would not be possible. The shareholders and participation certificate holders already taken into account in the course of the capital increase or the increase in participation capital for their series would potentially also receive diluting participation certificates.

Therefore, the exclusion of subscription rights is the only way to assure dilution protection by granting subscription rights on new participation certificates as specified in the terms and conditions of participation certificates.

The Company believes that those common shareholders who already held common shares before the capital increase implemented by the Company in June 2010 and who continue to jointly represent the majority of the Company's common shareholders at this time intend to vote against the issue of new participation certificates in favor of the holders of series A, K and D participation certificates under the exclusion of shareholder subscription rights. The Company first pointed out the corresponding intent of the common shareholders before implementing the capital increase in June 2010; as far as the Company is aware, this situation has not changed since then.

In accordance with the terms and conditions of participation certificates, if the annual shareholders' meeting does not approve of participation certificate holders exercising their subscription rights or if other legal subscription rights cannot be excluded or limited to the required extent, the Company must issue cash compensation to the amount of the loss it deems participation certificate holders would incur through the capital increase (Sec. 315 BGB ["Bürgerliches Gesetzbuch": German Civil Code]). The amount of cash compensation that would be payable is expected to total EUR 7,798,356.

Lübeck, Germany, March 2011

Drägerwerk AG & Co. KGaA

The general partner

Drägerwerk Verwaltungs AG

The Executive Board