

**JOINT REPORT**  
**of the managing board and the supervisory board of**  
**BWT Aktiengesellschaft, commercial register no. FN 96162 s**  
**regarding the only item on the agenda of the**  
**general meeting of shareholders of**  
**BWT Aktiengesellschaft on 10 August 2009**

1. BWT Aktiengesellschaft (the "**Company**" or "**BWT**") intends to acquire the business unit "Pharmaceutical Water & Life Science" from CHRIST WATER TECHNOLOGY AG, commercial register no. FN 173093 z, Walter-Simmer-Str. 4, 5310 Mondsee, Austria ("**CWT**") (the "**Transaction**"). The business unit "Pharmaceutical Water & Life Science" to be acquired by the Company includes the pharmaceutical water business of CWT as well as CWT's share of 49 % in Zeta, a biopharmaceutical and bioprocess technology company.
  
2. In order to acquire the business unit "Pharmaceutical Water & Life Science", BWT and CWT concluded a sale and assignment agreement on 14 July 2009, according to which BWT acquires from CWT its entire share in P & LS Beteiligungs GmbH, commercial register no. FN 329792 p, Water-Simmer-Str. 4, 5310 Mondsee, Austria ("P & LS") corresponding to a fully paid in initial contribution of EUR 35,000.00 - and thus representing a participation of 100 % - for the purchase price of EUR 19,570,000.00. At the time the Transaction is effected (the "**Closing**"), CWT's activities in the business unit "Pharmaceutical Water & Life Science" to be acquired will be bundled in P & LS Beteiligungs GmbH (see clause 3 for more details).

From this purchase price amounting to EUR 19,570,000.00, the amount of any third party accounts receivable of P & LS Beteiligungs GmbH and its fully owned subsidiary P & LS Holding GmbH (see clause 3), if applicable, shall be deducted as of the Closing date. We expect such third party accounts receivable to amount to approx. EUR 10,000.00.

3. Upon the Closing of the acquisition of the business share in P & LS Beteiligungs GmbH, the Company would indirectly acquire shares in the following CWT companies:
  - (a) 100 % in P & LS Holding GmbH (in the course of formation), a company with limited liability in the course of formation, headquartered in Mondsee, with its business address at Walter-Simmer-Str. 4, 5310 Mondsee, Austria.

With such participation of 100 % of P & LS Beteiligungs GmbH in P & LS Holding GmbH, the Company would also indirectly acquire shares in the following companies (hereinafter referred to together as "**Assets**"):

- (b) 100 % in Christ Pharma & Life Science GmbH, a company with limited liability organised in accordance with German law, headquartered in D-71665 Vaihingen/Enz, business address at Steinbeisstr. 41-43, 71665 Vaihingen/Enz, Germany, registered in the commercial register of the local court Stuttgart with the register no. HRB 291019;
- (c) 100 % in Christ Manufacturing & Services AG, a stock corporation in accordance with Swiss law, headquartered in CH-4147 Aesch, business address at Hauptstr. 192, 4147 Aesch, Switzerland, registered in the commercial register of the commercial register office Liestal with the register no. CH-280.3.011.587-3;
- (d) 100 % in Christ Nordic AB, a company organised in accordance with Swedish law, headquartered in S-21376 Malmö, business address at Kantyxegatan 25, 21376 Malmö, Sweden, registered with the register court of Malmö with the register no. 556586-0920;
- (e) 100 % in Christ Water Technology Ireland Ltd., a company organised in accordance with Irish law, headquartered in Ashbourne, Country Meath, Ireland, business address at unit 2A Ashbourne Business Park, Ashbourne, County Meath, Ireland, registered in the register of the register court Dublin with the register no. 12158;
- (f) 100 % in Christ Pharma & Life Science (Shanghai) Ltd., a company organised in accordance with Chinese law, business address at No. 248, Xintuan Rd., Building No.12, Quingpu Industry Zone, 201707 Shanghai, People's Republic of China, registered with the register no. 310000400400263;
- (g) 49 % in Christ Nishotech Water Systems Pte. Ltd., a company organised in accordance with Indian law, headquartered in Mumbai 400705, India, business address at Plot No. W159, MIDC Pawane TTC Industrial Area, Mumbai 400705, India, registered with register no. U 41000 MH 203 PTC 143309;
- (h) 49 % in Zeta Holding GmbH, a company with limited liability organised in accordance with Austrian law, headquartered in Haselsdorf-Tobelbad, business address at Paracelsusweg 1, 8144 Tobelbad, Austria, registered in the com-

mercial register of the district court for civil law matters Graz with the number FN 240708 h.

With P & LS Holding GmbH's participation of 49 % in Zeta Holding GmbH, the Company would indirectly acquire shares in the following CWT companies (the percentages stated refer to the amount of holding of Zeta Holding GmbH; percentages stated in parentheses represent the calculated amount of holding which would be held by BWT after the Closing):

- (i) 100 % (49 %) in Zeta Biopharma GmbH, a company with limited liability organised in accordance with Austrian law, headquartered in Haselsdorf-Tobelbad, business address at Paracelsusweg 1, 8144 Tobelbad, Austria, registered in the commercial register of the district court for civil law matters Graz with the number FN 109937 y;
- (j) 100 % (49 %) in Zeta Bio Pharma s.r.o., a company organised in accordance with Czech law, business address at Masarykova 93, 25169 Velké Popovice, Czech Republic, registered with the municipal court in Prague with register no. 47052180;
- (k) 90 % (44.1 %) in Zeta Bio- und Verfahrenstechnik GmbH, a company with limited liability organised in accordance with German law, headquartered in Bahretal, business address Hauptstr. 61, 01819 Bahretal, Germany, registered in the commercial register of the local court Dresden with register no. HRB 20197;
- (l) 80 % (39.2 %) in Zeta Automation GmbH, a company with limited liability organised in accordance with German law, headquartered in Freising, business address Münchner Str. 8, 85356 Freising, Germany, registered in the commercial register of the local court Munich with register no. HRB 115294;
- (m) 51 % (24.99 %) in Zeta s.a.r.l., a company organised in accordance with French law, business address at Les Jardins d'Eole, 5, allée des Séquoias Bâtiment Le Sirocco, 69760 Limonest, France, registered with the commercial court of Villefranche with register no. 1987B00104, to the extent the Company and the minority shareholder manage to agree on the amount of the advance payment for the approval of the transfer of the business share by 31 August 2009 at the latest. Should an agreement not occur by such date, the participation in Zeta s.a.r.l. shall not be transferred;

- (n) 7 % (3.43 %) in Human.technology Styria GmbH, a company with limited liability organised in accordance with Austrian law, headquartered in Graz, business address at Reininghausstraße 13, 8020 Graz, Austria, registered in the commercial register of the district court for civil law matters Graz with the number FN 248938 k.

(P & LS Beteiligungs GmbH and the companies stipulated in clause 3 (a) to (n) (incl.) shall be referred to together as the "**Group**").

- 4. CWT's business unit "Pharmaceutical Water & Life Science" offers complete process water plants and process plants as well as services for the pharmaceutical and biotechnological industry, from raw water to water for injection purposes to waste water decontamination. The product lines include basic technologies of water treatment such as filtration, vaporisation, disinfection techniques such as UV and ozone plants such as ion selective membranes, ion exchangers, electrode ionisation and membrane plants (micro, nano and ultra-filtration, reverse osmosis).

The following considerations form the basis for the interest of BWT in the acquisition and the integration of CWT's business unit "Pharmaceutical Water & Life Science" in its group of companies.

- (a) BWT's general strategic goal is to give private, industrial, commercial, hotel and municipal customers the highest possible degree of safety, hygiene and health concerning the "elixir" water with innovative treatment technologies. The special requirements of the commercial and industrial customers in the field of "Pharmaceutical Water & Life Science" thus coincide with BWT's strategic goals ("safety, hygiene, health").
- (b) In particular the activities of CWT's pharmaceutical segment reaching far beyond Europe's frontiers would facilitate the continued internationalisation of BWT's business, in particular in Asia and America (currently, 97 % of BWT's turnover is generated in Europe). Just as is the case with the existing BWT business, the increase in the world's population and the associated increasing needs for products of the pharmaceutical water and life science industry is a significant growth driver.
- (c) Together with the ingenuity shown by BWT in the past, in particular due to the increased use of standardised components produced by the BWT group, the acquisition of the business unit "Pharmaceutical Water & Life Science" can be an additional support for the competitiveness of the BWT group in the phar-

maceutical segment and thus lead to a sustainable growth in BWT's earning power; therefore, BWT's management is of the opinion that in the medium term, the business unit to be acquired is likely to generate yields similar to the ones generated by the traditional BWT business.

- (d) The existing service and maintenance contract volume of the pharmaceutical unit to be acquired supports BWT's strategy of increasing the service share in the total turnover of the BWT group. Furthermore, the management of BWT is of the opinion that the existing service network of the BWT group will lead to a continued improvement of the quality of customer service for pharmaceutical customers and thus secure additional market shares.
- (e) The acquisition of the properties including plants in Aesch, Switzerland, provides BWT's subsidiary Christ Aqua AG with the opportunity to solve its emerging capacity problems quickly and efficiently (please see clause 5 (c)).
- (f) The acquisition of the minority interest in the Zeta group has the purpose of facilitating the use of the synergies between the traditional pharmaceutical water treatment and the business for process plants in the pharmaceutical and biotechnological industry in the form of turnkey plants operated by Zeta, while setting strict limits for the funds to be employed.

BWT's strategy in the field of the business unit "Pharmaceutical Water & Life Science" to be acquired is strengthening the market position in the segment of water treatment for the pharmaceutical and life science industry and supporting key customers worldwide. This strategy features innovations and international expansion in turnkey solutions for pure and ultrapure water, water for injections, pure steam, cleaning systems, waste water decontamination and comprehensive services. The share of 49 % in the Zeta group offers an interesting future potential in the biopharmaceutical and bio-process business, in which BWT will cooperate with CWT, who will hold 51 % in the biopharmaceutical and bioprocess company Zeta after the Closing of the Transaction.

- 5. The material provisions of the sale and assignment agreement forming the basis for the planned Transaction may be summarised as follows.
  - a) The Company prepared a draft of the sale and assignment agreement. DORDA BRUGGER JORDIS Rechtsanwälte GmbH were selected by the managing board and retained to negotiate the sale and assignment agreement for the Company. On the basis of the draft prepared by the Company, the contents of the

agreement were negotiated by CWT and the Company. CWT retained Scherbaum / Seebacher Rechtsanwälte GmbH to negotiate the sale and assignment agreement for the Company. The sale and assignment agreement executed on 14 July 2009 is the result of negotiations between the Company and CWT.

- b) The sale and assignment agreement shall be subject to Austrian law. All disputes from or in connection with the agreement shall be irrevocably settled in accordance with the Rules of Arbitration and Reconciliation of the International Arbitration Court of the Austrian Federal Economic Chamber in Vienna by one or several arbitrators selected in accordance with such rules. Place of arbitration shall be Linz. The language of the arbitral proceedings shall be German.
- c) The Closing is subject to various conditions precedent. These Closing conditions include conditions common for transactions similar to this present Transaction, with the purpose of securing the rights and obligations of the contractual parties resulting from the sale and assignment agreement (e.g. bank guarantees to secure warranty claims, antitrust permits etc.). The Closing conditions also provide for the conclusion of various covenants between BWT (and/or companies of the BWT group) and CWT (and/or companies of the CWT group) required in the opinion of BWT's management to warrant the separation from CWT of the business unit "Pharmaceutical Water and Life Science" to be acquired but also the assumption of the activities of CWT in the business unit "Pharmaceutical Water and Life Science". The conditions precedent are detailed below (however, BWT may waive the occurrence of individual conditions of those listed, i.e. even if the respective conditions precedent are not met, BWT can still cause the Closing to be effected):
- Effective establishment of the shareholder and ownership structure of P & LS Beteiligungs GmbH (as described in clause 3 of this report).
  - The conclusion of a sales contract between Christ Aqua AG, a subsidiary of the Company, and Christ Water Technology Swiss AG, a subsidiary of CWT, subject to which Christ Aqua AG as the purchaser purchases two properties including plants in Aesch, Switzerland for a purchase price of CHF 21,700,000.00 from Christ Water Technology Swiss AG as the seller.
  - Effective execution of the acquisition of assets upon formation of Christ Manufacturing & Services AG (including the conclusion of an agreement on the acquisition of the SKID production, including warehousing, ordering, intermediate and finished products, machinery, know-how and in-

tangible assets as well as individual employees) from Christ Water Technology Swiss AG by Christ Manufacturing & Services AG.

- Transfer or licensing of the trademark and patent rights required for the pharmaceutical water business from CWT to BWT.
- Conclusion of an agreement on the future cooperation in the field "Pharmaceutical Water & Life Science" between the Company and CWT.
- Provision of a bank guarantee by CWT to secure the guarantees and rights of recourse of the Company.
- Approval by the general meeting of shareholders of the Company.
- Legally effective approval by the general meeting of shareholders of CWT.
- Antitrust permits and/or non-prohibition by the competent Austrian anti-trust authorities.
- Effective termination of the management fee contracts of the companies of the group with CWT.
- Effective termination of the licence agreements between CWT and Christ Pharma & Life Science GmbH, Christ Nordic AB, Christ Nishotech Water Systems Pte. Ltd and Christ Water Technology Ireland Ltd.
- Effective consent of the financing banks / the auditor, that the Company provides an aliquot letter of support up to a maximum amount of EUR 5,000,000.00 and CWT provides an aliquot letter of support for the remaining accounts payable of Zeta Holding GmbH and its subsidiaries, so that the letters of support are at a ratio of 49 % to 51 %. Provision by CWT of an irrevocable and unrestricted letter of support / assumption of payment obligations for any amount exceeding the maximum amount of EUR 5,000,000.00 of the financial liabilities (net debt) of Zeta Holding GmbH and its subsidiaries.
- Sale of the service centre Dresden with the business part "Service activities of the business unit UPW" by Christ Pharma & Life Science GmbH to a company of the CWT group.

- Conclusion of a lease agreement for parts of the building Hauptstr. 192 in CH-4147 Aesch between Christ Aqua AG as the lessor and Christ Water Technology Swiss AG as the lessee.
  - Confirmation of Christ Manufacturing & Services AG that no fees are owing and payable to bodies and/or members of bodies.
  - Approval to the dissolution of the production acquisition contract between Christ Water Technology Swiss AG and Christ Aqua AG of 2 June 2008.
  - Effective transfer of the Christ Italy business (Christ SPL International s.r.l.) from CWT to Christ Manufacturing & Service AG / adjustment of the trademark utilisation to Christ Aqua.
  - Conclusion of an agreement that the pharmaceutical business within the BWT group is handled under the trademark "Christ Aqua" with all additions, if any, whereas the name "Christ" may only be used until the end of the eighth business year after the Closing (in the names of the companies to be acquired, the BWT group may only use the name "Christ" until 31 December 2010 at the latest).
  - Conclusion of an agreement between the Company and CWT regarding the transfer and protection of all exclusive rights for the software development of Goema for the pharmaceutical division and protection of the future cooperation.
  - Further and more comprehensive due diligence acceptable to the Company by 31 August 2009.
  - As of the Closing date, CWT provides the Company with the written statement that up until the Closing date, no material negative modifications with a possible effect on future business activities and/or the asset, financial or income situation of the acquired companies occurred.
- d) In the sale and assignment agreement, CWT gave guarantee promises common in the market, in particular concerning the conclusion of the sale and assignment contract, P & LS Beteiligungs GmbH and its subsidiaries and sub-subsidiaries, the ownership to the only business share in P & LS Beteiligungs GmbH and the participations held by it, the annual financial statements as of 31 December 2007 and 31 December 2008 as well as the quarterly reports for

the first and second quarter of 2009, taxes, official permits and other public law relationships, industrial property rights, real estate, change in control, employment law, insurance, legal disputes, unfair competition and usual business activities. Furthermore, the sale agreement contains the common indemnities provided to BWT by CWT for any liability that may incur as a result of the restructuring measures effected in preparation of the Transaction, existing debt, taxes, certain projects, guarantees etc.

- e) CWT's liability from the violation of the guarantee promises shall be subject to common limitations on liability. As a rule, the guarantee claims of the Company shall be statute-barred after three years after the date of the Closing; certain claims (e.g. indemnification clauses for projects) shall be statute-barred after 10 years, certain liability claims (e.g. from lacking ownership, tax liabilities) never become statute-barred.
  - f) Furthermore, the sale and assignment agreement shall contain a non-competition and non-solicitation obligation of CWT.
6. For the determination of the purchase price for the business unit "Pharmaceutical Water & Life Science", BWT and CWT retained Leitner + Leitner Audit Partners GmbH & Co KG Auditors ("**LeitnerLeitner**") to effect an evaluation. The result of such evaluation formed a material basis for BWT's managing board for the determination of the purchase price. Moreover, on behalf of BWT, Ernst & Young found the purchase price adequate on the basis of the evaluation of LeitnerLeitner in a Fairness Opinion. LeitnerLeitner and/or Ernst & Young were retained in accordance with the General Terms of Engagement for Auditors and Auditing Companies. Therefore, any third party claims towards LeitnerLeitner or Ernst & Young as well as any liability of LeitnerLeitner or Ernst & Young towards third parties shall be excluded.
- a) The basis for the for the determination of the purchase price were separate evaluations of the unit "Pharmaceutical Water Business" and of the Zeta group, using budget overviews of CWT for the years 2009 to 2012. The planning process of CWT and thus of the pharmaceutical segment provides for a bottom-up planning by group company, which is to be prepared by the local management in accordance with standardised requirements, presented to and approved on an annual basis (in autumn) by the managing board of CWT. This planning cycle included the last projection for the current business year, the detailed plan for the next financial year and turnover and margin estimates for another two years. Together with quarterly statements, additional "revised

forecasts" are prepared for the individual companies during the year, in order to take into account the business development and its influence on the current business year.

- b) In the course of the preparation for the determination of the purchase price, CWT's managing board requested that the management of the companies in the pharmaceutical water and life science field effect an update of the plans and review the expectations for the current financial year taking into account the currently difficult economic situation and make new estimates of the market trends and of the Company's own business development until 2012. These plans were then discussed with the managing board of CWT as well as with the representatives of BWT in the period from 9 to 17 June 2009. In particular, the current orders in hand and the orders being processed are reviewed. On the basis of quotation lists and the likelihood of them becoming orders, expected turnover and gross margins of the current and the next year were verified as to plausibility. The expectations for 2011 and 2012 are based on the management's experience. Material organisational modifications such as the split-off and concentration of the Swiss subsidiary on intra-group production services as well as the re-dimensioning of project processing in Ireland required in the short term due to the current market situation were considered in the planning. Additional human resources were in particular scheduled for the expansion of the service business, otherwise, personnel expenses and other operating expenses were calculated with a compensation for inflation of 2-3 %. The management fee of CWT Holding was taken into account in the projected years at approx. 1.8 % of the turnover. Depreciations will go up slightly only in 2010 in the financial planning by taking into account the production in Switzerland; afterwards, depreciations shall remain constant. The tax rate slightly fluctuates due to the various countries involved. In 2009, Zeta group is expected to achieve a balanced result, the Zeta management expects a steady increase in turnover and EBIT by 2012; moreover, an exploitability of the losses carried forward is assumed.
- c) The evaluation was effected in order to calculate an objectified good will, taking into account the principles of the Austrian expert opinion KFS/BW1 of the Chamber of Auditors with the effective date 30 June 2009 as well as the going concern principle and resulted in a value range of EUR 18.7 m to EUR 21.6 m for the assets under evaluation. The evaluation method used was a DCF method (WACC) on the basis of the free cash flow (FCF). The free cash flows

were discounted with a WACC-rate. Such WACC were assumed at a range of 9.51 % to 10.83 during the period under review.

LeitnerLeitner will describe the most significant parameters of the evaluation in the general meeting. Ernst & Young will be available during the general meeting for any queries concerning the Fairness Opinion.

7. The negotiations between the managing board of the Company and CWT finally resulted in a base purchase price of EUR 20.0 m, from which the impairment of the company's real estate in Ireland determined during the due diligence and amounting to EUR 0.5 m will be deducted, resulting in a purchase price for the Assets (participations including trademarks and patents) of EUR 19.5 m. The share capital of the two companies P & LS Beteiligungs GmbH and P & LS Holding GmbH amounting to EUR 35,000.00 each must also be paid, resulting in the purchase price of EUR 19,570,000.00 as stipulated in clause 2. This purchase price is subject to a purchase price adjustment common in the market and based on audited completion accounts as of 30 September 2009, i.e. in consolidated completion accounts of the companies listed in clause 3 (b) to (g) and consolidated completion accounts of the companies listed in clause 3 (h) to (n).

The total transaction volume of approx. EUR 35 m takes into account the purchase price of CHF 21,700,000.00 for the two properties including plants in Aesch Switzerland. These properties are to be acquired by Christ Aqua AG, a subsidiary of BWT (as mentioned above) from Christ Water Technology Swiss AG, a subsidiary of CWT, by the Closing date. Furthermore, the planned transfer of assets upon formation of Christ Manufacturing and Services AG (see clause 5. c) of an expected amount of CHF 2,500,000.00 must also be taken into account with regard to the transaction volume of EUR 35 m.

8. The Company's administrative bodies may conclude the sale and assignment agreement without the general meeting's approval. However, due to the significance of the business for the future strategy of the Company as well as due to the fact that the persons in the bodies of CWT and in the bodies of the Company are the same, the managing board of the Company is glad of the supervisory board's decision to have the general meeting of shareholders of the Company make the decision on the conclusion of the sale and assignment agreement in accordance with section 103, paragraph 2 of the Stock Corporation Act.

The managing board and the supervisory board of the Company are of the opinion that the conclusion of this sale and assignment agreement and the Transaction associated therewith are reasonable and adequate from a strategic and economic point of view, which is why they recommend to the general meeting of shareholders that the conclusion of this Transaction be approved.

Mondsee, 20 July 2009

For the supervisory board:

For the managing board:

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**Mag Dr Leopold Bednar e.h.**  
(Chairman of the Supervisory Board)

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**Andreas Weißenbacher e.h.**  
(Chairman of the Managing Board)