

## Annual stockholders' meeting

**Vossloh AG**  
**Werdohl, Germany**

ISIN: DE 000 766 710 7

We hereby invite our stockholders to attend the

### **annual stockholders' meeting**

to be held on May 25, 2005, at 10:30 AM, in Düsseldorf, Congress Center Ost (CCD),  
Stockumer Kirchstrasse, Germany.

## Agenda

**(1) Presentation of the adopted separate financial statements, the approved consolidated financial statements, the management report on Vossloh AG and the Group, and the Supervisory Board report for the fiscal year 2004**

### **(2) Appropriation of net earnings**

The Executive and Supervisory Boards propose to appropriate the net earnings shown for fiscal 2004 at €36,052,042.37 by distributing a cash dividend of €1.30 per share, transferring €17,000,000.00 to the reserves retained from earnings and carrying forward the balance of €19,752.47. Since the dividend-bearing capital stock amounts to €37,427,135.80, the cash dividend distribution will total €19,032,289.90.

Pursuant to Art. 71b German Stock Corporation Act ("AktG"), Company-owned treasury shares do not rank for dividend. If the number of treasury shares held by the Company when the annual stockholders' meeting adopts the resolution on the appropriation of net earnings increases or decreases from the number owned when the Executive Board proposed the profit appropriation, the cash dividend distribution proratable to such difference in treasury shares accordingly decreases or increases the total cash dividend distributable to the stockholders, the profit carryforward rising or falling by the same amount. Where applicable, a modified profit appropriation proposal will be submitted to the stockholders' meeting for voting.

### **(3) Vote on the official approval of the Executive Board's acts and omissions in fiscal 2004**

The Executive and Supervisory Boards propose that such approval be granted for 2004.

### **(4) Vote on the official approval of the Supervisory Board's acts and omissions in fiscal 2004**

The Executive and Supervisory Boards propose that such approval be granted for 2004.

### **(5) Election of statutory auditor for the fiscal year 2005**

The Supervisory Board proposes that BDO Deutsche Warentreuhand AG, Wirtschaftsprüfungsgesellschaft, Essen branch, be elected statutory auditor of Vossloh AG and the Group for fiscal 2005.

### **(6) Authorization to acquire treasury stock**

The current authority conferred by the annual stockholders' meeting of June 3, 2004, to acquire shares of treasury stock will expire December 2, 2005 (the "Current Authority"). It is proposed that the authority be extended for the period ending November 24, 2006. The Executive and Supervisory Boards propose that the following resolution be passed:

Pursuant to Art. 71(1)(8) AktG, the Company is authorized after expiration of the Current Authority (which will expire December 2, 2005), to acquire on or before November 24, 2006, treasury stock equivalent to an aggregate maximum of ten percent of Vossloh AG's capital stock. The price paid for such shares may neither be below five percent of, nor more than five percent above, the average Vossloh stock price as quoted at the closing auction of the Xetra trade (or any successor system in lieu of and replacing the Xetra system) at the Frankfurt Stock Exchange during the five trading days preceding the treasury stock acquisition date.

In addition, the Executive Board is authorized, after first obtaining the Supervisory Board's approval, to dispose of such treasury shares in a form other than (i) through a stock market or (ii) by offering them to all Vossloh stockholders, however, always provided that the previously acquired shares of treasury stock are sold at a price that is not significantly below the stock market price then current for same-class Vossloh stock. This authority is confined, including the Current Authority under the terms of Art. 4(2)(c) of the Company's bylaws, to an aggregate maximum of ten percent of Vossloh AG's capital stock. The applicable stock purchase price for the purposes of the preceding clause shall be the average Vossloh stock price as quoted during the closing auction of the Xetra trade (or any successor system in lieu of and replacing the Xetra system) at the Frankfurt Stock Exchange during the five trading days preceding the sale of such shares.

The Executive Board is further authorized, subject to the Supervisory Board's consent, to sell and transfer to third parties any such repurchased stock in the scope of business combinations or M&A transactions, or when acquiring other companies or any equity interest therein.

Furthermore, the Executive Board is authorized to redeem treasury stock with the Supervisory Board's approval, however, without requiring another vote by the stockholders' meeting.

**(7) Vote on the amendment to Arts. 18(4) and 19 of the bylaws (invitation to, and participation in, stockholders' meetings)**

The German government's UMAG bill for a new act on corporate integrity and avoidance right modernization includes amended legal requirements for the invitation notice period and the participation in, and voting at, general meetings. Current legislation calls for a (minimum) notice period for the invitation to a general meeting of one month while after UMAG enactment, the (minimum) invitation notice period will be 30 days. Moreover, upon UMAG enactment, the form of substantiating the right to participate in, and vote at, a general meeting will be amended. A company's bylaws may submit the participation in, and exercise of the voting right at, a general meeting to the condition that the stockholders apply for registration prior to the general meeting. Moreover, the bylaws may require for bearer shares that their ownership is duly substantiated in order to qualify for participation in, and voting at, stockholders' meetings. A reproducible document evidencing the shareholding and issued by the depositary will suffice.

In anticipation of the future UMAG provisions (scheduled to be enacted on November 1, 2005) and in an effort to clearly specify the legal requirements that may already apply to Vossloh AG's annual stockholders' meeting in 2006, the proposed amendments to the bylaws lay down the conditions on which to exercise for the next annual stockholders' meeting the participation and voting rights.

The Executive and Supervisory Board propose to resolve the following amendments to the bylaws:

Art. 18(4) of the bylaws is amended and restated as follows:

"The invitation to the stockholders' meeting shall be published not less than 30 days prior to the last day by which stockholders shall apply for registration under the terms of Art. 19."

Art. 19 of the bylaws is amended and restated as follows:

"(1) Only such stockholders will be entitled to participate in, and vote at, a stockholders' meeting as on or before the seventh day prior to the date of meeting have applied for registration in a reproducible document (acc. to Art. 126b BGB) in English or German language.

(2) In addition, stockholders shall duly substantiate their right to participate in, and vote at, general meetings by submitting on or before the seventh day prior to the date of meeting a reproducible document (acc. to Art. 126b BGB) issued by their depository in English or German language and referring to the legal cutoff date.

(3) Details of stockholder registration, proof of stock ownership and ticket issuance shall be published in the invitation to the stockholders' meeting."

The Executive Board is instructed to not apply for registration of the amended bylaws by the Company's Commercial Register unless and until the UMAG with the aforementioned regulations for participation in general meetings act has entered into force and effect.

### **Report of the Executive Board on agenda item 6 pursuant to Art. 71(1)(8) AktG in conjunction with Art. 186(3)(4) and (4)(2) AktG**

The Executive Board has submitted the following report on agenda item 6 pursuant to Art. 71(1)(8) AktG in conjunction with Art. 186(3)(4) and (4)(2) AktG for detailing the reasons why the statutory subscription right may be excluded and why the Executive Board should be authorized to exclude the stockholders' statutory subscription right if and when the Company sells any shares of treasury stock.

This Executive Board report will be available in the Company's offices as from the date of invitation to, as well as at the place and date of, the annual stockholders' meeting for inspection by the stockholders. On request, any stockholder may promptly obtain a free copy of this report, which reads as follows:

Agenda item 6 proposes that the Company be authorized pursuant to Art. 71(1)(8) AktG, after expiration of the Current Authority, to acquire on or before November 24, 2006, treasury stock up to an aggregate ten percent of the capital stock. The Current Authority granted by the stockholders' meeting of June 3, 2004, for the statutory maximum period of 18 months will expire December 2, 2005. The proposed reauthorization will enable Vossloh AG for an additional period expiring November 24, 2006, to exploit the advantages linked to a stock repurchase in the best interests of both the Company and its stockholders. In view of the considerable potential increase in stock price in the wake of stock repurchase, it would make good sense for Vossloh AG to flexibly have such an instrument at its command. In fiscal 2004, the Current Authority had not been exercised. The Executive Board believes that the option created by the reauthorization to acquire treasury stock again offers attractive opportunities for Vossloh AG's stockholders by raising the Vossloh stock price for a sustained period of time. The proposed reauthorization will enable the Company to exercise this option in the future, as and when it sees fit.

The authority to acquire treasury stock is limited by the provisions of Art. 71(2) AktG. Consequently, the renewed authority lapses ipso jure provided and to the extent that the Current Authority is exercised to acquire treasury stock and the shares thus repurchased are neither sold nor redeemed and withdrawn.

The proposed authorization provides that the Executive Board, after first obtaining the Supervisory Board's approval, may sell the acquired treasury shares also in a form other than (i) through a stock market or (ii) by offering them to all Vossloh stockholders, however, always provided that the previously acquired shares of treasury stock are sold at

a price that is not significantly below the stock market price then current for same-class Vossloh stock. The applicable stock purchase price for the purposes of this clause shall be the average Vossloh stock price as quoted during the closing auction of the Xetra trade (or any successor system in lieu of and replacing the Xetra system) at the Frankfurt Stock Exchange during the five trading days preceding the sale of such shares. The selling price of treasury stock will be fixed shortly before the disposal of such treasury stock.

The option offered by the proposed reauthorization to exclude the stockholders' statutory subscription by analogously applying the provisions of Art. 186(3)(4) AktG is destined to offer the Company the opportunity, for instance, to sell treasury shares to institutional investors or to float stock at international exchanges. Moreover, new investor groups can thus be attracted in Germany and abroad. The possibility of excluding subscription rights offers management the latitude required for promptly and cost-effectively seizing upcoming stock market opportunities for the placement of Vossloh stock without the need for any time-consuming and costly processing of subscriptions. Including the authority pursuant to Art. 4(2)(c) of Vossloh AG's bylaws, the authority is confined to an aggregate maximum of ten percent of the Company's capital stock. If disposed of in any way other than via a stock market or by offer to all Vossloh stockholders, the acquired shares of treasury stock may only be sold at a price that is not significantly below the stock market price then current for same-class Vossloh stock.

The stock repurchase on the basis of the proposed authorization is, moreover, meant to give Vossloh AG the scope and resources needed to flexibly and efficiently take action in acquiring other enterprises, for instance, by using treasury stock in certain cases in exchange for equity interests in businesses. When determining the pricing ratios, the Executive Board will ensure that the reasonable interests of Vossloh stockholders are duly respected. While, as a rule, the pricing of the treasury stock to be swapped and transferred will be based on stock market quotations, the Company will not insist that the treasury stock price be hinged to quoted prices, in particular, lest negotiations be put at risk due to stock price swings. The financial as well as the voting interests of Vossloh stockholders will be adequately respected when treasury stock is sold to third parties although the subscription right of stockholders is excluded under the terms of Art. 71(1)(8) AktG.

### **Deposit of stock**

Such stockholders will be entitled to participate in, and exercise their voting rights at, the annual stockholders' meeting as on or before May 18, 2005, have deposited, and left there until the close of the annual stockholders' meeting, their stock with our company, a German notary public, any securities clearing & deposit bank, or any other of the banks listed below:

Deutsche Bank AG  
Commerzbank AG  
M.M.Warburg & CO KGaA

Shares of stock may also be effectively deposited with any other bank if held in custody by such other bank with any aforesaid depository's consent and blocked until the close of the annual stockholders' meeting.

If the shares of stock are deposited with a German notary public or a securities clearing & deposit bank, we kindly ask that the pertinent custody receipt be received by our company on or before May 19, 2005. Stockholders may also appoint a proxy to exercise their voting right at the stockholders' meeting by issuing a power of attorney to e.g. a bank or association of stockholders. As a special service for our stockholders' convenience, general voting proxies have been appointed who will ensure the exercise of the voting rights of, in accordance with instructions issued by, stockholders at the meeting. Stockholders who deposit their shares with the Company or a bank will automatically receive a form for the power of attorney along with instructions where details of the proxies' authorization and their exercise of voting rights on behalf of stockholders are explained. These proxies are strictly bound by the written instructions of each stockholder when exercising the voting right on behalf of their respective principals.

Werdohl, April 2005  
The Executive Board

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