



## Annual Stockholders' Meeting

Vossloh Aktiengesellschaft  
Werdohl

German SIN: 766710  
ISIN: DE 000 766 710 7

We hereby invite our stockholders to attend the

### **annual general meeting**

to be held on May 21, 2008, at 10:30 AM, in Düsseldorf, Congress Center Ost (CCD),  
Stockumer Kirchstrasse 61, Germany.

### **Agenda**

**(1) Presentation of the adopted separate financial statements, the approved consolidated financial statements, the management report on Vossloh AG and the Group, the Executive Board's statutory disclosures under the terms of Arts. 289(4) and 315(4) German Commercial Code ("HGB"), and the Supervisory Board report for the fiscal year 2007**

The above documents are all available for inspection on the premises of the registered office of Vossloh AG at Vosslohstr. 4 in 58791 Werdohl, as well as published on the Company's website at [www.vossloh.com](http://www.vossloh.com). On request, free copies will promptly be mailed to any stockholder.

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

The Executive and Supervisory Boards propose to appropriate the net earnings shown for fiscal 2007 at €69,956,067.68 as follows:

Distribution of a cash dividend of €1.70 per eligible no-par share	€25,152,853.20
Transfer to other reserves retained from earnings	€44,700,000.00
Carryover to new account	€103,214.48
<b>Net earnings</b>	<b>€69,956,067.68</b>

Pursuant to Art. 71b German Stock Corporation Act ("AktG"), Company-owned treasury shares are not eligible for dividend. If the number of treasury shares held by the Company when the annual general meeting adopts the resolution on the appropriation of net earnings increases or decreases from the number owned when the Executive and

Supervisory Boards 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, this amount then being carried forward as profit. Where applicable, a modified profit appropriation proposal will be submitted to the AGM for voting.

### **(3) Vote on the official approval of the Executive Board's acts or omissions**

The Executive and Supervisory Boards propose that such approval be granted to the Executive Board members acting in 2007.

### **(4) Vote on the official approval of the Supervisory Board's acts or omissions**

The Executive and Supervisory Boards propose that such approval be granted to the Supervisory Board members acting in 2007.

### **(5) Election of statutory auditor for fiscal 2008 and for the review of the condensed interim financial statements and the interim management report**

The Supervisory Board proposes that

(a) BDO Deutsche Warentreuhand AG, Wirtschaftsprüfungsgesellschaft, Essen branch, be elected statutory auditor of Vossloh AG and the Group for fiscal 2008;

(b) BDO Deutsche Warentreuhand AG, Wirtschaftsprüfungsgesellschaft, Essen branch, be elected statutory auditor for a review of the condensed interim financial statements and the interim management report of Vossloh AG and the Group for the six months ending June 30, 2008 (H1/2008), under the terms of Arts. 37w(5) and 37y No. 2 German Securities Trading Act ("WpHG").

### **(6) Election of Supervisory Board members**

According to Art. 102(1) German Stock Corporation Act ("AktG") and Article 10(2) of the Company's bylaws, the term of all Supervisory Board members will expire at the close of the annual general meeting on May 21, 2008.

The Supervisory Board proposes to elect each of the gentlemen listed below as stockholder representatives on the Supervisory Board, their term commencing at the close of this AGM and terminating at the close of the AGM which votes on the official approval of the acts and omissions for the fourth fiscal year hereafter:

(a) Dr.-Ing. Wilfried Kaiser, Munich, degreed engineer, former executive board member of Asea Brown Boveri AG,

(b) Peter Langenbach, Wuppertal, lawyer,

(c) Dr. Jürgen Blume, Bad Bentheim, sworn public auditor and tax accountant,

(d) Dr. Christoph Kirsch, Weinheim, former CFO of Südzucker AG.

Supervisory Board composition is governed by Arts. 96(1) and 101 AktG, as well as Art. 4

Supervisory Board Composition Act ("DrittelbetG"). The general meeting is not bound by a slate.

The intention is that the AGM vote separately on each Supervisory Board member to be reelected.

### **Disclosures under the terms of Art. 125(1) clause 3 AktG:**

The stockholder representatives to be reelected according to the above Supervisory Board slate are members of the following other supervisory or comparable German or foreign statutory corporate boards:

Dr.-Ing. Wilfried Kaiser

- EvoBus GmbH: supervisory board member
- ACTech GmbH: advisory board member
- schenck.de AG: supervisory board chairman
- Hugo Kern und Liebers GmbH & Co. KG: director
- Karl Eugen Fischer Holding GmbH: advisory board chairman

Peter Langenbach

- Credit- und Volksbank eG, Wuppertal: supervisory board member

Dr. Jürgen Blume

- No additional board memberships

Dr. Christoph Kirsch

- GELITA AG: supervisory board member

### **(7) Vote on the amendment of Art. 17 of the bylaws (Remuneration of the Supervisory Board and its Committees)**

It is proposed that the fixed portion of the Supervisory Board members' annual remuneration be raised from €10,000 to a fixed fee of €20,000 commensurate with the Company's size and profitability. However, with a view to maintaining the overall level of the Supervisory Board remuneration if profitability remains unchanged, the variable portion will be reduced accordingly, i.e., a variable fee may not be claimed unless and until annual group earnings per share exceed €2.00 (previous base: €1.00). Furthermore, after establishing a Slate Submittal Committee in line with the recommendations of the German Corporate Governance Code, and given the wide-ranging tasks and responsibilities especially of the Audit Committee chairman, the fees payable to Supervisory Board committee members should be raised. If resolved as proposed, the Audit Committee chairman will in future receive triple the committee membership fee. According to this proposal, members of the newly formed Slate Submittal Committee (which submits a slate of stockholder representatives on the Supervisory Board to, for election by, the annual general meeting) will receive an additional fee of only 25 percent of the fixed fee, given the less time-consuming work and lower meeting frequency in comparison with other committees. This additional fee will only be paid if this committee has actually convened in a fiscal year.

Therefore, the Executive and Supervisory Boards propose that the following resolution be adopted:

(a) Art. 17(1) of the bylaws is amended to read as follows:

"Members of the Supervisory Board will each receive, apart from reimbursement for their cash outlays, a fixed annual fee of €20,000 for the services, payable after fiscal year-end."

(b) Art. 17(2) clause 1 of the bylaws is amended to read as follows:

"In addition, members of the Supervisory Board will each receive for their services a variable fee of €1,000 for every €0.10 of group earnings per share in excess of €2.00."

(c) Art. 17(3) of the bylaws is amended to read as follows:

"The Chairman will receive triple, and the Vice-Chairman 1.5 times, the fees stated in the preceding paragraphs (1) and (2). The additional fee payable for committee membership amounts to 25 percent, and for Audit Committee chairmanship to 75 percent, of the aforesaid fees. The additional fee payable for membership in the Slate Submittal Committee amounts to 25 percent of the fixed fee stated in (1) above, provided that this committee has convened in the fiscal year. If the Supervisory Board Chairman is also member of one or several committees, no separate fee will be paid for such membership. Supervisory Board members the duration of whose membership in the Supervisory Board or one of its committees was less than one fiscal year or term of office will receive a remuneration pro rata temporis for each month (or fraction thereof) of such membership. Vossloh AG may take out an adequate and reasonable third-party liability insurance policy in favor of its Supervisory Board members to provide cover for their liability as Supervisory Board member. Value-added tax (VAT) will be refunded by the Company if a Supervisory Board member has the right to bill VAT separately and exercises this right."

(d) Art. 17(4) of the bylaws is amended to read as follows:

"Supervisory Board members are entitled to receive the remuneration according to this Art. 17 as from October 1, 2008."

### **(8) Execution of a subordination and profit & loss transfer agreement between Vossloh Kiepe GmbH and Vossloh AG**

Vossloh AG as tax group parent and Vossloh Kiepe GmbH (registered at the Local Court of Düsseldorf under C/R no. HRB 34306) as controlled subsidiary, have executed a subordination (direct-control) and P&L transfer agreement (the "Agreement"). Vossloh AG owns all of the shares in Vossloh Kiepe GmbH.

The Executive and Supervisory Boards propose that the execution of the Agreement be approved.

The essential provisions of the Agreement are the following:

Vossloh Kiepe GmbH is subject to Vossloh AG's management. Therefore, Vossloh AG is authorized to issue instructions to Vossloh Kiepe GmbH's Management Board on how to conduct this subsidiary's business.

As from January 1, 2008, Vossloh Kiepe GmbH agrees to transfer its entire profit, determined in accordance with the applicable provisions of the German Commercial Code ("HGB"), to Vossloh AG while abiding by AktG regulations. To the extent that sound

judgment justifies this for business and financial-accounting reasons and with Vossloh AG's prior approval, Vossloh Kiepe GmbH may transfer part of its net income to the reserves retained from earnings. The transfer of any amounts from pre-Agreement retained earnings or from the release of other reserves retained from pre-Agreement earnings is excluded. Other reserves retained from earnings during the life of the Agreement shall be released if and when so required by Vossloh AG and either applied to offset any net loss or transferred as profit.

For the duration of the Agreement and in accordance with AktG provisions, Vossloh AG is obligated to absorb any such additional net loss incurred during the life of the Agreement as has not been or could not be offset by the retransfer from free reserves which have been retained from earnings while the Agreement has been in force and effect, such free reserves comprising the other reserves retained from earnings pursuant to Art. 272(3) HGB and additional paid-in capital under the terms of Art. 272(2) no. 4 HGB.

Under civil law, the Agreement will take effect when (i) approved by the general meetings of Vossloh Kiepe GmbH and Vossloh AG and (ii) entered into the Commercial Register of Vossloh Kiepe GmbH. Except for the right to issue management instructions, the Agreement will apply retroactively as from January 1, 2008, and may be terminated at six months' notice as of the end of any fiscal year of Vossloh Kiepe GmbH, however, the earliest effective date of termination being December 31, 2012. The aforesaid applies without prejudice to terminate the Agreement without notice if for good cause. For the purposes of the Agreement, good cause includes the loss by Vossloh AG of the majority of the voting rights directly or indirectly held in Vossloh Kiepe GmbH.

The general meeting of Vossloh Kiepe GmbH has consented to the Agreement in notarized form. For lack of any minority shareholders, Vossloh AG is neither obligated to make any compensatory payments under the terms of Art. 304 AktG nor grant any indemnity pursuant to Art. 305 AktG. For the same reason, no independent formal review of the Agreement is required either, as set out in Art. 293b AktG.

The Agreement, the financial statements and, where required by the law, management reports of the contracting parties for the preceding three fiscal years, as well as the report according to Art. 293a AktG jointly prepared by Vossloh AG's Executive Board and Vossloh Kiepe GmbH's Management Board on the Agreement may be inspected by stockholders as from the date of this invitation, in the offices of both Vossloh AG (Vosslohstr. 4, 58791 Werdohl) and Vossloh Kiepe GmbH (Kiepe-Platz 1, 40599 Düsseldorf). Moreover, these documents (Vossloh Kiepe documents in German language only) will be available for inspection at the AGM. On request any stockholder may immediately obtain a free copy of such documents which are also downloadable from [www.vossloh.com](http://www.vossloh.com)

#### **(9) Rescission of the current authorized capital, creation of new authorized capital, and related bylaw amendments**

Pursuant to Art. 4(2) of the bylaws, Vossloh AG's authorized capital will expire May 26, 2008. It is proposed that new authorized capital be created whose utilization is authorized up to May 20, 2013. With a view to ensuring a smooth authority renewal and replacement of the current by the new authorized capital, the Executive and Supervisory Boards propose that the resolutions quoted in 9.1 to 9.3 below be passed. The amendments proposed in agenda subitem 9.4 refer to the wording of the bylaws due to the new authorized capital, while the resolution put forward in 9.5 refers to the entry of the new authorized capital into

the Company's Commercial Register.

The Executive and Supervisory Boards propose that the general meeting resolve

### **9.1 Rescission of the authorized capital**

THAT the previous authority conferred by the general meeting upon the Executive Board pursuant to Art. 4(2) of Vossloh AG's bylaws, viz. to raise the Company's capital stock, after first obtaining the Supervisory Board's consent, on or before May 26, 2008, by an aggregate total of €18,406,507.72 through one or several issues of new shares of common stock and/or nonvoting preferred stock in exchange for contributions in cash or in kind (authorized capital), is rescinded by deleting Art. 4(2) of the bylaws.

### **9.2 Creation of new authorized capital**

THAT the Executive Board be authorized to increase the Company's capital stock, after first obtaining the Supervisory Board's consent, on or before May 20, 2013, by an aggregate total of €18,406,507.72 through one or several issues of new shares of common stock and/or nonvoting preferred stock in exchange for contributions in cash or in kind (authorized capital).

To the extent that nonvoting preferred stock is issued within the authorized capital, such stock shall carry the preferential right to cumulative dividends and, as an optional prerogative, a noncumulative incremental dividend. Any subsequently issued shares of preferred stock may be declared in respect of the distribution of profits and corporate assets to rank pari passu with the nonvoting preferred stock which has been issued when first utilizing the authorized capital or any part thereof.

The stockholders shall be granted a subscription right.

(a) However, the Executive Board is authorized, subject to the Supervisory Board's prior approval, to exclude fractions from the subscription right as well as, provided that bearer shares of common and nonvoting preferred stock are issued concurrently after the first-time (partial) utilization of authorized capital by issuing nonvoting preferred stock, to exclude the right of holders of stock of either class to subscribe for stock of the other stock class, thus duly maintaining the then current ratio of the two stock classes.

(b) The Executive Board is further authorized, after first obtaining the Supervisory Board's approval, to also exclude the subscription right wherever required to grant to holders of conversion privileges and/or warrants or conversion obligations from a convertible and/or warrant bond issue which has been or will be floated by Vossloh AG or any of its (directly or indirectly) wholly owned subsidiaries, the right to subscribe for new stock to the extent to which they would be entitled as stockholders upon exercise of their conversion privileges and/or option rights or upon satisfaction of their conversion obligations under the convertible or warrant bonds.

(c) Moreover, the Executive Board is authorized, when exercising the authority to raise the capital stock (authorized capital), with the Supervisory Board's prior approval to exclude the stockholders' statutory subscription right provided that (i) the new stock is issued against cash contributions, (ii) the new stock's issue price (when fixed with final effect) is

not significantly below that of already listed same-class stock, and (iii) the aggregate number of shares issued does not exceed ten percent of the capital stock when this authority takes effect or is exercised. The disposal of any treasury shares shall be counted toward this capital ceiling if the treasury shares are disposed of during the term of this authority and the stockholders' subscription rights are excluded, as set out in Art. 186(3) clause 4 AktG. Shares (to be) issued to service convertible and/or warrant bonds or satisfy conversion obligations will also counted toward the 10-percent capital stock ceiling, provided that such bonds are issued during the term of this authority and the stockholders' subscription rights are excluded, in analogous accordance with Art. 186(3) clause 4 AktG.

(d) In addition, the Executive Board is authorized, when exercising the authority to raise the capital stock, with the Supervisory Board's prior approval, to exclude the stockholders' statutory subscription right once or several times for an aggregate maximum of €9,000,000 if new stock is issued against contribution in kind.

THAT the Executive Board be authorized, subject to the Supervisory Board's prior consent, to stipulate all further details of the capital increase, as well as the terms and conditions of stock issuance.

**9.3 THAT, once the rescission of the current Art. 4(2) of the bylaws has been recorded in the Commercial Register in accordance with 9.1 above, Art. 4(2) of the bylaws be replaced by the following text:**

"The Executive Board is authorized to increase the Company's capital stock, after first obtaining the Supervisory Board's consent, on or before May 20, 2013, by an aggregate total of €18,406,507.72 through one or several issues of new shares of common stock and/or nonvoting preferred stock in exchange for contributions in cash or in kind (authorized capital).

To the extent that nonvoting preferred stock is issued within the authorized capital, such stock shall carry the preferential right to cumulative dividends and, as an optional prerogative, a noncumulative incremental dividend. Any subsequently issued shares of preferred stock may be declared in respect of the distribution of profits and corporate assets to rank *pari passu* with the nonvoting preferred stock which has been issued when first utilizing the authorized capital or any part thereof.

The stockholders shall be granted a subscription right.

(a) However, the Executive Board is authorized, subject to the Supervisory Board's prior approval, to exclude fractions from the subscription right as well as, provided that bearer shares of common and nonvoting preferred stock are issued concurrently after the first-time (partial) utilization of authorized capital by issuing nonvoting preferred stock, to exclude the right of holders of stock of either class to subscribe for stock of the other stock class, thus duly maintaining the then current ratio of the two stock classes.

(b) The Executive Board is further authorized, after first obtaining the Supervisory Board's approval, to also exclude the subscription right wherever required to grant to holders of conversion privileges and/or warrants or conversion obligations from a convertible and/or warrant bond issue which has been or will be floated by Vossloh AG or any of its (directly or indirectly) wholly owned subsidiaries, the right to subscribe for new stock to the extent to

which they would be entitled as stockholders upon exercise of their conversion privileges and/or option rights or upon satisfaction of their conversion obligations under the convertible or warrant bonds.

(c) Moreover, the Executive Board is authorized, when exercising the authority to raise the capital stock (authorized capital), with the Supervisory Board's prior approval to exclude the stockholders' statutory subscription right provided that (i) the new stock is issued against cash contributions, (ii) the new stock's issue price (when fixed with final effect) is not significantly below that of already listed same-class stock, and (iii) the aggregate number of shares issued does not exceed ten percent of the capital stock when this authority takes effect or is exercised. The disposal of any treasury shares shall be counted toward this capital ceiling if the treasury shares are disposed of during the term of this authority and the stockholders' subscription rights are excluded, as set out in Art. 186(3) clause 4 AktG. Shares (to be) issued to service convertible and/or warrant bonds or satisfy conversion obligations will also counted toward the 10-percent capital stock ceiling, provided that such bonds are issued during the term of this authority and the stockholders' subscription rights are excluded, in analogous accordance with Art. 186(3) clause 4 AktG.

(d) In addition, the Executive Board is authorized, when exercising the authority to raise the capital stock, with the Supervisory Board's prior approval, to exclude the stockholders' statutory subscription right for an aggregate maximum of €9,000,000 if new stock is issued against contribution in kind.

The Executive Board is authorized, subject to the Supervisory Board's prior consent, to stipulate all further details of the capital increase, as well as the terms and conditions of stock issuance."

**9.4 THAT in both Arts. 5(2) clause 1 and 25(3) of the bylaws, the date of the Executive Board authorization to raise the capital stock be updated to read "May 21, 2008" in lieu of "May 27, 2003."**

**9.5 The Executive Board is instructed not to proceed to the entry into the Commercial Register of the rescission of the authorized capital under the terms of Art. 4(2) of the bylaws (when approved as proposed in 9.1 above) unless and until it has been ensured that, immediately after such entry, the creation of new authorized capital and the related bylaw amendments (according to 9.2–9.4 above) are also recorded in the Commercial Register.**

**(10) Authorization to acquire and use treasury stock, as well as to the exclude subscription and tender rights**

The current authority conferred by the annual stockholders' meeting of May 31, 2007, to acquire shares of treasury stock will expire November 30, 2008 (the "Current Authority"). It is proposed that the authority be extended for the period ending November 20, 2009.

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 (on November 30, 2008), to acquire on or before November 20, 2009, treasury stock equivalent to an aggregate maximum of ten percent of Vossloh AG's capital stock.

The treasury stock repurchased plus any treasury shares already held by the Company or assignable to the Company pursuant to Arts. 71a et seq. AktG may at no point in time exceed the aforesaid 10-percent capital stock ceiling.

The price paid for such shares (excluding purchase incidentals) 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 ex rights 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 to an aggregate maximum of ten percent of such capital stock as exists at the effective date, or at the date of exercise, of this authority, whichever is lower. Any such shares are counted toward this ceiling as are issued or disposed of (without granting a subscription right to stockholders) during the validity period of this authority by applying the provisions of Art. 186(3) clause 4 AktG directly or mutatis mutandis. The applicable share price for the purposes of the above provision is 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 and excluding the stockholders' subscription right, to sell and transfer to third parties any such repurchased (treasury) 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 and withdraw treasury stock with the Supervisory Board's approval, however, without requiring another vote by the general meeting.

### **Report of the Executive Board on agenda item 9 pursuant to Art. 203(2) clause 2 AktG in conjunction with Art. 186(4) clause 2 AktG**

The Executive Board has submitted the following report on agenda item 9 pursuant to Art. 203(4) clause 2 AktG in conjunction with Art. 186(4) clause 2 AktG for detailing the reasons for the Executive Board to be authorized to exclude the stockholders' statutory subscription right when raising the capital stock from authorized capital.

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 general meeting for inspection by the stockholders. On request, any stockholder may promptly obtain a free copy of this report, which reads as follows:

According to Art. 4(2) of the bylaws, Vossloh AG's authorized capital will expire on May 26, 2008; it is proposed that this be re-created in order for the Company at any time to suit its equity capitalization to business requirements. The Executive Board believes that one of

this Board's obligations is to ensure that the Company has at all times the necessary funding tools at its disposal, irrespective of any specific utilization plans. Since decisions on meeting funding requirements must in most cases be made quickly, it is important that the Company need not depend on or be bound by when the AGM convenes. By permitting the creation of authorized capital, legislation has allowed for this necessity. Standard reasons for resorting to authorized capital include shoring up the capital base or funding M&A transactions.

When the Executive Board exercises its authority proposed in line with agenda item 9 to increase the Company's capital stock, after first obtaining the Supervisory Board's consent, on or before May 20, 2013, by an aggregate total of €18,406,507.72 through one or several issues of new shares of common stock and/or nonvoting preferred stock in exchange for contributions in cash or in kind (authorized capital), stockholders would normally have a subscription right. However, subject to prior Supervisory Board approval, the Executive Board may decide to exclude the statutory subscription right of stockholders to a certain extent:

(a) The Executive Board's authority, subject to the Supervisory Board's prior approval, to exclude fractions from the subscription right will ensure that a practicable subscription ratio is used and thus facilitate the technicalities of the capital increase. The new shares created from such unassigned fractions will be realized in the Company's best interests. When concurrently bearer shares of common and nonvoting preferred stock are issued, the authority to exclude the right of holders of stock of either class to subscribe for stock of the other stock class will maintain the then current ratio of the two stock classes.

(b) It is further proposed to authorize the Executive Board, after first obtaining the Supervisory Board's approval, to also exclude the subscription right wherever required to grant to holders of conversion privileges and/or warrants from a convertible and/or warrant bond issue which has been or will be floated the right to subscribe for new stock in accordance with the bond issue terms. For easier placement on the capital market, such bonds usually come with an antidilutive mechanism which provides that their holders be granted in any subsequent stock issues cum rights, in lieu of a reduced warrant or conversion price, the same right to subscribe for new stock as stockholders. Bondholders are thus granted stockholder rights to the extent to which they would be entitled as stockholders if they had already exercised their conversion privileges and/or option rights or if the conversion obligation had been satisfied under the convertible or warrant bonds. The Company is thus able to benefit from a higher issue price for shares issued upon conversion or option exercise than it would earn if the antidilutive mechanism consisted in the reduction of the option strike or conversion price.

(c) In addition, the authority to be conferred according to agenda item 9 will (if resolved as proposed) enable the Executive Board, with the Supervisory Board's prior approval to exclude stockholders from exercising their statutory subscription right if the new stock's issue price (when fixed with final effect) is not significantly below that of already listed same-class stock. This authority will enable the Company to quickly and flexibly seize market opportunities and promptly respond to a need for meeting requirements for capital or funds. A stock issue ex rights will therefore enable the Company not only to act more swiftly but also place stock on the market at a price much closer to current quotations than would be possible if the markdown (discount) were granted in line with the standard cum rights stock issue practice. The Company will thus benefit from a higher stock premium.

Moreover, such a share placement approach can pave the way to new investor groups. When exercising this authority and after obtaining the Supervisory Board's approval, the Executive Board will downsize the discount to the lowest level practicable in view of the current market conditions prevailing at the time of stock placement. In no case, however, may the share price discount exceed 5 percent of the stock price quoted when the authorized capital is utilized. The aggregate number of shares issued ex rights under the terms of Art. 186(3) clause 4 AktG must not exceed ten percent of the capital stock when this authority takes effect or is exercised. The disposal of any treasury shares must be counted toward this capital ceiling if the treasury shares are sold during the term of this authority by issuing stock ex rights as set out in Art. 186(3) clause 4 AktG. In addition, shares (to be) issued to service convertible and/or warrant bonds or satisfy conversion obligations will also be counted toward the 10-percent capital stock ceiling, provided that such bonds are issued during the term of this authority and the stockholders' subscription right is excluded, in analogous accordance with Art. 186(3) clause 4 AktG. These restrictions conform with the statutory requirement for an antidilutive provision in favor of the Company's stockholders who, thanks to a share issue price substantially close to current market quotations and to the ceiling of a capital increase ex rights, are thus generally enabled to maintain their shareholding percentage by acquiring the necessary number of shares on substantially the same terms via a stock exchange. In line with the rationale of Art. 186(3) clause 4 AktG, Vossloh will thus ensure that both the shareholding and voting interests are reasonably safeguarded in a stock issue ex rights when increasing the capital stock by utilizing authorized capital, while the Company is given wider latitude for any action in the interests of all its stockholders.

(d) In addition, agenda item 9 proposes that the Executive Board be authorized, when exercising the authority to raise the capital stock, with the Supervisory Board's prior approval, to decide on the exclusion of the stockholders' statutory subscription right once or several times for an aggregate maximum of €9,000,000 if new stock is issued against contribution in kind. The Executive Board is thus enabled to offer Vossloh stock either in certain M&A deals or intended business combinations or in exchange for the acquisition of other enterprises, equity interests therein, business units or other major assets, i.e., such negotiations may result in the need for giving stock as consideration in lieu of cash. The option of a payment in Vossloh stock will allow management to promptly respond to an attractive acquisition opportunity in order to prevail over potential rival acquirers, and give the Executive Board sufficient discretion as to how this opportunity for purchasing another enterprise or any stake therein, business unit or other major asset can be taken up without tapping the Company's cash resources. Payment in stock may also be considered a sensible or preferable option when aiming at an enhanced financing structure. The Company is not disadvantaged by such a payment in stock since the issuance of new stock in return for a contribution in kind is premised on the fair and equitable value of the contribution in kind in comparison to the stock given in exchange. When determining the pricing ratios, the Executive Board will ensure that the interests of both the Company and its stockholders are reasonably safeguarded by insisting on a fair issue price for the new stock. The Executive Board will carefully weigh the specific pros and cons when deciding on a stock issue ex rights from authorized capital, and will conclude that the statutory subscription rights should be excluded only in cases where the acquisition project meets the (abstract) criteria paraphrased in this report to the general meeting and if the acquisition in exchange for Vossloh stock is also in the best interests of the Company. The Supervisory Board will not give its requisite consent to the utilization of authorized capital unless these conditions are met.

The Executive Board will report on each case of utilization of such authorized capital at the succeeding general meeting.

Executive Board report to the annual general meeting on agenda item 10 pursuant to Art. 71(1) No. 8 AktG in conjunction with Art. 186(3) clause 4 and (4) clause 2 AktG

The Executive Board has submitted the following report on agenda item 10 pursuant to Art. 71(1) No. 8 AktG in conjunction with Art. 186(3) clause 4 and (4) clause 2 AktG for detailing the reasons why the statutory subscription right may be excluded 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 general meeting for inspection by the stockholders. On request, any stockholder may promptly obtain a free copy of this report, which reads as follows:

The provisions of Art. 71(1) No. 8 AktG offer stock corporations the option (which has been duly approved by the general meeting) of acquiring treasury stock equivalent to an aggregate maximum of ten percent of their capital stock. Agenda item 10 proposes that the Company be authorized under the terms of Art. 71(1) No. 8 AktG to repurchase Vossloh shares corresponding to an aggregate maximum of ten percent of the capital stock once the Current Authority to acquire treasury stock on or before November 30, 2008, has expired.

The proposed reauthorization will enable Vossloh AG for an additional period expiring November 20, 2009, 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 repurchases, it would make good sense for Vossloh AG to likewise be able to flexibly have such an instrument at its command. In fiscal 2007, the Current Authority had only marginally 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, too, 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. This proviso reflects the concept of protecting stockholders from dilutive effects. Since the Company will fix a treasury stock selling price that is substantially close to current market quotations prior to the actual disposal, stockholders are thus generally

enabled to maintain their shareholding percentage by acquiring the necessary number of shares via a stock exchange. The discount on the current market price will in no case, however, exceed ten percent of the stock price quoted when the authorized capital is utilized. The applicable stock purchase price for the purposes of this clause is the average Vossloh share 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 finally 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) clause 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. The authority is confined to treasury shares that represent an aggregate maximum of ten percent of the Company's capital stock. Treasury shares sold or issued ex rights during the term of this authority by applying Art. 186(3) clause 4 AktG directly or mutatis mutandis must be counted toward this capital ceiling.

Treasury stock may also be disposed of in return for a contribution in kind while excluding subscription rights. This authority is 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 current stock market quotations, the Company will not insist that the treasury stock price be pegged 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) No. 8 AktG.

The Company may redeem and withdraw treasury stock without requiring another vote by the stockholders' meeting.

The Executive Board will report on the exercise of the authority at the succeeding general meeting.

### **Participation in the annual general meeting**

According to Article 19 of the bylaws, only such stockholders will be entitled to participate in, and vote at, the annual general meeting as have registered with the Company at the following address, duly submitting evidence of their shareholding issued by their depository in a reproducible document (as defined in Art. 126b German Civil Code—"BGB") made out in English or German language:

Vossloh AG  
c/o Deutsche Bank AG  
– General Meetings –  
60272 Frankfurt/Main, Germany

The proof of stock ownership must refer to the beginning of April 30, 2008 (00:00 a.m. CET) and be furnished in a reproducible (English- or German-language) document under the terms of Art. 126b BGB. The registration and proof of stock ownership must be received by the Company at the above address by the close of May 14, 2008.

After due receipt of these documents, stockholders will receive admission tickets for the AGM. Stockholders are requested to arrange for the timely dispatch of their stock ownership proof to the Company to ensure that the tickets are received in due time.

As of the date of this invitation to the AGM, Vossloh AG had issued altogether 14,795,796 no-par bearer shares of common stock with as many votes and did not own any treasury stock. Therefore the number of voting shares as of invitation date is 14,795,796.

### **Voting proxies**

Stockholders may also appoint a proxy to exercise their voting right at the general meeting by issuing a power of attorney to e.g. a bank or association of stockholders. Unless a bank or stockholder association is appointed proxy, the power of attorney requires the written form.

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. If not containing voting instructions (by which Vossloh voting proxies are strictly bound), the power of attorney of a voting proxy is invalid and void. Stockholders wishing to exercise their voting right through a Vossloh-appointed proxy require an admission ticket (obtainable from the depositary) for the annual general meeting. Together with the ticket, stockholders 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; this information is also downloadable from the Company's website at [www.vossloh.com](http://www.vossloh.com)

Power of attorney and voting instructions to proxies must be physically mailed (i.e., neither faxed nor emailed), using the admission ticket forms for the power and voting instructions, and received by the close of May 19, 2008. We trust you will understand that any powers and voting instructions received thereafter will not be accepted.

### **Queries and motions of stockholders**

Stockholders intending to put queries at the annual general meeting are asked, wherever practicable, to submit these in advance to the Company so that the Executive Board may prepare a reply. Motions submitted by stockholders against a Supervisory or Executive Board proposal for a certain agenda item in accordance with Art. 126(1) or 127 AktG shall be addressed to, and only to:

Vossloh AG  
Vorstand/Executive Board  
Vosslohstrasse 4  
58791 Werdohl, Germany  
Fax: (+49-2392) 52-219  
Email: [investor.relations@ag.vossloh.com](mailto:investor.relations@ag.vossloh.com)

Any stockholder motions disclosable under the terms of Arts. 126, 127 AktG will be published on the Company's website at [www.vossloh.com](http://www.vossloh.com), as will any Executive Board's comments or responses.

The invitation to the annual general meeting was published on April 7, 2008, in the digital version of the German Federal Gazette ("Bundesanzeiger"). This invitation, as well as the reports and documents subject to stockholder inspection as from invitation date, are also available on the Company's website at [www.vossloh.com](http://www.vossloh.com)

Werdohl, April 2008  
The Executive Board