



Convenience translation: The German version shall prevail.

Vossloh AG

Werdohl, Germany

German SIN: 766710

ISIN: DE0007667107

We hereby invite our stockholders to attend the **annual general meeting** to be held on May 28, 2014, at 10:00 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 takeover-related disclosures under the terms of Arts. 289(4) and 315(4) German Commercial Code ("HGB"), and the Supervisory Board report for fiscal 2013

On March 26, 2014, the Supervisory Board approved the separate and consolidated financial statements as prepared by the Executive Board, thus adopting the separate financial statements. Therefore, Agenda Item (1) need not be voted on. The above documents have all been published on the Company's website at www.hauptversammlung.vossloh.com, besides being obtainable at the AGM. 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 2013 at €32,305,117.58 as follows:

Distribution of a cash dividend of €0.50 per eligible no-par share	€6,662,645.00
Carryforward to new account	€25,642,472.58
Net earnings	€32,305,117.58

The above profit appropriation proposal already takes into account that the treasury stock held by the Company has meantime been sold and therefore departs from the proposal published in the notes to the consolidated financial statements 2013.

(3) Vote on the official approval of the Executive Board's acts and omissions

The Executive and Supervisory Boards propose that such approval be granted to the Executive Board members acting in 2013.

(4) Vote on the official approval of the Supervisory Board's acts and omissions

The Executive and Supervisory Boards propose that such approval be granted to the Supervisory Board members acting in 2013.

(5) Election of statutory auditor for fiscal 2014 and for the review of the condensed interim financial statements and the interim management report

As recommended by its Audit Committee, the Supervisory Board proposes that

(a) Hamburg-based BDO AG Wirtschaftsprüfungsgesellschaft, Essen branch, be elected statutory auditor of Vossloh AG and the Group for fiscal 2014;

(b) Hamburg-based BDO 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, 2014 (H1/2014).

(6) Subsequent election of Supervisory Board members

Present Supervisory Board members Dr.-Ing. Kay Mayland and Dr. Wolfgang Scholl have declared that they will step down with effect as of the close of the AGM on May 28, 2014, and therefore two successors require to be appointed. Pursuant to Article 10(2) of Vossloh AG's Articles of Incorporation and Bylaws, any successor to an early-withdrawing Supervisory Board member will be appointed for the latter's residual term of office.

The Supervisory Board proposes that, with effect as from the close of the AGM, the following candidates be elected stockholder representatives on the Supervisory Board to succeed Dr.-Ing. Mayland and Dr. Scholl for a term expiring at the close of the AGM which votes on the official approval of the Supervisory Board's acts and omissions for the third succeeding fiscal year after term commencement, the initial fiscal year of such term not being counted:

(a) Dr.-Ing. Wolfgang Schlosser, Puchheim, management consultant and former management board member of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH

(b) Ursus Zinsli, Saint-Sulpice, Canton of Vaud, Switzerland, delegate of the board of directors and former management board member of Scheuchzer SA, Switzerland

Supervisory Board membership is governed by the provisions of Arts. 96(1), 101(1) German Stock Corporation Act ("AktG") and Art. 4 Supervisory Board Composition Act ("DrittelbG"). The AGM is not bound by the above slate.

It is suggested that the AGM vote separately on each Supervisory Board candidate on the slate.

Disclosures according to Art. 125(1) Clause 5 AktG

The candidates slated for Supervisory Board election are members in the following statutory supervisory boards or comparable German or foreign boards of business enterprises:

Dr.-Ing. Wolfgang Schlosser
– no further board membership

Ursus Zinsli
– vice-president of the board of directors,
FURRER + FREY AG, Bern, Switzerland

Disclosures according to § 5.4.1 German Corporate Governance Code

With respect to § 5.4.1 of the Code, the Supervisory Board believes that none of the slated candidates maintains any such personal or business relations with Vossloh AG, any Vossloh company, a Vossloh board or major Vossloh AG stockholder as would be reportable or disclosable under the terms of this paragraph of the Code.

(7) Authorization of new capital and of subscription right exclusion, as well as related bylaw amendments

Authorized capital is an important means for a company to suit its equity capitalization to business requirements at any time, even on a short-term basis. Since Vossloh AG's authorized capital expires at May 19, 2014, it is proposed that new authorized capital be created and the bylaws amended accordingly.

Therefore, the Executive and Supervisory Boards propose that they be authorized by the general meeting as follows:

(a) The Executive Board is hereby authorized to increase the capital stock, after first obtaining the Supervisory Board's consent, on or before May 27, 2019, by an aggregate total of €7,500,000 through one or several issues of new no-par shares of common stock in exchange for contributions in cash and/or in kind (authorized capital). The stockholders shall be granted a subscription right. The new shares may also be underwritten by one or several banks on condition that they be offered to the stockholders for subscription.

However, the Executive Board will be authorized, subject to the Supervisory Board's prior approval, to exclude fractions (if any, ensuing from subscription right exercise) from the subscription right, as well as to also exclude the statutory subscription right to the extent and provided that such exclusion is required to grant to holders—or, in the case of registered securities, the creditors—of conversion privileges and/or warrants which are outstanding at the time the authorized capital is utilized, or conversion obligations from a convertible and/or warrant bond issue which has been or will be floated by the Company 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. Moreover, the Executive Board is hereby authorized, when exercising the authority to raise the capital stock, to exclude the stockholders' subscription right with the Supervisory Board's prior approval 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 total 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 validity period of this authority and the stockholders' subscription right is 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 be counted toward the 10-percent capital stock ceiling, provided that such bonds are issued during the validity period of this authority and the stockholders' subscription right is excluded, *mutatis mutandis* in accordance with Art. 186(3) clause 4 AktG. In addition, the Executive Board is hereby authorized, when exercising the authority to raise the capital stock, to exclude the stockholders' subscription right with the Supervisory Board's prior approval if new stock is issued hereunder in return for contributions in kind.

The Executive Board is hereby 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.

(b) The provisions of Article 4(2) of the Company's bylaws that govern the details of the expired authorized capital 2009 are deleted and replaced by the following restated Article 4(2) of the bylaws:

“(2) The Executive Board is authorized to increase the capital stock, after first obtaining the Supervisory Board's consent, on or before May 27, 2019, by an aggregate total of €7,500,000 through one or several issues of new no-par shares of common stock in exchange for contributions in cash and/or in kind (authorized capital). The stockholders shall be granted a subscription right. The new shares may also be underwritten by one or several banks on condition that they be offered to the stockholders for subscription.

However, the Executive Board is authorized, subject to the Supervisory Board's prior approval, to exclude fractions (if any, ensuing from subscription right exercise) from the subscription right, as well as to also exclude the statutory subscription right to the extent and provided that such exclusion is required to grant to holders—or, in the case of registered securities, the creditors—of conversion privileges and/or warrants which are outstanding at the time the authorized capital is utilized, or conversion obligations from a convertible and/or warrant bond issue which has been or will be floated by the Company 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. Moreover, the Executive Board is authorized, when exercising the authority to raise the capital stock, to exclude the stockholders' subscription right with the Supervisory Board's prior approval 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 total 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 validity period of this authority and the stockholders' subscription right is 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 be counted toward the 10-percent capital stock ceiling, provided that such bonds are issued during the validity period of this authority and the stockholders' subscription right is excluded, *mutatis mutandis* in accordance with Art. 186(3) clause 4 AktG. In addition, the Executive Board is authorized, when exercising the authority to raise the capital stock, to exclude the stockholders' subscription right with the Supervisory Board's prior approval if new stock is issued hereunder in return for contributions 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."

Report of the Executive Board on Agenda Item 7 pursuant to Art. 203(2) clause 2 AktG in conjunction with Art. 186(4) clause 2 AktG

Agenda Item 7 proposes that new authorized capital of up to €7,500,000 be created by issuing new no-par bearer shares of common stock in return for cash and/or noncash contributions (authorized capital).

The proposed authorized capital will enable the Company's Executive Board at any time to suit Vossloh AG's equity base to business requirements and, in the stockholders' best interests, swiftly and flexibly respond to a changing market environment. The Executive Board believes that one of its 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, legislators have 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 7 to increase the Company's capital stock, after first obtaining the Supervisory Board's consent, by issuing new shares in exchange for contributions in cash or in kind, 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 utilized in the Company's best interests.
- (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—or, in the case of registered securities, the creditors—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 or creditors 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 or creditors 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 7 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 entitle 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 a 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 downscale 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 five 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 ex rights during the validity period of this authority, *mutatis mutandis* in 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 thereby ensure that both the financial 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) The Executive Board shall be authorized, when exercising the authority to raise the capital stock, to decide on the exclusion of the stockholders' statutory subscription right with the Supervisory Board's prior approval if new stock is issued in return for contributions 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 right 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.

(8) Amendment of Article 17 of the bylaws (Remuneration of the Supervisory Board and its Committees)

The fees payable to the Supervisory Board members shall be changed from a mixed fixed and variable remuneration to fixed-only fees to ensure that even in a highly volatile business environment with seesawing order intake, such as Vossloh AG's, the unchanged level of work is nonetheless fairly remunerated, thus strengthening the Supervisory Board's independence. Remuneration solely through fixed fees, moreover, reflects the wider-spreading business practice at listed stock corporations.

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

- (a) Article 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 gross annual fee of €40,000 for their services, payable after fiscal year-end."

- (b) The previous provisions of Article 17(2) of the bylaws and which refer to the pre-amendment remuneration are deleted and replaced by "N/a."

- (c) Article 17(3) of the bylaws is amended to read as follows:

"The Chairman will receive triple, the Vice-Chairman 1.5 times, and a committee member 1.25 times, the fee stated in the preceding paragraph (1). The additional fee payable for committee membership amounts to 25 percent, and for Audit Committee chairmanship to 75 percent (triple the additional committee membership fee), of the aforesaid fee. 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 concerned. 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 has been 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) Article 17(4) of the bylaws is amended to read as follows:

“Supervisory Board members are entitled to receive the remuneration according to this Article 17 as from July 1, 2014, *pro rata temporis*, the annual remuneration determined according to the superseded Article 17(1) through (3) being prorated up to June 30, 2014, and paid out in line with the bylaws.”

(9) Vote on the approval of the execution of three agreements amending current subordination and profit & loss transfer agreements

Between Vossloh AG, on the one hand, and the following wholly-owned subsidiaries, on the other, the following intercompany agreements exist *inter alia*:

- Subordination and P&L transfer agreement dated March 30, 2010, with Vossloh Locomotives GmbH, entered in the Commercial Register of the Kiel Local Court under number HRB 3247 KI;
- Subordination and P&L transfer agreement dated March 30, 2010, with Vossloh Rail Services GmbH, entered in the Commercial Register of the Lüneburg Local Court under number HRB 202850;
- Subordination and P&L transfer agreement dated May 19/20, 2008, with Vossloh Kiepe GmbH, entered in the Commercial Register of the Düsseldorf Local Court under number HRB 34306.

The German legislation enacted February 20, 2013, to amend and simplify corporate taxation and travel cost accounting for tax purposes also offers the option, under certain conditions, to retroactively cure existing provisions which refer to loss absorption and fail to meet the pre-enactment requirements of Art. 17 clause 2 number 2 German Corporation Income Tax Act (“KStG”) wherever such noncompliant provisions are included in P&L transfer agreements that have effectively been made and executed prior to the enactment date with, but not only with, limited-liability companies under German law (“GmbH”) as fully controlled subsidiaries which form a tax group with Vossloh AG for corporation-income and municipal trade tax purposes. This retroactive curing effect requires, *inter alia*, that (i) either a reference to the loss absorption provisions pursuant to Art. 302 AktG (as amended) be added within a specific period of time (generally by the end of 2014) to the P&L transfer agreements concerned, or (ii) the tax group of each such subsidiary be terminated as of said cutoff date. Any such *de jure* amendment to an existing P&L transfer agreement is deemed an amendment under tax law, too, and hence not as the conclusion of a new P&L transfer agreement. Although Vossloh AG joins Vossloh Kiepe GmbH in its belief that the current loss absorption clause complies with all pre-enactment tax regulations, merely as a precaution, it is proposed that the current loss absorption clause be (i) either amended, or (ii) rephrased to ensure that a due dynamic reference to the loss absorption provisions of Art. 302 AktG (as amended) is inserted in the P&L transfer agreement.

Against this backdrop, Vossloh AG has executed amending agreements with the aforesaid subsidiaries; these agreements amend the existing subordination and P&L transfer agreements by adding a dynamic reference to Art. 302 AktG as amended from time to time, thus emphasizing that the reference (henceforth to be included in such agreements) to the loss absorption provisions always relates to the most recent version of Art. 302 AktG in force and effect from time to time. Consequently, the gist of such amending agreements is the following:

- Vossloh AG and the respective subsidiary agree that the absorption of any losses is always governed by the provisions of Art. 302 AktG (as amended).
- The remaining provisions of the subordination and P&L transfer agreements are not affected thereby and remain unchanged.

The amending agreements do not provide for any other changes or modifications.

In addition to the consent already given by the general meetings of the respective subsidiaries, the amending agreements require the approval of Vossloh AG’s AGM.

Since Vossloh AG is the sole shareholder of the aforesaid subsidiaries, the amending agreements need not be reviewed by a court-appointed contract auditor, as otherwise required under the terms of Arts. 295(1) clause 2, 293b(1) AktG.

In accordance with Arts. 295(1) clause 2, 293a AktG, the Executive Board of Vossloh AG and the Management Boards of the aforesaid subsidiaries have each prepared a joint report in which the amending agreements have been explained and substantiated. Since the date of the invitation to this AGM, these joint reports have—together with further publishable documents—been available for inspection by the stockholders at Vossloh AG’s registered office at Vosslohstr. 4 in 58791 Werdohl, besides being accessible via the Company’s website at www.hauptversammlung.vossloh.com. On request, free copies of such documents will be promptly sent to any stockholder, besides being available at the AGM.

The Executive and Supervisory Boards propose that the following agreements be formally approved:

- (a) Agreement amending the subordination and P&L transfer agreement between Vossloh AG and Vossloh Locomotives GmbH;
- (b) Agreement amending the subordination and P&L transfer agreement between Vossloh AG and Vossloh Rail Services GmbH; and
- (c) Agreement amending the subordination and P&L transfer agreement between Vossloh AG and Vossloh Kiepe GmbH.

(10) Vote on the approval of the restated current subordination and profit & loss transfer agreement with Vossloh-Werke GmbH

The subordination and P&L transfer agreement existing since July 21, 2003, between Vossloh AG as tax group parent and Vossloh-Werke GmbH (registered at the Iserlohn Local Court under Commercial Register no. HRB 5286) as controlled subsidiary has been restated with effect as of January 1, 2014.

The Executive and Supervisory Boards propose to approve and endorse the execution of this restated subordination and P&L transfer agreement.

The restated subordination and P&L transfer agreement reads as follows:

“Preamble

The current subordination and P&L transfer agreement dated July 21, 2003, made by and between Vossloh AG and Vossloh-Werke GmbH is hereby amended and restated with effect as of January 1, 2014, to now read as follows:

Art. 1: Management and Direction of Vossloh-Werke

- (1) Notwithstanding the fact that it is a legal entity in its own right, Vossloh-Werke GmbH has since its formation been integrated with Vossloh AG at the financial, economic and organizational levels. Vossloh-Werke GmbH defers to Vossloh AG's authority and direction and will conduct its business solely as lawfully and legitimately instructed by Vossloh AG, however, without prejudice to the personal liability and responsibility of Vossloh-Werke GmbH's Management Board members in matters relating to compliance with legal requirements.
- (2) In any other respect, management, conduct of business and representation of Vossloh-Werke GmbH remain the responsibility of Vossloh-Werke GmbH's Management Board.
- (3) Vossloh AG is not entitled to instruct Vossloh-Werke GmbH's Management Board to amend, continue or terminate this Agreement.

Art. 2: Profit Transfer

- (1) Vossloh-Werke GmbH agrees to transfer its entire profit, determined in accordance with the applicable HGB provisions, to Vossloh AG. The determination of transferable profits shall be governed by the provisions of (i) Art. 301 AktG, as amended, or (ii) any statutory regulations superseding Art. 301 AktG.
- (2) Subject to Vossloh AG's approval and to the extent that applicable law permits and judgment justifies so for sound business reasons, Vossloh-Werke GmbH may transfer part of its annual net income earned during the life hereof to the reserves retained from earnings, as defined in Art. 272(3) HGB. Any reserves retained from earnings during the life of the Agreement shall be

released if and when so required by Vossloh AG and either transferred as profit or applied to offset any net loss for a year.

- (3) No amount from pre-Agreement profit carryforwards or from reserves that have been retained from earnings at or prior to the date hereof shall be transferred as profit or appropriated to offset any net loss for a year, nor shall any amount be transferred as profit from the additional paid-in capital.
- (4) Amounts which have been transferred from reserves retained from earnings prior to the date specified in (3) above may be distributed, as may any amount which has been transferred from the additional paid-in capital.
- (5) The transferable profit shall be accounted for as of the value date at which Vossloh-Werke GmbH also closes its annual accounts. The payment obligation from this profit transfer account arises as and when the underlying financial statements have been adopted.

Art. 3: Loss absorption

- (1) Vossloh AG agrees with, to absorb the net loss of, Vossloh-Werke GmbH in accordance with the provisions of Art. 302 AktG (as amended from time to time).
- (2) The claim to loss transfer will be due at the close of Vossloh-Werke GmbH's annual closing date and carry annual interest as from such date at 5 percent.

Art. 4: Right to Information and Inspection

- (1) Vossloh AG is entitled anytime to inspect Vossloh-Werke GmbH's books and business records. In addition, Vossloh-Werke GmbH's Management Board is obligated to provide Vossloh AG with information about legal, business and administrative matters and transactions, etc.
- (2) Notwithstanding Vossloh AG's rights as stated above, Vossloh-Werke GmbH shall report at least once monthly on its business trends, with particular emphasis on material transactions.

Art. 5: Term and Termination

- (1) The Agreement shall take retroactive effect as of the commencement of the fiscal year in which the Agreement has been recorded at the Commercial Register.
- (2) The Agreement is made for an indefinite period of time and is noncancelable for an initial term of five full years, i.e., if recorded at the local Commercial Register by December 31, 2014, it cannot be terminated until December 31, 2018. In the event that, during the life of the Agreement, (i) Vossloh-Werke GmbH's fiscal year covers less than twelve calendar months or (ii) the tax office does not recognize the existence of a tax group for one year since the beginning of this year, the minimum term hereof extends for further (short) fiscal years until the minimum term of five full successive

years has been covered. Thereafter, either party hereto may give 6 months' written notice as of the end of a fiscal year of Vossloh-Werke GmbH.

(3) The foregoing provisions shall apply without prejudice to the right to terminate the Agreement for good cause, *mutatis mutandis* pursuant to Art. 297(1) AktG. For the purposes hereof, "good cause" shall include (without being limited to) (i) the sale and transfer or contribution by the tax group parent of the equity interest in the controlled subsidiary, (ii) the merger, split-up or liquidation of either the tax group parent or the controlled subsidiary, and (iii) the loss by Vossloh AG of the (directly or indirectly held) majority of the voting rights in Vossloh-Werke GmbH.

(4) Notice of termination shall strictly be given in writing.

Art. 6: Effective Date

The Agreement shall take force and effect when entered into the Commercial Register of Vossloh-Werke GmbH.

Art. 7: Collateral Security

Upon the termination hereof, Vossloh AG shall on demand furnish any creditors of Vossloh-Werke GmbH with collateral by applying the provisions of Art. 303 AktG *mutatis mutandis*.

Art. 8: Severability

(1) Unless the Agreement lawfully and legitimately provides otherwise, the provisions of Arts. 291–301 AktG (as amended) shall apply *mutatis mutandis*.

(2) The present or future ineffectiveness or unenforceability of any provision hereof shall not affect the remaining Agreement.

Art. 9: Place of Jurisdiction

Place of jurisdiction shall be Düsseldorf, Germany."

Vossloh-Werke GmbH's general meeting has approved this subordination and P&L transfer agreement in notarized form. Given that no nongroup shareholders exist, Vossloh is neither required to make any compensation payments (Art. 304 AktG), nor is it subject to any indemnification claim (Art. 305 AktG). For the same reason, the aforesaid agreement need not be reviewed by a contract auditor under the terms of Art. 293b AktG either.

The subordination and P&L transfer agreement, the annual financial statements and, where required by the law, the 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-Werke GmbH's Management Board on said agreement will all be publicly available to stockholders as from the date of this invitation, in the offices of both Vossloh AG and Vossloh-Werke GmbH (both located at Vosslohstr. 4 in 58791 Werdohl, Germany). Moreover, these

documents will be open for inspection at the AGM. On request any stockholder may immediately obtain a free copy of such documents which are also downloadable from the Company's website at www.hauptversammlung.vossloh.com

Participation in and voting at the annual general meeting

Any such stockholders will be entitled (personally or by proxy) to attend and vote at the annual general meeting as have registered with the Company at the following address, duly submitting proof of their stock ownership issued by their depository:

Vossloh AG
c/o Deutsche Bank AG
Securities Production
General Meetings
P.O.B. 200 107
60605 Frankfurt/Main, Germany
Fax: (+49-69) 12012-86045
Email: wp.hv@db-is.com

The proof of stock ownership, issuable by the stockholder's depository, must refer to the beginning of the 21st day prior to the AGM, i.e., May 7, 2014 (the "Record Date"), and be furnished in text format in English or German language, as defined in Art. 126b German Civil Code ("BGB").

The registration request and proof of stock ownership must both be received by the Company at the above address by the close of May 21, 2014 (12:00 midnight CEDT).

In the relationship to the Company for the purposes of attending and voting at the general meeting, only such persons will be deemed stockholders as have timely furnished due proof of stock ownership. Even if stockholders sell any or all of their shares after the Record Date, their right to attend and vote at the general meeting is solely governed by stock ownership as of the Record Date, meaning that the attendance and voting right of stockholders who have sold shares after the Record Date is not affected in any way. Similarly, stockholders who have acquired (additional) shares after, and owned no Vossloh shares at, the Record Date are entitled neither to attend, nor to vote at, the general meeting unless they act as proxy or duly authorized attorney-in-fact.

After due receipt by the Company of registration and stock ownership proof, 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.

Total shares and voting rights

As of the date of this invitation to the AGM, Vossloh AG (i) had issued altogether 13,325,290 no-par bearer shares of common stock with as many votes and (ii) owned no treasury shares. Therefore the number of voting shares as of the invitation date is 13,325,290.

Voting proxies

Stockholders may also appoint a proxy to exercise their voting right at the general meeting by issuing a power of attorney to, for instance, a bank or stockholder association. In this case, too, stockholders (or their proxies) are responsible for due registration and proof of stock ownership as of the Record Date as detailed above. The issuance, revocation or withdrawal and proof of power of attorney to the Company require the written form pursuant to Art. 126b BGB. If a bank, a stockholder association, or a person or entity that according to Art. 135 AktG, also in conjunction with Art. 125(5) AktG, is deemed to rank equal with a bank or stockholder association, is appointed proxy, neither the law nor Vossloh AG's bylaws require a particular form for the power of attorney. However, any of these designated voting proxies may require a special form of power because the latter must be recorded in a verifiable format (Art. 135 AktG). Therefore, stockholders are advised to directly contact the designated proxies for further details and requirements of form.

Stockholders wishing to appoint a voting proxy should preferably use the blank provided by the Company: it is printed on the reverse of the AGM admission ticket which will be sent to stockholders after due registration with, and timely receipt of the proof of stock ownership by, the Company. Another blank is available on the Internet at www.hauptversammlung.vossloh.com, Vossloh's AGM website. The proof of appointment of a voting proxy may also be emailed to hauptversammlung@ag.vossloh.com

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. Vossloh voting proxies are strictly bound by such voting instructions. Stockholders wishing to exercise their voting right through a Vossloh-appointed proxy require an admission ticket for the annual general meeting. Printed on the ticket is a blank 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.hauptversammlung.vossloh.com

Power of attorney in favor of, and voting instructions to, Vossloh-appointed proxies must be physically mailed (i.e., neither faxed nor emailed), using the admission ticket blanks for the power and voting instructions, and received by the Company by the close of May 26, 2014 (12:00 midnight CEDT) at the address indicated below. We trust you will understand that any powers and voting instructions received thereafter will not be accepted.

Vossloh AG
c/o Computershare Operations Center
80249 München
(Munich, Germany)
Fax: (+49-89) 30903-74675
Email: anmeldestelle@computershare.de

If a stockholder appoints more than one proxy, the Company may reject one or several of these.

Details of stockholder rights according to Arts. 122(2), 126(1), 127, 131(1) and 293g(3) AktG

Motions to amend the agenda submitted by a minority interest

Pursuant to Art. 122(2) AktG, stockholders whose combined stake in the Company equals or exceeds either one-twentieth or €500,000 of the capital stock may insist on adding to the agenda and publishing certain supplementary business. Each item of business to be transacted shall be accompanied by a statement of grounds or a proposed resolution.

Such agenda-amending motions must be received in written form by the Company by the close of April 27, 2014, at the address stated below, any late motions not being considered. Disclosable agenda-amending stockholder motions will be published immediately after receipt in the German Federal Gazette ("Bundesanzeiger") and forwarded to any such media for publication as can be safely assumed to cover the entire European Union.

Vossloh AG
Executive Board/Vorstand
Vosslohstr. 4
58791 Werdohl, Germany
Fax: (+49-2392) 52-219
Email: hauptversammlung@ag.vossloh.com

Counterproposals or election proposals by stockholders

Under the terms of Arts. 126(1), 127 AktG, stockholders may also submit counterproposals to proposals of the Executive Board and/or Supervisory Board on any specific business on this agenda, as well as nominate candidates. Counterproposals require a statement of reasons.

Counterproposals and proposals for election shall be submitted by stockholders exclusively to the address below:

Vossloh AG
Vosslohstr. 4
58791 Werdohl, Germany
Fax: (+49-2392) 52-219
Email: hauptversammlung@ag.vossloh.com

Counterproposals and election proposals (including the proof of stock ownership) received by the Company at the above address (any differently addressed ones being disregarded) by the close of May 13, 2014, will promptly be published—including any comments by the Executive Board—on the Company's website at www.hauptversammlung.vossloh.com

The foregoing shall apply without prejudice to a stockholder's right during the AGM to bring forward counterproposals on any business on this agenda even without first having submitted them to the Company within the specified period of time.

Right to obtain information

Pursuant to Arts. 131(1), 293g(3) AktG, any stockholder may insist at the AGM on obtaining from the Executive Board information about the Company's affairs, including its legal and business relations to group companies, as well as about the situation and position of the Group and/or consolidated companies, however, always provided that such information is required to properly deal with and assess any business on the agenda. Moreover, regarding Agenda Items 9 and 10, any stockholder may at the AGM obtain information about all affairs of, where such information is of material significance to the agreements made with, the subsidiaries therein named.

Publications on Vossloh's website (Art. 124a AktG)

This invitation to the AGM, the reports and documents publishable as from the invitation date, as well as any further AGM-related information and additional details of stockholder rights according to the provisions of Arts. 122(2), 126(1), 127, 131(1) and 293g(3) AktG are disclosed on the Company's website at www.hauptversammlung.vossloh.com

The voting results will be published after the AGM on the Internet at the same address. This invitation to the annual general meeting was published on April 7, 2014, in the German Federal Gazette (Bundesanzeiger).

Werdohl, April 2014

Vossloh AG
The Executive Board

