

GILDEMEISTER Aktiengesellschaft Bielefeld

ISIN-Code: DE0005878003

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### **108<sup>th</sup> Annual General Meeting**

We would like to invite our Company's shareholders to our 108<sup>th</sup> Annual General Meeting to be held at 10.00 am on Friday, the 14<sup>th</sup> of May 2010 in Hall 1 of the City Hall Bielefeld (Stadthalle Bielefeld) located at Willy-Brandt-Platz 1, Bielefeld, Germany

**GILDEMEISTER**

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- 1. Presentation of the formally adopted annual financial statements of GILDEMEISTER Aktiengesellschaft and the approved consolidated financial statements as of 31 December 2009, the management report for GILDEMEISTER Aktiengesellschaft and its group including the explanatory reports of the Executive Board relating to the information required under §§ 289 (4) and (5), 315 (4) of the German Commercial Code (Handelsgesetzbuch or "HGB"), the recommendation of the Executive Board on the appropriation of the net retained profit for fiscal year 2009 and the report of the Supervisory Board for fiscal year 2009.**

In accordance with §§ 172 and 173 of the German Stock Corporation Act (Aktiengesetz or "AktG"), the Supervisory Board approved the annual financial statements and consolidated financial statements, as prepared by the Executive Board, on 16 March 2010 and has thereby formally adopted the annual financial statements. Accordingly, the Annual General Meeting does not need to formally adopt them. The annual financial statements and management report, the consolidated financial statements and group management report, and the reports of the Supervisory Board and Executive Board including the explanations required under the takeover law were made available to the Annual General Meeting. A resolution in accordance with the German Stock Corporation Act does not need to be adopted.

- 2. Resolution on the appropriation of net retained profits**

The Executive Board and the Supervisory Board recommend that of the net retained profit (Bilanzgewinn) of € 6,463,733.12 reported in the annual financial statements of GILDEMEISTER Aktiengesellschaft for fiscal year 2009, a dividend of € 0.10 per share should be distributed to the shareholders – i. e., a total of € 4,558,200.30 paid out on the registered share capital entitled to dividends (€ 118,513,207.80) – and the remaining net retained profit of € 1,905,532.82 should be carried forward to new account.

The dividends should be distributed on 17 May 2010.

- 3. Resolution on the formal ratification of acts taken by members of the Executive Board**

The Executive Board and the Supervisory Board recommend the formal ratification of the actions taken for fiscal year 2009 by the Executive Board members who were in office in fiscal year 2009.

- 4. Resolution on the formal ratification of acts taken by members of the Supervisory Board**

The Executive Board and the Supervisory Board recommend the formal ratification of the actions taken for fiscal year 2009 by the Supervisory Board members who were in office in fiscal year 2009.

- 5. Resolution on the appointment of the auditor**

Upon the recommendation of the Finance and Audit Committee, the Supervisory Board recommends the appointment of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, to serve as the Company's auditor of the annual and consolidated financial statements for fiscal year 2010.

**6. Resolution on the authorization to purchase and use the Company's own shares and to exclude pre-emptive rights**

Pursuant to § 71 (1) no. 8 AktG, the Company must obtain special authorization from the Annual General Meeting in order to purchase and use its own shares, unless otherwise specifically allowed to do so by law. Since the authorization approved by the Annual General Meeting on 15 May 2009 expires as of 31 October 2010, the Annual General Meeting should be presented with a resolution to grant new authorization. Based on the amendments to § 71 (1) no. 8 AktG resulting from the Act Implementing the Shareholder Rights Directive of 30 July 2009 ("ARUG"), the term of authorization is no longer limited to 18 months, but can now be granted for a longer period of time (up to 5 years). By granting the authority for a whole-number of years, the Company would now be able to avoid having such authority expire between two annual general meetings.

The Executive Board and Supervisory Board therefore recommend adopting the following resolution:

- a) The Company is authorized to purchase, on or before 13 May 2012, its own shares up to a total of 10% of the registered share capital existing at the time the resolution is adopted. The purchased shares, together with other own shares which the Company holds (i.e., treasury shares) or which are attributed to the Company pursuant to §§ 71 a et seq. AktG, may not at any time represent more than 10% of the registered share capital. The authorization may not be used for purposes of trading in the Company's own shares.
- b) The authorization may be exercised one or more times either in whole or in part by the Company or by a third party for the account of the Company in pursuit of one or more objectives.
- c) The purchase shall be carried out at the Executive Board's option either on the open stock market or by making a public purchase offer or a public solicitation to tender such an offer. The authorization, which was approved by the Annual General Meeting of the Company on 15 May 2009 to purchase the Company's own shares using these different purchase possibilities, is hereby revoked as of the date the resolution granting the new authorization goes into effect.
  - \_ If the shares are purchased on the open stock exchange, then the value per share paid by the Company (excluding any incidental costs of purchase) shall not by more than 5% exceed or fall short of the price for the Company shares as established on the trading date through the opening auction in the electronic XETRA Trading System (or a functionally comparable system that replaces it).
  - \_ If the purchase is made through a public purchase offer or a public solicitation to tender a purchase offer, then the offered purchase price or the limits of the offered purchase price range per share (excluding any incidental costs of purchase) shall not by more than 10% exceed or fall short of the average closing price quoted for the Company shares in the electronic XETRA Trading System (or a functionally comparable system that replaces it) during the three trading days before the publication date of the offer or before the public solicitation to tender a purchase offer. If, after the publication of a purchase offer or the public solicitation to tender a purchase

offer, substantial deviations from the applicable price arise, then the offer or the solicitation to tender such an offer can be adjusted. In that case, the basis will be the average price of the three trading days prior to the publication of any adjustment. The purchase offer and the solicitation to tender such an offer may stipulate additional terms and conditions. If the purchase offer is over-subscribed or if not all of the offers, which are made in connection with a solicitation to tender an offer and which are of equivalent value, are not accepted, then the offer must be accepted on a pro rata basis. Provision may be made to allow for a preferential acceptance of a smaller number of up to 100 of the offered shares.

- d) The Executive Board is authorized to sell the Company's shares, which had been acquired on the basis of this or an earlier authorization or on some other basis, for all legally permissible purposes, and to specifically use such shares for the following purposes:
  - aa) The shares may be redeemed and cancelled without requiring an additional Annual General Meeting resolution to approve the redemption/cancellation or its implementation. The shares may also be redeemed and cancelled through a simplified procedure (without reducing capital) by adjusting the pro rata theoretical value of the other no-par value shares of the Company's registered share capital. The Company is authorized to cancel only some of the redeemed shares. The authorization to redeem and cancel shares may be used multiple times. If the share redemption and cancellation is carried out using a simplified procedure, then the Executive Board will be authorized to adjust the number of no-par value shares in the Company's Articles of Association.
  - bb) The shares may also be sold in a manner other than through the stock market or through offers made to the shareholders, if the shares are sold in exchange for a cash payment at a price, which is not significantly below the stock market price of the Company shares having the same features at the time of the sale. In that case, the proportional amount of the registered capital that is made up by the shares to be sold may not exceed a total of 10% of the Company's registered share capital either at the time when this becomes effective nor – if this value is lower – at the time when this authorization is used. Included in the aforementioned 10% limit are: (i) shares that have been issued since the granting of this authorization as part of a capital increase with an exclusion of pre-emptive rights either directly pursuant to § 186 (3) sentence 4 AktG or in conjunction with § 203 (1) AktG; as well as (ii) shares with respect to which there is a conversion right or option or a conversion duty or option duty based on warrant-linked bonds and/or convertible bonds, which were issued during the term of this authorization while excluding pre-emptive rights pursuant to §§ 221 (4), 186 (3) sentence 4 AktG.
  - cc) The shares may also be sold in exchange for non-cash capital contributions, specifically in connection with the acquisition of companies, divisions of companies or company holdings and with mergers of companies.
  - dd) The shares may also be issued in order to satisfy any conversion rights under convertible bonds that are issued by the Company or group enterprises affiliated with it.

- ee) The shares may also be issued to employees of the Company or enterprises affiliated with the Company and to managing directors of affiliated enterprises and may be used to service any rights to purchase or obligations to purchase Company shares, which had been granted to employees of the Company or to enterprises affiliated with the Company and to managing directors of affiliated enterprises.
- e) The Supervisory Board is authorized to use the treasury shares, which were acquired under this or any previous authorizations or on some other basis, for purposes of servicing any rights or obligations to purchase Company shares, which had been granted to members of the Company's Executive Board.
- f) The authorizations granted under paragraphs d) and e) also include the use of Company shares, which were acquired on the basis of § 71 d sentence 5 AktG.
- g) The authorizations granted under paragraphs d) and e) may be exercised individually or collectively, one or more times, either in whole or in part, and the authorizations under paragraph d) subparagraphs bb) through ee) may also be exercised by companies that are controlled or majority owned by the Company or for their account or the account of third parties acting for the account of the Company.
- h) The shareholders' pre-emptive rights on such treasury shares will be excluded to the extent such shares are used under the foregoing authorizations under paragraph d) subparagraphs bb) through ee) and paragraph e).
- i) The Supervisory Board may stipulate that actions taken by the Executive Board based on this shareholder resolution would require its prior approval.

**7. Resolution on amendments to the Articles of Association related to the Annual General Meeting**

The Act Implementing the Shareholders' Rights Directive of 30 July 2009 ("ARUG") has amended the deadlines under company law for registering for an annual general meeting and for providing proof of the right to attend such meetings and has modified the provisions on voting by proxy. The ARUG also creates an opportunity to authorize an executive board under a company's articles of association to provide for online participation or to permit voting by mail (Briefwahl). The Company's Articles of Association should therefore be amended accordingly. Moreover, in the interest of creating more flexibility, the Articles of Association should also provide that the Annual General Meeting can be held not only at the Company's registered place of business in Bielefeld, but also at a location in another major German city with a population of more than 100,000.

The Executive Board and Supervisory Board therefore recommend amending §§ 14 and 15 of its Articles of Association as follows:

- a) New language of sentence 2 of § 14

*"The Annual General Meeting shall be held at the Company's registered place of business (Bielefeld) or in another German city with at least 100,000 residents."*

- b) New language of sentence 3 of § 14 and supplemental language through the addition of a new sentence 4



*“Official notice of the Annual General Meeting shall be made at least 30 days prior to the day of the meeting. The notice period is extended by the number of days making up the registration deadline (§ 15).”*

c) New language of § 14 (2) and (3)

*“(2) Shareholders, who wish to attend the Annual General Meeting or to exercise their vote, must register for the Annual General Meeting and prove their eligibility. The Company must receive the registration and proof of eligibility at least 6 days prior to the Annual General Meeting (registration period) at the address disclosed in the notice of the Annual General Meeting. The Executive Board is authorized – or, in the event notice is provided by the Supervisory Board, the Supervisory Board is authorized – to stipulate in the notice of the Annual General Meeting a shorter period of registration and proof, which may be up to 3 days prior to the Annual General Meeting.*

*(3) A special notice of share ownership, which is prepared in text form, as defined by law (Textform), and issued by the custodian institution, is required for proof of eligibility pursuant to subsection (2) above. The proof of share ownership must relate to the point in time prescribed under the Stock Corporation Act.*

*In the event there is doubt regarding the accuracy or authenticity of the eligibility proof, the Company may demand additional suitable evidence. If there is doubt regarding that evidence as well, then the Company may reject the shareholder's eligibility to attend the Annual General Meeting or to exercise a vote.*

*The registration and proof of eligibility must be completed in the German or English language.”*

d) New language of § 15 (7)

*“(7) The grant of proxy, its revocation and proof of the authority granted vis-a-vis the Company must be in text form (Textform), as defined under German law. Notice of the Annual General Meeting shall contain the details about the grant of proxy, its revocation and its proof vis-a-vis the Company and may also include a simplified procedure. Section 135 of the German Stock Corporation Act remains applicable.”*

e) Supplemental language to § 15 through the addition of a new subsection (8)

*“(8) The Executive Board is also authorized to provide that shareholders may participate at the Annual General Meeting even without physically attending the meeting, either himself or through a proxy, and that they may exercise any or all of their rights either in whole or in part via electronic communication (online participation). The Executive Board may set specific rules regarding the scope and procedure for online participation.”*

f) Supplemental language to § 15 through the addition of a new subsection (9)

*“(9) The Executive Board is authorized to provide that shareholders may also cast their votes in writing or via electronic communication without actually physically attending the Annual General Meeting (so-called “postal voting”). It may issue specific rules regarding the procedure for postal voting.”*

**8. Resolution on approving the system for compensating members of the Executive Board**

The Act on the Appropriate Remuneration of the Executive Board of 31 July 2009 (“Vorstag”) allows an annual general meeting itself to decide on whether to approve the system for compensating executive board members (§ 120 (4) AktG).

The compensation system for the Executive Board members of the Company is described in more detail in the section entitled “Remuneration of the Supervisory Board and Executive Board” (Remuneration Report), which was published as part of the corporate governance report in the 2009 Annual Report.

The Executive Board and Supervisory Board recommend approving the system for compensating the Executive Board members of GILDEMEISTER Aktiengesellschaft.

**9. Resolution on amending the object of the Company**

In addition to machine tool manufacturing, the business of GILDEMEISTER Aktiengesellschaft and its affiliates will increasingly focus in the future on the retrieval and storage of renewable energy. This new line of business should also be reflected in the Company’s object.

The Executive Board and Supervisory Board therefore recommend amending § 2 (1) of the Company’s Articles of Association as follows:

*“The object of the Company is the manufacturing, purchase and sale of machine tools and other machinery, apparatuses, their components and fittings as well as the processing and machining of metals and plastics and the retrieval, storage, sale and distribution of energy, specifically in renewable form, including the development, the production, the acquisition, the sale, the maintenance and the operation of systems related thereto.”*

**10. Creation of new authorized capital and the related amendment to the Articles of Association**

The current authorized capital account (§ 5 (3) of the Articles of Association) expires on 15 May 2010. Thus, a new authorized capital account expiring on 13 May 2015 should be created to replace the existing account. The proposed new authorized capital should for the most part be coextensive with the existing authorized capital, except that shares under the new authorized capital should now also be available for issue to employees of the Company or enterprises affiliated with the Company.

The Executive Board and Supervisory Board recommend amending § 5 (3) of the Articles of Association as follows:

*“The Executive Board is authorized, during the period up to and including 13 May 2015 and with the consent of the Supervisory Board, to increase the registered share capital up to a nominal amount of € 59,256,600.00 by issuing up to 22,791,000 new no-par value bearer shares in exchange for cash or non-cash capital contributions (authorized capital). The authorization may be exercised one or more times for all or part of the foregoing amount.*



*The shares may be subscribed by one or more credit institutions designated by the Executive Board, subject to the obligation that such institutions must offer the shares to the shareholders (indirect pre-emptive right).*

*With respect to a portion of the authorized amount (namely, up to € 5,000,000.00), the Executive Board is authorized to issue shares to employees of the Company and enterprises affiliated with the Company and to that extent, the shareholders' statutory pre-emptive rights shall be excluded.*

*The Executive Board is further authorized, with the consent of the Supervisory Board, to exclude the shareholders' statutory pre-emptive rights in the following cases:*

- a) in the event of a non-cash capital increase in exchange for contributions-in-kind for purposes of acquiring in appropriate situations other companies, divisions of companies or shareholdings in companies in exchange for shares;*
- b) where such exclusion is required to protect against dilution, in order to grant to the holders of warrants or the creditors under convertible bonds, which are issued by the Company or one of its affiliates under an authorization granted to the Executive Board by the Annual General Meeting, a pre-emptive right to the new shares to the same extent such warrant holders or creditors would be entitled to such shares after exercising their option or conversion right or after discharging their conversion duties;*
- c) in order to eliminate any fractional amounts from the pre-emptive right; and*
- d) in the event of a capital increase against cash capital contributions, if the issue price of the new shares is not "significantly" (within the meaning of §§ 203 (1) and (2), 186 (3) sentence 4 AktG) below the stock market price on the date the final issue price is set by the Executive Board and the pro rata amount of the registered share capital attributable to the new shares, for which the pre-emptive rights are excluded, does not in total exceed 10% of the registered share capital at the time the new shares are issued. Included in this 10% threshold of the registered share capital are those shares, which are sold during the period of the authorized capital subject to the exclusion of the shareholders' pre-emptive rights pursuant to §§ 71 (1) no. 8, sentence 5, 186 (3) sentence 4 AktG as well as those shares with respect to which there is a conversion right or option or a conversion duty or option duty based on warrant-linked bonds and/or convertible bonds, which were issued on the basis of the shareholder resolution of 14 May 2004 while excluding pre-emptive rights pursuant to §§ 221 (4), 186 (3) sentence 4 AktG.*

*The Executive Board is authorized, with the consent of the Supervisory Board, to stipulate additional details regarding the capital increase and its implementation."*

## **11. Supplementary election to the Supervisory Board**

Mr Günther Berger resigned from the Supervisory Board effective at the end of the day of 17 March 2010, and Professor Dr. Uwe Loos resigned from the Supervisory Board effective at the end of the day of 31 March 2010.

In accordance with § 9 of the Company's Articles of Association and §§ 96 (1), 101 (1) AktG and §§ 7 (1) sentence 1 no. 1, (2) no. 1, and 15 et seq. of the German Co-Determination Act ("MitbestG"), the Supervisory Board consists of 6 members elected by the Annual General Meeting and 6 members elected by employees. The Annual General Meeting is not required to elect the candidates who are nominated.

The term of office for Professor Dr. Loos and Mr Berger would have ended – like the term of office of the other Supervisory Board members – at the conclusion of the Annual General Meeting which decides on whether to ratify Supervisory Board actions for fiscal year 2012. No substitute members (alternates) had been elected for Messrs. Professor Dr. Loos and Berger. Pursuant to § 9 (2) of the Articles of Association, the term of office for any new members of the Supervisory Board who are elected to succeed Messrs. Professor Loos and Berger will likewise end at that same point in time.

The Supervisory Board recommends that the following persons be elected to serve as the shareholder representatives on the Supervisory Board: Professor Dr. Edgar Ernst, Business Consultant, Bonn, and Mr Ulrich Hocker, Attorney at Law and Principal Managing Director of the association, Deutsche Vereinigung für Wertpapierbesitz e.V., Düsseldorf, for a term ending at the conclusion of the Annual General Meeting, which decides on whether to the ratify Supervisory Board actions for fiscal year 2012.

The plan is for there to be a separate voting election for each candidate.

Professor Dr. Ernst is currently a member of the following legally mandated supervisory boards or similar domestic or foreign governing bodies:

- \_ Deutsche Postbank AG

Mr Ulrich Hocker is currently a member of the following legally mandated supervisory boards or similar domestic or foreign governing bodies:

- \_ Deutsche Telekom AG
- \_ E.ON AG
- \_ Feri Finance AG
- \_ Gartmore Sicav
- \_ Phoenix Mecano AG (President of the Administrative Board)

#### **Executive Board report and supplemental information regarding individual agenda items**

##### **1. Report of the Executive Board regarding item 6 of the agenda pursuant to § 71 (1) no. 8 AktG in connection with § 186 (3) and (4), sentence 2 AktG.**

*"GILDEMEISTER Aktiengesellschaft adopted a resolution at the Annual General Meeting of 15 May 2009 authorizing the acquisition of its own shares, but the authorization is limited until 31 October 2010. Due to the expiration of this authorization in the current fiscal year, it should be revoked as of the date on which the new authorization granted at this Annual General Meeting goes into effect and should be replaced by the aforementioned new authorization which will not expire until 13 May 2012. Under the Act Implementing the Shareholders' Rights Directive of 30 July 2009 (ARUG), the period of*

*authorization is no longer limited to 18 months, but can be granted for a longer period of time (up to five years). The Executive Board believes that utilising this opportunity is practical because it avoids the problems that arise when such authority expires between two Annual General Meetings.*

*The aforementioned provision should afford the Company the opportunity of purchasing its own shares through a public tender offer or a public solicitation to tender a sales offer. The principle of equal shareholder treatment (aktienrechtlicher Gleichbehandlungsgrundsatz) must be observed in this respect. In case of a public solicitation to tender a sale offer, any shareholder willing to sell may decide how many shares to sell and, in case a price range is set, at which price he wishes to offer these shares. If the overall acceptance of a tender offer, respectively those equal value offers made by the shareholders following such solicitation, exceeds the designated volume, then the purchase or acceptance must be in proportion to the amount of the offered shares. In this case, however, it should be possible to provide for a preferential acceptance of smaller individual increments of shares up to a maximum of 100 shares per shareholder. This option serves the purpose of avoiding fractional amounts when setting the quota to be purchased and small remainders, and in this way simplifies the technical settlement.*

*The Executive Board should be authorized to redeem and cancel the Company's own shares without the approval of the Supervisory Board and without any further resolution by the Annual General Meeting (§ 71 (1) no. 8 sentence 6 AktG). The proposed authorization provides that, pursuant to § 237 (3) no. 3 AktG, the Executive Board can redeem and cancel shares without a capital reduction. Where shares are redeemed and cancelled without reducing capital, the proportionate amount of the remaining no par value shares of the Company's registered share capital is increased. In this regard, the Executive Board is authorized to amend the Articles of Association to reflect the changing number of no par value shares.*

*The sale of the Company's own shares ("treasury shares"), which were acquired based on this or an earlier authorization or in some other manner, should be possible in the following cases while excluding pre-emptive rights:*

*a) By authorising the sale of the acquired shares to a third party and the sale of the acquired treasury shares by means other than on the stock market or through an offer made to all shareholders, to the extent that the selling price is not significantly below the stock market price, the Company shall use the opportunity provided by law to exclude the pre-emptive rights pursuant to § 71 (1) no. 8 sentence 5 AktG in conjunction with § 186 (3) sentence 4 AktG. The final determination of the selling price for treasury shares shall be made shortly before the sale of the treasury shares. This opportunity serves the interests of the Company and the shareholders since it affords the Company greater flexibility. The Company is thereby able to compete for new domestic and foreign shareholder groups. It affords the Company the opportunity, above all, to sell its own treasury shares for example to institutional investors or cooperation partners. The aforementioned statutory option for the exclusion of pre-emptive rights places the Company in a position to make fast and flexible use of opportunities arising from new stock market situations, without requiring the time-consuming and costly settlements of pre-emptive rights trading. The proposed authorization therefore serves to ensure a sustained and reasonable equity capitalization for the Company. There are currently no specific plans to exercise this authority. The Executive Board shall report each use of authorized capital at the next Annual General Meeting.*

*The property and voting interests of the shareholders will be suitably protected during the sale of the treasury shares to third parties while excluding pre-emptive rights pursuant to § 71 (1) no. 8 sentence 5 in conjunction with § 186 (3) sentence 4 AktG. The authorization is limited to a maximum of 10% of the Company's registered capital.*

*Included in the aforementioned 10% limit are shares that have been issued during the period of this authorization in connection with a capital increase while excluding pre-emptive rights either directly pursuant to § 186 (3) sentence 4 AktG or as part of the use of the authorized capital account in conjunction with § 203 (1) AktG. Also included in the 10% threshold are shares with respect to which there is a conversion right or option or a conversion duty or option duty based on warrant-linked bonds and/or convertible bonds, which were issued during the term of this authorization while excluding pre-emptive rights pursuant to §§ 221 (4), 186 (3) sentence 4 AktG. The inclusion of these shares in calculating the aforementioned threshold effectively limits the possibility of pre-emptive rights exclusion.*

*To protect the shareholders, it is further provided that the Supervisory Board may stipulate that actions taken by the Executive Board on the basis of this authorization will still require the prior approval of the Supervisory Board. At the same time, for purposes of protecting the shareholders, it is provided that the acquired shares, when sold by means other than on the stock market or by making an offer to all shareholders, may be sold only at a price that is not significantly, i.e. in no event more than 5%, lower than the stock market price of Company shares at the time of the sale.*

*b) The Company should furthermore be in a position to have its own treasury shares at its disposal for use as consideration in connection with corporate mergers or for the acquisition of companies, divisions in companies, shareholdings and other assets. International competition and globalization demand, more than ever, this type of consideration. The proposed authorization should provide the Company with the necessary flexibility to engage in fast and flexible action regarding new opportunities for acquiring companies or investments. No specific plans to use this authorization presently exist.*

*In exercising its authority hereunder, the Executive Board shall ensure that the shareholders' interests are reasonably safeguarded. As a rule, it will use the stock market price as a benchmark in valuing the transferred Company shares which will be used as consideration. A schematic link to the stock market price is not, however, envisaged, in order to avoid, above all, compromising previously achieved negotiations due to fluctuations in the stock market price. The Executive Board shall report on any use of the authority at each next Annual General Meeting.*

*c) The authorization also provides that the treasury shares may be used to satisfy the conversion rights under the issued convertible bonds while excluding the shareholder's pre-emptive rights. It may in some cases be practicable to use treasury shares to satisfy the conversion rights instead of relying on new shares that are issued as part of a capital increase.*

*d) Treasury shares should also be offered to employees of the Company and enterprises affiliated with the Company. The issuance of treasury shares to employees – generally subject to a reasonable lock-up period covering several years – is in the interests of the Company and its shareholders since such a measure promotes the employees' association and identification with their Company and thereby improves Company value.*

*Modern compensation systems sometimes provide remuneration in shares for executive board members and employees. The use of available treasury shares as a component of compensation instead of relying on a capital increase or cash payment makes economic sense for the Company. The members of the Company's Executive Board should also have the opportunity of having the Supervisory Board be able to provide them with sharebased compensation using the Company's treasury shares. As the competent body charged with the responsibility of approving the compensation of the Executive Board, the Supervisory Board has the sole authority to decide such matter.*

*The decision on how the authority shall be exercised in each individual case is taken by the relevant governing bodies of the Company. These governing bodies shall be guided solely by the interests of the shareholders and the Company and shall report on their decisions at the next Annual General Meeting pursuant to § 71 (3) sentence 1 AktG. There are currently no specific plans to utilise this authority."*

**2. Executive Board report to the Annual General Meeting regarding item 10 of the agenda pursuant to § 203 (1) and (2) sentence 2 AktG in connection with § 186 (4) sentence 2 AktG on the exclusion of the pre-emptive rights with respect to authorized capital.**

*"Regarding agenda item 10, the Executive Board and Supervisory Board recommend amending § 5 (3) of the Articles of Association in order to cancel the existing authorized capital account (which expires on 15 May 2010 anyway) and replace it with a new authorized capital account. In accordance with § 203 (1) and (2) sentence 2 AktG in connection with § 186 (4) sentence 2 AktG, the Executive Board hereby issues the following report concerning the grounds for excluding the pre-emptive right:*

**(1) Current authorized capital and reason for the change**

*The Executive Board and Supervisory Board recommend to the Annual General Meeting that the existing authorized capital account be cancelled and that a new authorized capital account be created. Section 5 (3) of the currently applicable Articles of Association provides for authorized capital, according to which the Executive Board has the authority, with the consent of the Supervisory Board, to increase one or more times, either in whole or in parts, the registered share capital by up to € 50,073,300 through the issuance of new no-par value bearer shares in exchange for cash and/or for non-cash capital contributions. This authorized capital will expire as of 15 May 2010; i. e., immediately after the Annual General Meeting. In April 2009, € 5,926,700 of the existing authorized capital was used up through the issuance of 2,279,500 no-par value bearer shares.*

*In order to give the Company future strategic options, the creation of a new authorization should put management in a position to increase in the future the Company's registered share capital by issuing new no-par value bearer shares.*

**(2) New authorized capital and the related benefits for the Company**

*The new authorized capital will for the most part be coextensive with the previous authorized capital.*

*The total amount of new authorized capital to be created should up to € 59,256,600. The Executive Board is authorized, with the consent of the Supervisory Board, to increase on or before 13 May 2015 the registered share capital of the Company one or more times either in whole or in parts by up to € 59,256,600 through the issuance of up to 22,791,000 new no-par value bearer shares in exchange for cash and/or non-cash capital contributions (authorized capital). The new shares may be subscribed by one or more credit institutions designated by the Executive Board, subject to the obligation that they must offer the shares to the shareholders (indirect pre-emptive right).*

*The recommended authorization to issue new shares from the authorized capital is intended to put the Executive Board in a position, with the consent of the Supervisory Board, to quickly obtain on the financial markets the capital, which is required to continue developing the Company, through the issuance of new shares or to quickly utilise any emerging strategic options and favourable market conditions to quickly cover any future financing needs. The authorization to create new authorized capital will give the Company's management a flexible instrument for structuring the corporate policy for the next 5 years.*

**(3) Exclusion of the pre-emptive right**

*Under the principle set forth in § 186 (1) AktG, which under § 203 (1) AktG also applies in connection with authorized capital, each shareholder must, upon request, be allotted a portion of the new shares which matches the shareholder's pro rata interest in the existing registered share capital.*

*Nevertheless, the Executive Board should be authorized pursuant to § 203 (2) sentence 1 AktG in connection with § 186 (3) sentence 1 AktG to exclude – subject to the prior approval of the Supervisory Board – the shareholders' pre-emptive rights in certain narrowly defined cases when it utilises the authorized capital.*

*a) With respect to a portion of authorized capital (€ 5,000,000), the Executive Board should be authorised, with the prior approval of the Supervisory Board, to exclude the pre-emptive rights in order to be able to issue shares to employees of the Company and enterprises affiliated with the Company. In this regard, the authorized capital should be used for issuing shares to employees of GILDEMEISTER Aktiengesellschaft and other companies within the GILDEMEISTER Group. Such a share issuance might take place, for example, under a newly created employee stock ownership plan which is intended in the Company's interest to promote the employees' loyalty to their company.*

b) *The Executive Board should be authorized, with the prior approval of the Supervisory Board, to exclude the pre-emptive rights during capital increases made in exchange for non-cash capital contribution in order to allow the Company, in suitable situations, to acquire companies, company divisions or holdings in other companies or other assets in exchange for a transfer of Company shares. This arrangement should place the Executive Board in a position to acquire companies, company divisions or holdings in other companies or other assets from third parties in exchange for a grant of Company shares without the need for having to tap the capital markets. GILDEMEISTER Aktiengesellschaft faces global competition. It must be in a position, at any time, to quickly and flexibly act on international markets in the interests of its shareholders. This includes having the option to acquire companies, divisions of companies or holdings therein or other assets in order to improve its competitive position. The best possible use of such an option in the interests of the shareholders and the Company itself could in some cases consist of executing an acquisition of a company, division of a company and a holding or the purchase of another suitable asset in exchange for granting shares of the acquiring company. The opportunity for issuing shares significantly enhances the Executive Board's flexibility in acting in the international competitive arena. Practice has shown that holders of attractive acquisition targets frequently demand voting shares from the acquiring company as consideration for the sale of their shares. Particularly among the ever expanding company divisions, which are affected by such transactions, consideration can often not be paid in cash without jeopardising the company's liquidity or increasing to an undesirable degree its level of indebtedness. The authorized capital cannot be used for these purposes unless pre-emptive rights can be excluded. The Executive Board should therefore be authorized to exclude pre-emptive rights in these cases. The authorized capital with the opportunity for excluding pre-emptive rights puts the Company in a position to react quickly and without the delays often associated with shareholder resolutions, which are often important or even decisive, in an effort to successfully close any such acquisition transactions and to remain competitive with other acquisitive enterprises.*

*Where pre-emptive rights are excluded, the relative ownership interests and relative voting power of the existing shareholders are reduced, however. Yet if pre-emptive rights are granted, the acquisition of companies, company divisions or holdings of companies in exchange for the granting of shares would not be possible and the related benefits unobtainable for the Company and the shareholders. As a rule, the Executive Board will use the stock market price as a benchmark in valuing the transferred Company shares which will be used as consideration. A schematic link to the stock market price is not, however, envisaged, in order to avoid, above all, compromising previously achieved negotiations due to fluctuations in the stock market price.*

*The Executive Board shall exercise its authority to exclude the pre-emptive rights, only if the acquisition transaction in exchange for the grant of Company shares is in the Company's clear best interests. Only if this condition is met will the Supervisory Board also grant its approval.*



- c) Moreover, the Executive Board should be authorized, with the prior approval of the Supervisory Board, to exclude the pre-emptive rights, if such exclusion is required to protect against dilution, in order to grant to the holders of warrants or the creditors under convertible bonds, which are issued by the Company or one of its affiliates under an authorization granted to the Executive Board by the Annual General Meeting, a pre-emptive right to the same extent such warrant holders or creditors would be entitled after exercising their option or conversion rights or after discharging their conversion duties. The terms and conditions of convertible and warrant-linked bonds typically provide that in the event of a capital increase, anti-dilution protection must be granted either by lowering the option or conversion price or by granting a pre-emptive right. In order from the very outset not to be limited to the alternative of reducing the option or conversion price, authorization should be granted during the utilization of the authorized capital to exclude the shareholders' pre-emptive rights to subscribe new shares to the extent such exclusion would be required in order to grant the holders of the warrants or convertible bonds the number of subscription rights to which they would be entitled as shareholders. This anti-dilution protection also serves to simplify the placement of bonds on the capital markets and therefore serves the interests of the shareholders in having an optimal financing structure for the Company. The exclusion in favour of warrant holders and creditors under convertible bonds allows such persons to participate in a capital increase to the extent they would be entitled to participate as such if they had subscribed shares based on the exercise of their option or conversion rights or the performance of their conversion duties. Such arrangement will in effect counteract the dilution resulting from the capital increase.
- d) The Executive Board should also be authorized, with the prior approval of the Supervisory Board, to exclude the pre-emptive rights in order to eliminate any fractional amounts arising from the pre-emptive rights. The authorization to exclude the pre-emptive rights for fractional amounts creates the possibility of setting simple and practical subscription ratios during any capital increase. Fractional amounts arise if as a result of the subscription ratio or the amount of the capital increase, not all new shares can be distributed equally to the shareholders. The exclusion of the pre-emptive rights for such fractional amounts is required in order to present a subscription ratio that can be technically implemented. The shares excluded as fractional amounts under the shareholders' pre-emptive rights shall be disposed of in the best manner by the Company either through a sale on the stock markets or in some other way. The level of possible dilution due to the limitations of the fractional amounts is low given that the fractional amounts are insignificant relative to the overall capital increase.
- e) Finally, the Executive Board should be authorized, with the prior approval of the Supervisory Board, to exclude the pre-emptive rights with respect to capital increases in exchange for cash capital contributions, if the issue price of the new shares is not "significantly" (within the meaning of §§ 203 (1) and (2), 186 (3) sentence 4 AktG) below the stock market price on the date the final issue price is set by the Executive Board and the pro rata amount of the registered share capital attributable to the new shares, for which the pre-emptive rights are excluded, does not in total exceed 10% of the registered share capital at the time the new shares are issued. Included in this 10% threshold of the registered share

*capital are those shares, which are sold during the period of the authorized capital subject to the exclusion of the shareholders' pre-emptive rights pursuant to §§ 71 (1) no. 8, sentence 5, 186 (3) sentence 4 AktG, as well as those shares, with respect to which there is a conversion right or option or a conversion duty or option duty based on warrant-linked bonds and/or convertible bonds, which were issued on the basis of the shareholder resolution of 14 May 2004 while excluding pre-emptive rights pursuant to §§ 221 (4), 186 (3) sentence 4 AktG.*

*The provision is consistent with § 186 (3), sentence 4, AktG. The Executive Board is thereby placed in a position to cover any future financing needs on a short-term basis while utilising more favourable market conditions to the advantage of the Company and the shareholders. Above all, management will have the ability, on a short-term basis, to exploit stock market conditions and to thereby command a higher issue price by taking advantage of more real-time market price-setting. If pre-emptive rights are granted, then the aforementioned opportunity would be very limited given the very time-consuming process of settling pre-emptive rights. Experience has shown that due to their much quicker execution and settlement, capital increases that are done with an exclusion of pre-emptive rights pursuant to § 186 (3), sentence 4 AktG generate more incoming cash than comparable capital increases done with the shareholder pre-emptive rights.*

*A pre-emptive rights exclusion may be carried out only if the issue price for the new shares is not significantly below the stock market price for previously exchange-listed shares of the same class. Any discount off the stock market price may not be more than 5% of the actual stock market price.*

*The authorization to exclude the pre-emptive right is limited under the rule of § 186 (3), sentence 4, AktG to an amount equal to 10% of the registered share capital existing at the time the new shares are issued. Included in this maximum threshold are any shares, which are otherwise issued with an exclusion of pre-emptive rights pursuant to or in accordance with the § 186 (3), sentence 4, AktG or any of the Company's treasury shares.*

*Limiting the amount and creating an obligation to set the issue price for the new shares as close as possible to the stock market price effectively restricts the dilution of value of the existing shares and the loss of influence by the shareholders. Although the existing shareholders face a slight decrease in their relative ownership interest and voting rights, any shareholders who wish to preserve their relative ownership quota and their relative voting rights will have an opportunity, however, to purchase the necessary number of shares on the open stock market.*

*Depending on how business continues to develop particularly in connection with the expanded cooperation with Mori Seiki Co., Ltd., Japan, it may be practical to give Mori Seiki Co., Ltd. an opportunity to increase its existing holdings in the Company. In order to make such increased holding possible, it may make sense to utilise the authorized capital and the possibility for a simplified exclusion of the pre-emptive rights pursuant to § 186 (3), sentence 4, AktG. Given the great significance of the industrial partnership between GILDEMEISTER and Mori Seiki, intensifying the relationship by expanding the capital holdings could be in the best interests of the Company and its shareholders.*

*In considering all the circumstances, the Executive Board and Supervisory Board believe that excluding the pre-emptive rights in the foregoing situations for the reasons stated, even if the interests of the existing shareholders are diluted, is objectively justified and reasonable. The Executive Board shall in each individual case carefully review whether the use of the authorization to increase capital and possibly exclude pre-emptive rights is in the well-understood interests of the Company, while also weighing the interests of the existing shareholders. The Supervisory Board shall grant its approval after conducting its own review. The Executive Board shall report each use of authorized capital at the next Annual General Meeting.”*

### Information

From the date of official notice of the Annual General Meeting, the documents that are listed under agenda item 1 and the reports of the Executive Board relating to agenda items 6 and 10, which will all be exhibited for review at the Annual General Meeting on 14 May, will be available for download by clicking the link “Annual General Meeting” on the Company’s website: [www.gildemeister.com](http://www.gildemeister.com).

### Additional information regarding the notice of the General Shareholders’ Meeting

#### 1. Total number of shares and voting rights

At the time of the official notice of the Annual General Meeting, the Company’s registered share capital is divided into 45,582,003 no-par value shares. Each share carries one vote. At the time of the official notice of the Annual General Meeting, the Company is not holding any treasury shares. Thus, at the time of the official notice of the Annual General Meeting, the total number of shares entitling the respective holders to attend the meeting and to vote is 45,582,003.

#### 2. Requirement for attending the Annual General Meeting and exercising the right to vote

Any persons, who can prove their status as shareholders of the Company and register for the Annual General Meeting on or before the beginning of the 21<sup>st</sup> day prior to the Annual General Meeting (i. e., on or before **12.00 am on 23 April 2010 (Record Date)**), will be eligible to attend the Annual General Meeting and to cast their vote. Evidence of eligibility is provided in the form of a proof of shareholding issued by the custodian credit institution or financial service provider as of the Record Date. In relation to the Company, only persons who have provided the proof will be permitted as shareholders to attend and vote at the meeting. A shareholder’s right to attend and the number of votes he or she has will be based solely on his or her shareholdings on the Record Date. The Record Date has no bearing on whether or not the shareholding can be sold either in whole or in part. Even if all or part of the shareholding is sold after Record Date, the only dispositive day for purposes of determining the right to attend and the number of voting rights will be the shareholder’s ownership interest on the Record Date; i. e. any sale of shares after the Record Date will have no impact on the right to attend or on the number of votes the shareholder has.

The same applies with respect to shares acquired following the Record Date. Persons, who no longer own shares as of the Record Date and who become shareholders only thereafter, are not permitted to attend or vote at the meeting; a different rule will apply only if the prior owner, who was still holding the shares as of the Record Date, granted such persons proxy for purposes of exercising his or her rights.

The registration and proof of shareholding must be received at the aforementioned registration office on or before the 12 midnight (24.00) on **07 May 2010**. The registration and proof of shareholding must be drafted either in German or English. Proof will suffice if it is in text form, as defined by German Law.

**Registration office:**

GILDEMEISTER Aktiengesellschaft  
c/o UniCredit Bank AG  
CBS50HV  
D-80311 München  
Fax: +49 (0) 89 / 54 00-25 19  
email: hauptversammlungen@hvb.de

After receipt of the registration and proof of shareholding, the registration office will send the shareholders admission tickets to attend the Annual General Meeting. In order to ensure the timely receipt of the admission tickets, we would ask the shareholders to request an admission ticket from their custodian institution as soon as possible. In these cases, the custodian institution shall carry out the necessary registration and transmission of the proof of the record shareholding.

**3. Procedure for voting by proxy**

Shareholders who do not wish to attend the Annual General Meeting in person may exercise their vote by proxy, e. g. through a credit institution, through a shareholders' association or through the voting representatives appointed by the Company. In all such cases, timely registration and timely proof of eligibility with respect to the relevant shareholdings are also required. Shareholders will receive the relevant proxy form together with their admission ticket. To be effective, the grant or revocation of a proxy and proof of the shareholder's eligibility vis-à-vis the Company must be provided in text form (Textform), as defined by German law. Voting representatives may provide proof of the grant of a proxy on the day of the Annual General Meeting by showing the proxy to the doorkeepers. Where the proxy is granted by way of declaration to the Company, then no separate proof of the grant of proxy is required.

For granting or revoking a proxy vis-à-vis the Company or for transmitting proof of a proxy granted to a voting representative, shareholders may use following address:

GILDEMEISTER Aktiengesellschaft  
Investor Relations  
André Danks  
Gildemeisterstraße 60  
D-33689 Bielefeld  
Fax: +49 (0) 52 05 / 74 - 32 73

Shareholders may also electronically grant or revoke proxy vis-à-vis the Company, or transmit proof of a proxy granted to a voting representative or notification of revocation of such proxy, via the following e-mail address:

Gildemeister-HV2010@computershare.de

As a rule, when authorizing credit institutions, shareholders' associations or persons who are the equivalent of the foregoing pursuant to § 135 (8) AktG, there are special requirements which must be observed; shareholders should inquire with the person or body they are authorizing in each such case.

The Company offers a special service to shareholders who have duly and timely registered, enabling them to issue proxies to Company-designated voting representatives in advance of the Annual General Meeting. Shareholders must provide instructions on voting in addition to proxies to the Company-designated voting representatives. The voting representatives are obliged to vote in accordance with those instructions; they may not use their own discretion in exercising the shareholders' voting rights.

Proxies and instructions must be given in text form. Forms for granting proxies and issuing instructions to the Company-designated voting representatives will be attached to every admission ticket. Unless the shareholder is transmitting them electronically (see below), the shareholder's proxy and instructions to the Company-designated voting representatives must reach the Company by 12 noon on 12 May 2010 at the address set forth below:

GILDEMEISTER Aktiengesellschaft  
Investor Relations  
André Danks  
Gildemeisterstraße 60  
D-33689 Bielefeld  
Fax: +49 (0) 52 05 / 74 - 32 73

Shareholders may also issue grants of authorization and instructions to the Company-designated voting representatives (and any revocation thereof) in electronic form (and may do so even during the Annual General Meeting up to the end of the general debate) by sending an e-mail to the following address:

Gildemeister-HV2010@computershare.de

In the documents sent to them, shareholders may find information on registering for the Annual General Meeting and on issuing proxies for voting, and they may also download this information by clicking the "Annual General Meeting" link on the Company's website: [www.gildemeister.com](http://www.gildemeister.com).

#### **4. Motions for supplementation of the agenda at the request of a minority of shareholders pursuant to § 122 (2) AktG**

Shareholders, whose cumulative shareholdings reach a pro rata total of € 500,000.00 of the Company's registered share capital which corresponds to 192,307 no-par value shares, may request that additional items be placed on the agenda and that notice of those agenda items be given to shareholders. Such requests must be forwarded in writing to the Company's Executive Board, and the Company must receive them no later than 12 midnight (24.00) on 13 April 2010. Each new agenda item must be supported by a statement of the grounds of the request or by a draft resolution. Motions by shareholders to supplement the agenda pursuant to § 122 (2) AktG must be forwarded to the Company at the following address, to the attention of the Executive Board:

GILDEMEISTER Aktiengesellschaft  
Executive Board  
Gildemeisterstraße 60  
D-33689 Bielefeld

Shareholders submitting such motions must furnish proof that they have held the shares for a period of at least three months prior to the date of the Annual General Meeting. We hereby expressly alert shareholders that pursuant to § 70 AktG, there are certain options for crediting time towards that period.

Requests for supplementations to the agenda will be published throughout the European Union in the electronic Federal Gazette (Bundesanzeiger) immediately upon receipt by the Company. They will also be posted on the Company's website at [www.gildemeister.com](http://www.gildemeister.com) under the link "Annual General Meeting" and communicated to shareholders.

#### **5. Motions and nominations by shareholders pursuant to §§ 126 (1) and 127 AktG**

Shareholders may submit counter-motions to a proposal by the Executive Board or the Supervisory Board relating to a specific item on the agenda and/or may submit election proposals for the supplementary election of Supervisory Board members (agenda item 11) or proposals for the appointment of annual accounts auditor (agenda item 5). Counter-motions/proposals must be directed exclusively to the address set forth below. Counter-motions and proposals sent to any other address will be disregarded:

GILDEMEISTER Aktiengesellschaft  
Investor Relations  
André Danks  
Gildemeisterstraße 60  
D-33689 Bielefeld  
Fax: +49 (0) 52 05 / 74 - 32 73  
email: [ir@gildemeister.com](mailto:ir@gildemeister.com)

Counter-proposals and proposals for election, which must reach the Company at the foregoing address before the end of the day on 29 April 2010 (together with proof of the shareholder's eligibility) so that they can be publicly disclosed, will be published immediately at the "Annual General Meeting" link on the Company's website:

[www.gildemeister.com](http://www.gildemeister.com). Any statements that Company management may make in response will likewise be published at the referenced website on or after 29 April 2010.

As a basic rule, the Company is not required to publish shareholder proposals for election of a member of the Supervisory Board if the following details of the nominee are not provided: Name, profession, place of residence and membership on other supervisory boards to be constituted pursuant to law and comparable governing bodies of domestic or foreign commercial enterprises.

#### **6. Shareholders' right of information pursuant to § 131 (1) AktG**

The Executive Board is required to furnish each shareholder with information on the Company's affairs upon request, including information on its legal and commercial relations with affiliated enterprise and on the financial condition of the Group and of the affiliated entities included in the Group's consolidated financial statements, where such information is necessary in order to properly evaluate the topics on the agenda. As a basic rule, requests for information should be made orally at the Annual General Meeting during the course of the general debate.

The Executive Board may refrain from providing a response to individual questions upon the grounds set forth in § 131 (3) AktG, such as where, upon a reasonable review from a commercial perspective, providing such information is apt to cause not insubstantial harm to the Company or to an affiliated enterprise (e.g., disclosure of business confidences). Pursuant to the Company's Articles of Association, the chairman of the Annual General Meeting is authorized to place reasonable time limits on the rights of shareholders to ask questions and to address the meeting.

#### **7. Publications on the Company's website**

The content of this notice of the Annual General Meeting, including any explanatory comments (if no resolution shall be adopted with respect to a given item on the agenda), the documents to be made available at the meeting (including the Management Report, the total number of shares and voting rights on the date of the official notice of the Annual General Meeting), any requests by shareholders to supplement the agenda subject to immediate disclosure pursuant to § 122 (2) AktG, and a wealth of further information on the Annual General Meeting, are all available on the Company's website at [www.gildemeister.com](http://www.gildemeister.com), under the link "Annual General Meeting".

Upon conclusion of the Annual General Meeting, the speech by the chairman of the Executive Board will be available as a recording for downloading from the above-referenced website.

This notice of the Annual General Meeting was officially published on 31 March 2010 in the electronic Federal Gazette (Bundesanzeiger) and throughout the entire European Union.



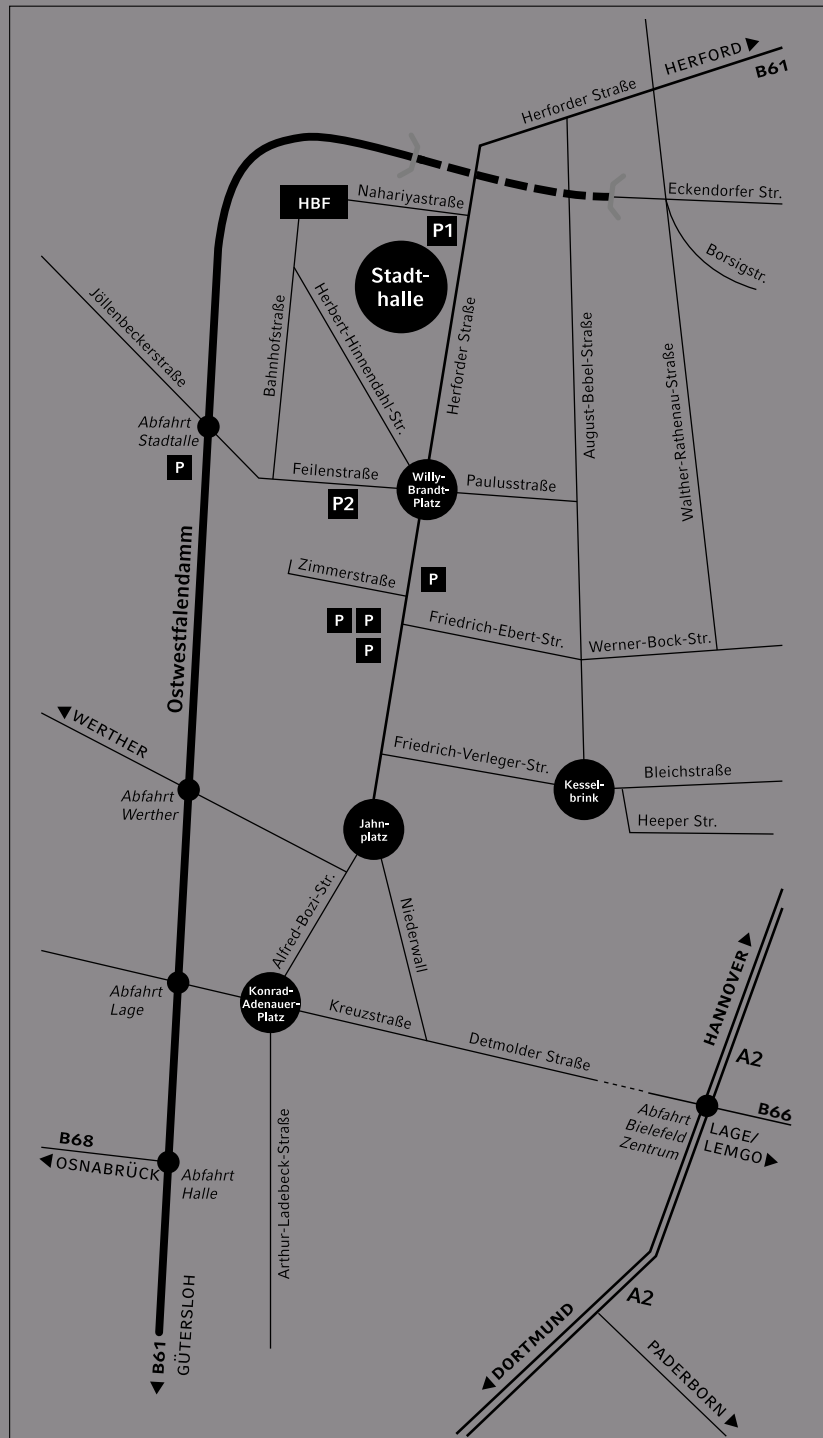


**Venue:**

Bielefeld City Hall, close to main station

**Parking:**

Free parking for visitors to the Annual General Meeting in Car Park P1 (Car Park Stadthalle) and Car Park P2 (Car Park Stadthalle) and Car Park P2 (Parkdepot CineStar – underground parking).

**Further information/organization:**

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