



Invitation to  
86th Annual General Meeting

# Koenig & Bauer Aktiengesellschaft, Würzburg

## 86th Annual General Meeting

We cordially invite Shareholders to our 86th Annual General Meeting commencing at 11am on Thursday, 16 June 2011 at the Vogel Convention Center (VCC), Max-Planck-Str. 7/9, 97082 Würzburg, Germany.

### Agenda\*

**1. The 2010 financial statements and management report for Koenig & Bauer Aktiengesellschaft (with explanatory comments on disclosures under section 289 (4) and on accounting-related internal control systems under section 289 (5) of the German Commercial Code, HGB), the approved financial statements for the Koenig & Bauer Group as per IFRS, the management report for the Group (including explanatory comments on disclosures under section 315 (4) of the HGB) and the Supervisory Board report.**

The financial statements submitted by the Management Board for the Parent and the KBA Group have already been approved by the Supervisory Board and subsequently adopted. In accordance with statutory regulations there will thus be no resolution regarding this item on the agenda.

**2. Proposal for the utilisation of the earnings retained by Koenig & Bauer Aktiengesellschaft in 2010**

The Management and Supervisory Boards propose utilising retained earnings totalling €4,939,407.90 as follows:

Payment of a dividend of 30 cents per ordinary share on 16,464,693 no-par shares	€4,939,407.90
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**3. Discharge of duties by the members of the Koenig & Bauer Aktiengesellschaft Management Board in the 2010 business year**

The Supervisory and Management Boards recommend that the discharge of members' duties be approved.

**4. Discharge of duties by the members of the Koenig & Bauer Aktiengesellschaft Supervisory Board in the 2010 business year**

The Management and Supervisory Boards recommend that the discharge of members' duties be approved.

\*Non-binding translation for Shareholders' convenience

## **5. Appointment of public auditors for the 2011 business year**

The Supervisory Board proposes that KPMG Bayerische Treuhandgesellschaft AG, Nuremberg, be appointed public auditors for the 2011 business year.

## **6. Elections to the Supervisory Board**

The Supervisory Board members' term of office expires at the end of the Annual General Meeting on 16 June 2011, so a new Board must be elected.

Under section 8 clause 1 of the Company's Articles of Association the Supervisory Board must be composed of twelve members, six of whom must be Shareholders and six Company employees in accordance with sections 96 (1) and 101 (1) of Germany's Stock Corporation Law and section 7 (1.1.1) of the Law on Codetermination.

Under section 102 of the Stock Corporation Law and section 8 (2) of the Company's Articles of Association the new Supervisory Board's term of office commences with the conclusion of the Annual General Meeting on 16 June 2011 and expires at the end of the Annual General Meeting at which a vote is taken on the discharge of duties for the fourth business year following the commencement of the term of office. The business year in which the term of office commences is not included.

The present members of the Supervisory Board are all standing for re-election. The intention is to allow the Annual General Meeting to vote on each individual member.

In accordance with the recommendations of the nomination committee, the Supervisory Board proposes that the following candidates be elected as shareholder representatives to the Supervisory Board whose term of office shall expire at the end of the Annual General Meeting at which a vote will be taken on the discharge of duties for the 2015 business year:

### **1. Matthias Hatschek, St. Martin, Austria**

Entrepreneur

Mr Hatschek is on the supervisory body (the Austrian equivalent of a supervisory board) of the foreign business enterprise below:

- Buy-Out Central Europe II Beteiligungs-Invest AG, Vienna, Austria

## **2. Dr Hermann Jung, Heidenheim**

Member of the management board, Voith GmbH, Heidenheim  
Dr Jung is on the obligatory supervisory board of the domestic company below:

- Putzmeister AG, Aichtal

Dr Jung's many years of service on the management boards of Voith AG and Voith GmbH qualify him as an independent financial expert as specified in section 100 (5) of Germany's Stock Corporation Law.

## **3. Baldwin Knauf, Iphofen**

Deputy chairman of the shareholders' committee, Knauf Gips KG  
Mr Knauf is on the obligatory supervisory board of the domestic company below:

- Lindner AG, Arnstorf

## **4. Dieter Rampl, Munich**

Banker

Mr Rampl is on the obligatory supervisory board of the domestic company and on the supervisory bodies of the foreign business enterprises listed below:

- FC Bayern München AG, Munich
- KKR Management LLC, New York, USA
- Mediobanca S.p.A., Milan, Italy
- Unicredit S.p.A., Milan, Italy

Pursuant to subparagraph 5.4.3 clause 3 of the German Corporate Governance Code, as amended on 26 May 2010, notice is hereby given that in the event of his re-election, Mr Rampl will be proposed as a candidate for the post of Supervisory Board chairman.

## **5. Reinhart Siewert, Würzburg**

Business economist

Mr Siewert is on the obligatory supervisory board of the domestic companies and on the supervisory body of the foreign business enterprise listed below:

- Bank Schilling & Co. AG, Hammelburg
- Winkler + Dünnebier AG, Neuwied
- KBA-Mödling AG, Mödling, Austria

## **6. Professor Horst Peter Wölfel, Höchberg**

Professor emeritus of structural dynamics, Technical University, Darmstadt

Professor Wölfel is on no obligatory supervisory boards of domestic companies nor on comparable domestic or foreign supervisory bodies of business enterprises as specified in section 125 (1) 3 of Germany's Stock Corporation Law.

The Annual General Meeting is not bound by the above recommendations for shareholder representatives.

### **7. Non-disclosure of individual Management Board compensation**

Under sections 286 (5) (Parent) and 314 (2) 2 (Group) of the German Commercial Code, public limited companies may allow the Annual General Meeting to decide whether or not individual the Management Board compensation should be disclosed in the Notes to the annual financial statements. A resolution on this issue requires a majority of at least two-thirds of the share capital represented at the vote, and may apply for a maximum of five years.

The Annual General Meeting passed a resolution on this issue in 2006 for the period ending with the 2010 business year.

Under the compensation system currently in force, all the members of the Company's Management Board draw a basic salary plus a profit-related bonus, with the chief executive and his deputy entitled to a higher bonus than the other members of the Board. The profit-related component is calculated on annual Group profit in consecutive years. In accordance with statutory regulations compensation is structured in such a way as to promote sustainable long-term corporate development. Share options and other derivatives have hitherto formed no part of such remuneration, and there are no plans to introduce them in the future.

The Management and Supervisory Boards are therefore of the opinion that the customary breakdown into fixed and variable elements for each of the two Boards is perfectly adequate and, together with the compensation system detailed in the financial statements, furnishes Shareholders with sufficient information to assess the propriety of the remuneration given. Shareholders will be given detailed notification at the Annual General Meeting of any changes in compensation. The Supervisory Board and Management do not recommend disclosing individual members' remuneration.

The Management and Supervisory Boards therefore propose the following resolution:

"The financial statements for the Parent and Group shall contain no disclosures, either in the Notes or at any other position stipulated by

law, pursuant to sections 285 no. 9a clauses 5 to 8 and 314 (1) 6a clauses 5 to 8 of the German Commercial Code.

This resolution shall apply to the business year commencing 1 January 2011 and the four subsequent years, that is until 31 December 2015.”

#### **8. Authority to purchase and allot Company shares and disapply pre-emption rights**

The Management and Supervisory Boards propose the following resolution:

“The Company shall be authorised to purchase Company shares in the market up to a maximum aggregate total of 10% of the issued share capital of €42,808,201.80. This authority shall apply at least until the conclusion of the next Annual General Meeting and expire on 15 June 2016. The shares acquired through this authority, together with other Company shares already purchased and still owned by or attributable to the Company under sections 71d and 71e of Germany’s Stock Corporation Law, may at no time exceed 10% of the issued share capital. The Company may not exercise this authority for the purpose of trading in its own shares. Shares may be purchased on the stock exchange or via a public offer to all Shareholders.

The purchase price offered for the shares may not deviate from the market price by more than 5%. In this context the market price shall be taken as the average of the volume-weighted daily closing prices of Company shares (as per Xetra or one of its successors) on the three transactional days preceding the acquisition of the shares. Where shares are purchased OTC in the third market, the public price quoted at the time the Company makes an offer shall apply.

Pending the approval of the Supervisory Board, the Management Board shall be authorised to allot on a non-pre-emptive basis by means other than via the stock exchange, or by making an offer to all Shareholders equally, the Company shares purchased under the above authority, provided that these can be disposed of at a price not substantially lower than the exchange price for similar Company shares at the time of disposal. In this context the official quoted price shall be taken as the average of the volume-weighted daily closing prices of Company shares (as per Xetra or one of its successors) on the three transactional days preceding the disposal of the shares. This authority is limited to 10% of the issued share capital, more specifically the issued share capital on the date such authority took effect and the date it was exercised. This restriction shall apply to shares issued or disposed of during the period of such authority in accordance with section 186 (3) 4 of Germany’s Stock Corporation Law.

Pending the approval of the Supervisory Board the Management Board shall further be empowered to cancel Company shares acquired under the above authority, without having first to obtain the consent of Shareholders in general meeting. The Supervisory Board shall be authorised to amend the Articles of Association in accordance with the number of shares cancelled.

The above authorities can be exercised for the maximum amount stated or for multiple portions of this amount.

The existing authority to purchase Company shares, which is due to expire on 16 December 2011, will be rendered null and void by the new authority.”

**9. Cancellation of the existing authorised capital and simultaneous creation of new authorised capital with the renewed option of disapplying pre-emption rights on issues of new shares**

At the Annual General Meeting on 22 June 2006 the Company was authorised to increase share capital via cash and/or non-cash capital contributions (authorised capital) totalling no more than €15,600,000 through the issue of no-par shares up to a maximum of 6,000,000, with the option of disapplying pre-emption rights on issues of new shares. By 24 September 2010 share capital had been increased by €519,825.80 through the issue of 199,933 employee shares. The existing authority expires on 21 June 2011.

To enable Management to utilise authorised capital for the purpose of purchasing Company shares and boosting the Company’s capital resources, cash and non-cash contributions specifically through the issue of employee shares, it is necessary to cancel the existing authorised capital and create new authorised capital.

The Management and Supervisory Boards therefore propose the following resolution:

“The authority granted at the ordinary Annual General Meeting on 22 June 2006 shall be cancelled and new authorised capital created. Section 4 (3) of the Articles of Association shall be revised as follows:

Pending the approval of the Supervisory Board, the Management Board is authorised to increase share capital by no more than €15,600,000 in the period to 15 June 2016 through a single issue or multiple issues of new, no-par bearer shares for cash and/or capital contributions, up to a maximum aggregate total of 6,000,000 shares. New shares will be issued, and the conditions for such an issue

determined, by the Management Board pending the approval of the Supervisory Board.

In general, the new shares shall be offered to Shareholders on a pre-emptive basis.

However, pending the approval of the Supervisory Board the Management Board is authorised to disapply pre-emption rights in the instances specified below.

- Residual amounts.
- Capital increases via cash contributions, if the issue price for the new shares is not substantially lower than the quoted price for similar Company shares and the shares issued on a non-pre-emptive basis do not exceed 10% of the share capital, either on the effective date or the date on which such authority is exercised. This constraint shall apply to shares issued or allotted during the period of authority but under a different authority and on a non-pre-emptive basis in direct or indirect compliance with section 186 (3) 4 of Germany's Stock Corporation Law.
- Capital increases via cash contributions for a notional portion of share capital not exceeding €1,625,000 through the issue of no more than 625,000 new no-par shares, if the new shares are offered to Company employees on a pre-emptive basis and allotted to them.
- Capital increases via non-cash contributions for the issue of shares where these are to be used for the acquisition of other companies or interests in other companies.”

Following a full or partial increase in share capital from authorised capital, or the expiry of authority, the Supervisory Board shall be authorised to amend the Articles of Association accordingly.

#### **Statements by the Management Board at the Annual General Meeting**

With reference to items 8 and 9 on the agenda the Management Board wishes to make the following statements.

#### **Statement regarding item 8 on the agenda (acquisition of Company shares) under sections 71 (1) no. 8 and 186 (4) 2 of Germany's Stock Corporation Law**

Non-pre-emptive allotment of Company shares:

The existing authority to purchase Company shares has not been exercised and expires on 16 December 2011. If the Company is to purchase its own shares after this date it must be re-authorised by the Annual General Meeting.

Under section 71 (1) no. 8 of the Stock Corporation Law, amended in compliance with the Act Implementing the Shareholder Rights Directive (ARUG), authority may now be granted for a term of up to five years. This option, which does not expand the scope of such authority, should be exploited. If the scope of such authority is exhausted before the five-year term expires, then the Company shall submit a proposal to the Annual General Meeting for authority to repurchase shares.

The intention behind the option, which allows business enterprises in Germany to purchase company shares in the market and resell them, is to enhance Shareholder value. The ability to resell Company shares makes it easier to raise funds. Under section 71 (1) no. 8 of the Stock Corporation Law the Shareholders at the Annual General Meeting can empower the Company to dispose of shares by means other than via the stock exchange, or by making an offer to all Shareholders equally. One condition is that, pursuant to section 186 (3) 4 of this law, such shares must be sold at a price not substantially lower than the quoted price for similar Company shares at the time of disposal.

The option of allotting shares in this way serves the Company's interest in acting with agility and economy. Company shares may be offered as a quid pro quo when acquiring another enterprise or an interest in another enterprise. More specifically, the option of disapplying pre-emption rights allows shares to be allotted faster and at less cost than would disposing of them in a fully pre-emptive rights issues. There is no disadvantage for Shareholders because they can purchase shares at any time on the stock exchange. When allotting Company shares to third parties on a non-pre-emptive basis, due consideration will be given to protecting the interests of existing Shareholders with regard to the dilution of equity and voting rights.

The authority to purchase Company shares is subject to legal provisions relating to the disapplication of pre-emption rights under section 186 (3) 4 of the Stock Corporation Law and the authority proposed in item 9 to increase cash capital (authorised capital) on a non-pre-emptive basis, and is restricted to an amount equivalent to no more than 10% of the Company's issued share capital.

At present there are no concrete plans to exercise the authority to purchase Company shares. The Management Board will notify Shareholders at the next Annual General Meeting if such authority has been exercised.

**Statement on item 9 (authorised capital) pursuant to sections 203 (2) and 186 (4) 2 of Germany's Stock Corporation Law**

In general, Shareholders are entitled to pre-emption rights when authorised capital is being utilised. These rights may be disapplied only in the instances specified below.

- Residual amounts which cannot be distributed among all Shareholders equally.
- Capital increases via cash contributions, if the shares issued at par value do not exceed 10% of the share capital pursuant to section 186 (3) 4 of the Stock Corporation Law. In conjunction with item 8 this authority allows the Management Board to issue shares up to the aforementioned amount at a price which, in the interests of Shareholders, is close to the quoted price.
- Capital increases via cash contributions for a notional portion of share capital not exceeding €1,625,000 through the issue of no more than 625,000 new no-par shares. Disapplying pre-emption rights allows the Management Board to make Company shares available without recourse to the stock exchange, so that they may be offered to Company employees.
- Capital increases via non-cash contributions for the purpose of acquiring other companies or interests in them. This authority will place shares at the Management Boards disposal without recourse to the stock exchange, allowing it to acquire other companies or interests in other companies where appropriate, in exchange for no-par shares. Such acquisitions generally demand quick decisions, and the authority granted under item 9 will allow the Management Board to respond with agility and speed to advantageous business prospects of this nature in national and international markets, thus expanding Company activities in the interests of both the Company and its Shareholders.

**Documentation on the agenda**

All documentation cited in item 1 on the agenda, together with the statements issued by the Management Board regarding items 8 and 9, will be displayed at the Company's business premises immediately following notification of the Annual General Meeting. The Group documentation cited in item 1 will also be published on the internet at [www.kba.com/en/investor/berichte/10.html](http://www.kba.com/en/investor/berichte/10.html). The agenda for the Annual General Meeting and the Management Board's statements relating to items 8 and 9 can be accessed at [www.kba.com/en/investor/hv.html](http://www.kba.com/en/investor/hv.html).

The above-mentioned documentation will also be available at the Meeting.

**Total number of shares and voting rights on the date of notification of the Annual General Meeting**

The Company's issued share capital on the date of notification of the Annual General Meeting totalled €42,808,201.80, equivalent to 16,464,693 no-par shares. All the shares convey voting rights. The Company holds none of its own shares.

**Conditions for attending the Annual General Meeting and exercising voting rights**

Under section 123 (3) 2 of Germany's Stock Corporation Act and section 12 (3) of the Koenig & Bauer Aktiengesellschaft Articles of Association, only Shareholders who have furnished the Company with written proof of their entitlement in German or English through the custodian institute are entitled to attend the Annual General Meeting and exercise their voting rights. The deadline for submitting proof of entitlement (registration deadline) is zero hours on the 21st day prior to the Annual General Meeting (26 May 2011) and must reach the Company no later than midnight on Wednesday, 9 June 2011 at the address below:

Koenig & Bauer Aktiengesellschaft  
 c/o UniCredit Bank AG  
 CBS50HV  
 80311 Munich  
 Germany  
 Fax: +49 89 5400-2519  
 E-mail: [hauptversammlungen@unicreditgroup.de](mailto:hauptversammlungen@unicreditgroup.de)

Entitlement to attend the Annual General Meeting and to exercise voting rights is restricted to Shareholders who have submitted proof of their equity holding, and entitlement is based solely on the equity held at the registration deadline. Post-deadline changes in a stock portfolio have no bearing on attendance and voting rights. The registration deadline does not represent a ban on the disposal of shares, nor does the post-deadline disposal of Company shares (partially or in their entirety) affect entitlement. The post-deadline acquisition of shares also has no bearing on entitlement: a non-Shareholder on the registration deadline who acquires an equity holding prior to the Annual General Meeting is not entitled to attend.

Upon receipt at the above address of completed registration forms and proof of equity holdings the Company will issue Shareholders with admission tickets for the Annual General Meeting which will serve as passes both to attend the Meeting and to exercise voting rights.

### **Voting by proxy**

Shareholders who do not wish to attend the Annual General Meeting in person may exercise their voting rights through a proxy in the form of a Shareholders' association, a bank or any other institute or person specified in section 135 of Germany's Stock Corporation Law. Here, too, the Shareholder must meet the deadline for registration and proof of equity holdings in accordance with the conditions stated above. Proxy appointments, proxy revocations and proof of proxy in respect of the Company must be submitted in writing. Proof of proxy must be either produced by the proxy on the day of the Annual General Meeting or submitted to the Company in advance by letter, fax or e-mail to the address below:

Koenig & Bauer Aktiengesellschaft  
Investor Relations  
Friedrich-Koenig-Str. 4  
97080 Würzburg  
Germany  
Fax: +49 931 909-4880  
E-mail: [corinna.mueller@kba.com](mailto:corinna.mueller@kba.com)

A proxy form is on the back of the admission ticket sent to Shareholders who have registered correctly for the Annual General Meeting by the given deadline. A form can also be accessed at [www.kba.com/en/investor/hv.html](http://www.kba.com/en/investor/hv.html) on the Company's website.

The above-mentioned regulations regarding forms of proxy do not apply to the forms for appointing, revoking and proving a proxy with regard to banks, Shareholders' associations or other institutes or persons specified in section 135 of Germany's Stock Corporation Law. In these instances special conditions may apply, and Shareholders should contact their prospective proxy to determine whether a specific form of proxy is demanded.

If a Shareholder appoints more than one proxy the Company may reject all but one of them.

The Company also offers Shareholders the option of exercising their voting rights through a Company representative whose proxy would include specific voting instructions. As in previous years Koenig & Bauer Aktiengesellschaft has appointed Christopher Kessler, a lawyer, as its representative. Shareholders appointing the Company representative as their proxy must provide clear instructions on voting. Without such instructions the proxy is invalid.

Proxy appointments, revocations and proof in respect of the Company representative must be submitted in writing. Shareholders wishing to appoint the Company representative as their proxy may use the form on the back of the admission ticket. Shareholders exercising this option must mail, fax or e-mail their admission tickets and completed proxy forms with binding voting instructions by midnight on Wednesday, 15 June 2011 to the following address:

Koenig & Bauer Aktiengesellschaft  
 Legal Department  
 Friedrich-Koenig-Str. 4  
 97080 Würzburg  
 Germany  
 Fax: +49 931 909-6172  
 E-mail: christopher.kessler@kba.com

A proxy form with voting instructions and further information on appointing a proxy may be accessed on the Koenig & Bauer Aktiengesellschaft website at [www.kba.com/en/investor/hv.html](http://www.kba.com/en/investor/hv.html).

In addition, all correctly registered Shareholders, Shareholder representatives and proxies attending the Annual General Meeting may empower the Company's named representative to exercise their voting rights at any point during the Meeting.

## **Shareholders' rights**

### **Motions to amend the agenda under section 122 (2) of Germany's Stock Corporation Law**

Shareholders whose aggregated equity holdings constitute one twentieth of the issued share capital or €500,000 may demand that items be placed on the agenda and made public. The demand must be submitted in writing to the Koenig & Bauer Aktiengesellschaft Management Board and must reach the Company no later than midnight on Monday, 16 May 2011 at the address below:

The Management Board  
 Koenig & Bauer Aktiengesellschaft  
 Friedrich-Koenig-Str. 4  
 97080 Würzburg  
 Germany  
 Fax: +49 931 909-4880  
 E-mail: corinna.mueller@kba.com

Each demand for a new item on the agenda must be accompanied by a statement setting out the grounds for the demand, or by a draft resolution.

Additions to the agenda, insofar as they have not already been announced in the invitation to the Annual General Meeting, must be made public in the electronic version of the *Bundesanzeiger* (Federal Gazette) immediately upon receipt by Koenig & Bauer Aktiengesellschaft, and distributed to such media for publication which may be expected to disseminate this information throughout the entire European Union. Furthermore all demands for additions to the agenda received by the Company following notification of the Annual General Meeting shall be published immediately (in the original language) on the Koenig & Bauer Aktiengesellschaft website under [www.kba.com/de/investor/hv.html](http://www.kba.com/de/investor/hv.html), and Shareholders notified accordingly.

**Tabling of motions and the proposal of candidates under sections 126 and 127 of Germany's Stock Corporation Law**

Shareholders wishing to table a motion on a specific item of the agenda under section 126 (1) or propose auditors or candidates for the Supervisory Board under section 127 of the Stock Corporation Law must submit this in writing as a letter, fax or e-mail to the address below:

The Management Board  
Koenig & Bauer Aktiengesellschaft  
Friedrich-Koenig-Str. 4  
97080 Würzburg  
Germany  
Fax: +49 931 909-4880  
E-mail: [corinna.mueller@kba.com](mailto:corinna.mueller@kba.com)

Motions or proposals sent to a different address will not be considered.

All eligible motions and proposals received no later than midnight on Wednesday, 1 June 2011 will be published immediately (in the original language) at [www.kba.com/de/investor/hv.html](http://www.kba.com/de/investor/hv.html) on the Company website. Responses or comments that the Company may wish to make will be published at the same address.

**Shareholders' right to information under section 131 (1)  
of Germany's Stock Corporation Law**

Upon demand the Management Board is obliged to furnish information on Company affairs to any shareholder at the Annual General Meeting, insofar as the information demanded is material to a judicious appraisal of the item on the agenda.

This obligation to furnish information encompasses the Company's legal and business relations to an affiliated enterprise, also provided that the information is material to a judicious appraisal of the item on the agenda.

**More detailed explanations and information on the Company website**

Under section 124a of this law Shareholders can access information on the Annual General Meeting at [www.kba.com/en/investor/hv.html](http://www.kba.com/en/investor/hv.html) on the Company's website. More detailed explanations (in German only) on Shareholders' rights under sections 122 (2), 126 (1), 127 and 131 (1) can be accessed at [www.kba.com/de/investor/hv.html](http://www.kba.com/de/investor/hv.html).

Würzburg, April 2011  
Management Board

Koenig & Bauer Aktiengesellschaft  
Friedrich-Koenig-Str. 4  
97080 Würzburg  
Germany

