

**KHD Humboldt Wedag International AG****Cologne****- Security Identification Number DE0006578008 -****INVITATION TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS 2012**

We cordially invite shareholders of our company to the **Annual General Meeting of Shareholders** on Friday, October 5, 2012, at 10:00 a.m. CET at the Marriott Hotel Köln, Johannisstraße 76-80, 50668 Cologne, Germany.

**AGENDA**

- 1. Presentation of the adopted annual financial statements, the approved annual financial statements of the Group, the management report of the Company and the Group, the report of the Supervisory Board and the explanatory report of the Management Board on information pursuant to Section 289 (4) subsection 1 to 5 and (5), Section 315 (2) subsection 5 and (4) of the German Commercial Code (HGB) for the Financial Year 2011.**

The Supervisory Board has already approved the annual financial statements of the Company and of the Group. According to Section 172 of the German Stock Corporation Law (AktG), the annual financial statements have thus been adopted. According to the statutory provisions, no resolution shall be passed on this agenda item.

The aforementioned documents, including the convening notice of this General Meeting, will be on display on the Company website <http://www.khd.com> under "Investor Relations" section "Annual General Meeting" from the date of the announcement. Furthermore, the aforementioned documents will be open for inspection at the General Meeting.

- 2. Resolution on appropriation of the Company's net retained profit**

The Management Board and the Supervisory Board inform that a dividend policy with respect to future dividends shall be established.

The Management Board and the Supervisory Board propose the following resolution:

"The Company's net retained profit for the financial year 2011, totaling €6,353,322.48 is to be appropriated as follows:

Payment of a dividend of EUR 0.12 per non-par-value share entitled to a dividend: :	EUR 5,936,932.44
Profit carried forward:	EUR 416,390.04
<b>Net retained profit:</b>	<b>EUR 6,353,322.48"</b>

### **3. Resolution on granting discharge to the members of the Management Board**

The Management Board and the Supervisory Board propose to grant discharge to the members of the Management Board for the financial year 2011.

### **4. Resolution on granting discharge to the members of the Supervisory Board**

The Management Board and the Supervisory Board propose to grant discharge to the members of the Supervisory Board for the financial year 2011.

### **5. Appointment of an auditor for the Company and the Group**

Based on the recommendation of the audit committee, the Supervisory Board proposes to appoint Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, as the auditor of the Company and the Group for the financial year 2012.

### **6. Election of Supervisory Board members**

According to § 10 (1) of the Articles of Association in conjunction with Section 95 subsection 1 to 4, Section 96 (1) and Section 101 (1) AktG the Supervisory Board consists of six members to be elected by the General Meeting of Shareholders.

The Supervisory Board members Gerhard Beinhauer and Silke Stenger resigned their board positions effective May 31, 2012. Mr. Heinz Otto Geidt has been appointed member of the Supervisory Board by resolution of the Local Court of Cologne dated October 18, 2011 up to the end of the Ordinary General Meeting of Shareholders following his judicial appointment. Therefore, his appointment ends at the end of this General Meeting.

In order to reach the full number of Supervisory Board members of six as defined in the Articles of Association, three new Supervisory Board members shall be elected.

For reasons of term congruency, the three new Supervisory Board members shall only be elected for a term ending with the Ordinary General Meeting, where approval of actions for the financial year 2013 are to be decided. This will facilitate that all six members of the Supervisory Board can be elected at the same Annual General Meeting in 2014.

The Supervisory Board proposes to elect the following persons as members of the Supervisory Board:

(a) Michael Busch, resident in Berlin, Germany, Management Board of WashTec AG, Augsburg, Germany.

(b) Seppo Kivimäki, resident in Douglas, Isle of Man, Director Business Development of MainExc International OY, Helsinki, Finland, and Director Business Development of ClearRX OY, Helsinki, Finland.

(c) Helmut Meyer, resident in Straßlach, Germany, independent Management Consultant.

The election is valid until the end of the Ordinary General Meeting of Shareholders, where a resolution is to be passed discharging the Supervisory Board members for the financial year 2013.

Memberships of Michael Busch in supervisory boards required by law: WashTec AG, Augsburg, Germany, currently inactive due to his appointment in the Management Board of the company pursuant to Section 105 (2) AktG.

Memberships of Seppo Kivimäki in supervisory boards required by law: none

Memberships of Helmut Meyer in supervisory boards required by law: none

The General Meeting of Shareholders is not bound by election proposals.

## **7. Resolution on authorization to acquire treasury shares**

The Management Board and the Supervisory Board intend to create the legal prerequisites for the repurchase of treasury shares. Therefore, the Management Board and the Supervisory Board propose to pass the following resolution:

“a) The Company is authorized to acquire treasury shares of up to a maximum of 10 % of the share capital available at the time of passing the resolution. At no time may the shares acquired on account of this authorization, together with other shares of the Company which the Company has already acquired and which the Company still owns, account for more than 10 % of the share capital. The authorization shall become effective at the end of the ordinary general meeting on Friday, October 5, 2012 and shall be valid until October 4, 2017.

b) The Company can choose to acquire the treasury shares via the stock exchange, by means of a public purchase bid, by means of a public solicitation to the shareholders of the Company to submit sales bids or other such means according to the provisions of Section 53a AktG.

The purchase price (excl. incidental purchase costs) may not exceed the average share price before the recording date by more than 10 % or lie below it by more than 20 %. The average share price is the arithmetical average of the closing prices of the Company's stock traded in XETRA (or a comparable successor system) at the securities exchange in Frankfurt am Main on the last 5 trading days. If the shares are purchased on the stock exchange, the recording date shall be the day of purchase or the day on which the obligation to purchase was taken on. If the purchase is realized by means of a public purchase bid or by means of a public solicitation to the shareholders of the Company to submit sales bids, the recording date shall be the day on which the Management Board decides on the public purchase bid or on the public solicitation to the shareholders of the Company to submit sales bids. If the purchase is realized by other means in accordance with Section 53a AktG, the recording date shall be the day on which the Management Board decides on the purchase of the shares.

If the average share price lies above the average price before the recording date, in the case of a purchase by means of a public purchase bid before the last day of the acceptance deadline, or, in the case of a public solicitation to the shareholders of the Company to submit sales bids before the last day of the deadline to surrender the sales bids (the deadline), the shares can also be acquired at a purchase price that does not exceed the average share price before the last day of the deadline by more than 10 %. If the average share price before the last day of the deadline lies below the average share price before the recording date, the shares can also be acquired at a purchase price which does not lie more than 20 % below the average share price before the last day of the deadline. If the deadline is extended as a consequence of a change to the bid or a change to the public solicitation to the shareholders of the Company to submit sales bids, no account shall be taken of the extension in the calculation of the valid purchase price.

If the shares offered by the shareholders for purchase exceed the total amount of the Company's purchase bid, the acceptance shall be based on the total amount of the purchase bid in relation to the total shares offered by the shareholders. For a public solicitation to submit sales bids, the acceptance shall only be carried out on the basis of quotas for bids of equal value. However, provisions can be made for privileged acceptance of small unit numbers of up to 100 shares per shareholder.

c) The Management Board is authorized to call in the treasury shares, acquired in accordance with Section 71 (1) subsection 8 AktG on the basis of this or a preceding authorization, in whole or in part with the consent of the Supervisory Board and without a further resolution of the General Meeting. The share capital reduces as a result of calling in these shares. By way of derogation, the Management Board can, as a result of calling in the shares, determine that the stake of the remaining shares in the share capital (Section 8 (3) AktG) increases. The powers to amend the Articles of Association in accordance with the

shares called in and the reduction in the share capital shall be transferred to the Supervisory Board. If the Management Board determines, as a result of calling in the shares, that the stake of the remaining shares in the share capital (Section 8 (3) AktG) increases, the Management Board is empowered to amend the information on the number of shares in the Articles of Association.

d) Use of the above-mentioned authorizations can be exercised once or several times, in whole or in part, individually or jointly, and use of the authorizations according to letter b) can also be exercised by companies dependent on or in majority ownership of the Company or by third parties acting for their own account or for the account of the Company.”

### **CONDITIONS OF PARTICIPATION**

Those shareholders, who have registered to do so before the General Meeting of Shareholders, shall be entitled to attend the General Meeting of Shareholders, to exercise their voting rights and to present motions. The registration has to be received by the Company at the following address:

KHD Humboldt Wedag International AG  
c/o UniCreditBank AG  
CBS40GM  
80311 München  
Germany  
FAX. +49-(0) 89/54002519  
Email: [hauptversammlungen@unicreditgroup.de](mailto:hauptversammlungen@unicreditgroup.de)

until six days before the General Meeting, i.e. by Friday, September 28, 2012, 24:00 CET at the latest.

Shareholders must provide evidence of their entitlement to attend the General Meeting of Shareholders, to exercise voting rights and to present motions. A confirmation issued by the custodian financial institution in written form (Section 126b German Civil Code) either in German or in English is required as proof of share ownership. The confirmation has to refer to the beginning of the 21<sup>st</sup> day prior to the General Meeting, i.e. to Friday, September 14, 2012 (00:00 CET) (Record Date) and to be received by the Company at the aforementioned address by on Friday, September 28, 2012, 24:00 CET, at the latest.

In case of doubt as to the accuracy or authenticity of the proof of entitlement, the company reserves the right to request suitable further evidence. The Company may reject the shareholder, if this evidence is not provided or not in a suitable form.

After receipt of registration for the General Meeting and proof of share ownership, the shareholders shall receive the tickets for the General Meeting. We kindly ask the shareholders to register and provide proof of their share ownership in the Company as early as possible to ensure that the admission ticket is received in good time. Admission tickets facilitate the organization and do not incorporate additional participation conditions.

## **Significance of Record Date**

The Record Date is the decisive date for the volume and the exercise of the right to attend and to vote at the General Meeting of Shareholders. In relation to the Company, only those persons are deemed as shareholders who have proven their share ownership until the Record Date and only those are entitled to attend the General Meeting and to exercise their voting right. Changes in shareholdings after the Record Date are disregarded. Thus, shareholders who acquire their shares only after the Record Date may not attend the General Meeting. Shareholders who have registered in due form and have submitted proof of share ownership are entitled to attend the General Meeting and to exercise their voting rights, even if they sell their shares after the Record Date. The Record Date does not affect the right of the shareholder to sell shares, and it is not relevant for dividend entitlement.

## **Proxy voting**

Shareholders may also appoint a proxy e.g. a bank, a shareholders' association or another person to exercise their voting right at the General Meeting. In such case, too, the shareholders must register in time by providing proof of their share ownership. A power of attorney has to be issued in writing (Section 126b German Civil Code), unless the following exceptions apply. For electronic transmission of the proof of the power of attorney, the Company provides the following fax number and email address to our shareholders:

FAX +49 (0) 221 / 6504-1099

Email: KHD.HV2012@KHD.com

If a shareholder authorizes more than one person, the Company shall be entitled to reject one or more of these persons according to Section 134 (3), subsection 2 AktG.

According to the law and the Articles of Association there is no requirement of the written form for the authorization of a bank, a shareholders' association or any other equivalent institution or person pursuant to Section 135 AktG to act as a proxy. We would, however, like to point out that in such cases the institutions or persons to be authorized to act as a proxy might possibly request a specific form of the proxy, because pursuant to Section 135 AktG they are required to produce a verifiably proxy. If you would like to authorize a bank, a shareholders' association or any other equivalent institution or person pursuant to Section 135 AktG to act as a proxy, please discuss in due time the potential form of the power of attorney with such institutions or persons.

## **Proxy voting by proxies appointed by the Company**

As a special service for our shareholders, who are unable to attend the General Meeting in person, general proxies have been appointed by the Company. These proxies are strictly bound by the instructions of each shareholder when exercising the voting right on behalf of their respective principals. Shareholders who wish to grant a power of attorney to the general proxy appointed by the Company before the General Meeting, have to register in due time and provide proof of their share ownership. Together with the admission ticket, they will then receive further information on proxy voting and a form for the power of attorney and instructions for voting to the general proxy of the Company. The authorized proxy of the company is strictly bound by individual instructions of the shareholder when exercising the voting right. The power of attorney cannot be exercised with respect to agenda items, for which no individual instruction has been given, which means that votes on such items will be treated as abstentions. The general proxy does not accept requests to speak or other motions.

## **Total number of shares and voting rights at the announcement of convening the General Meeting**

Upon the announcement of convening the General Meeting, the share capital of the Company amounts to EUR 49,703,573 and is divided in 49,703,573 no-par bearer shares, each entitling to one vote in the General Meeting. Thus, the total number of voting rights at the announcement of convening the General Meeting is 49,703,573. At the time of convening the General Meeting, the Company has 229,136 treasury shares, which do not confer any rights.

## **Shareholders' rights in relation to the General Meeting**

Before and during the General Meeting, the shareholders are entitled to i.a.:

### **1. Present motions for the inclusion of supplementary items according to Section 122 (2) AktG**

Shareholders jointly representing at least one-twentieth of the share capital or a pro rata amount of EUR 500,000.00 of the share capital of the Company may request the inclusion and publication of supplementary agenda items. Each new item must be accompanied by an explanatory statement and a draft resolution. Such a shareholder request shall only be considered if the Company receives this request in writing by on Tuesday, September 4, 2012, 24:00 CET, at the latest. Such requests must be addressed exclusively to:

KHD Humboldt Wedag International AG  
- Management Board -  
Colonia-Allee 3, 51067 Köln, Germany

Additions to the agenda shall be published immediately after receipt of the request in the Federal Gazette and forwarded for publication to such media outlets as can be expected to disseminate this information throughout the entire European Union. Furthermore, they are published on the internet at <http://www.khd.com>", at the link Investor Relations, under the column "Annual General Meeting" and communicated to the shareholders.

### **2. Countermotions and candidates' proposals pursuant to Section 126 (1) and Section 127 AktG**

Shareholders of the Company may submit countermotions against a proposal of the Management Board and/or Supervisory Board on a particular agenda item and against shareholders' motions on the appointment of auditors as well as candidates' proposals. Countermotions must be accompanied by an explanatory statement. No explanatory statement is required for candidates' proposals. Countermotions, candidates' proposals and other requests of shareholders regarding the General Meeting must be addressed exclusively to:

KHD Humboldt Wedag International AG  
Hauptversammlung 2012  
Colonia-Allee 3, 51067 Köln, Germany  
Fax: +49 (0)221-6504-1099  
Email: [sabine.marzola@khd.com](mailto:sabine.marzola@khd.com)

Countermotions and candidates' proposals need not be published if not addressed as indicated above. In addition to the grounds stated in Section 126 (2) AktG, a candidates' proposal need not be published if the proposal does not contain the name, profession and place of residence of the candidate. Proposals for the election of Supervisory Board members need not be published, if these proposals do not contain information on any position held by such candidates on other supervisory boards to be created by law within the meaning of Section 125 (1), subsection 5 AktG.

The Company will disclose countermotions and candidates' proposals of shareholders together with the name of the shareholder and the explanatory statements which have to be published immediately after receipt on the internet at <http://www.khd.com>", at the link Investor Relations, under the column

“Annual General Meeting”. Countermotions and candidates’ proposals to the items of the agenda which are to be made available and which are received at the address stated in the first paragraph until 14 days prior to the General Meeting at the latest, i.e. by Thursday, September 20, 2012 24:00 CET, will be included. Any statements of the Administration will also be published at the internet address stated.

### **3. Shareholders’ rights to obtain information pursuant to Section 131 (1) AktG**

Every shareholder or proxy present at the General Meeting may request from the Management Board information on matters concerning the Company. The duty to provide information also extends to the legal and business relationships between the Company and its affiliated enterprises, and the position of the Group and the Company’s consolidated subsidiaries, to the extent that it serves to make an informed judgment about the agenda item under discussion. The information provided shall comply with the principles of conscientious and accurate reporting.

### **4. Further explanations on the rights of shareholders**

Please find further explanations on the rights of the shareholders pursuant to Section 122 (2), Section 126 (1), Section 127, Section 131 (1) AktG at the website of the Company at <http://www.khd.com>, at the link Investor Relations, under the column “Annual General Meeting”.

### **Information and documents concerning the General Meeting**

Information and documents pursuant to Section 124a AktG, including the Annual Report of the Company and the Group 2011 are available on the internet at <http://www.khd.com>, at the link “Investor Relations”, under the column “Annual General Meeting” and can be downloaded. Information required by law to be made available is open to inspection at the General Meeting.

The General Meeting of Shareholders shall not be transmitted in sound or vision.

Cologne, August 2012

**KHD Humboldt Wedag International AG**  
The Management Board