EXPLANATORY NOTES TO THE PROPOSAL
TO AMEND THE ARTICLES OF ASSOCIATION
of
KENDRION N.V.,
having its official seat in Zeist, the Netherlands

forming part of the proposal as it will be presented at the
General Meeting of Shareholders of 18 April 2011
for its approval

ALLEN & OVERY
EXPLANATORY NOTES TO THE PROPOSAL TO AMEND THE ARTICLES OF ASSOCIATION OF KENDRION N.V. (Kendrion), as it will be presented at the General Meeting of Shareholders of 18 April 2011 for its approval.

1. General

It is proposed to amend the articles of association of Kendrion in connection with certain changes in Dutch law, that *inter alia* follow from the Act electronic means of communication (the *Act Electronic Communication*), the Act implementing rules easing the rules governing capital maintenance for public companies (*naamloze vennootschappen*) and the Act implementing the EC Directive on shareholders rights in listed companies (*Shareholders' Rights Act*).

2. Act Electronic Communication

The changes in Dutch law that have been implemented pursuant to the Act Electronic Communication replace the old regulations regarding proxy voting and aim to promote the use of internet, email and other means of electronic communication at General Meetings of Shareholders.

It is proposed to amend the articles of association of Kendrion so that participation by shareholders through electronic means of communication will be made possible. The fact that this possibility will be created in the articles of association does not mean that the Executive Board shall immediately make use of such possibility. For the time being, due in part to the current state of technology, the Executive Board does not intend to make any changes in the current practice regarding participation in the General Meeting of Shareholders.

A subsequent amendment that is proposed follows from the obligation that is introduced in Dutch law further whereto companies must accept electronic proxies for participation in the general meeting. Further to current legislation, a proxy that is recorded by electronic means of communication qualifies as a written proxy. It is proposed to set out this principle in the articles of association of Kendrion. At this moment Kendrion already offers shareholders the opportunity to grant an electronic proxy.

Also, in line with current legislation it is proposed to create in the articles of association the possibility for Kendrion to provide shareholders the opportunity to cast their vote prior to the General Meeting of Shareholders by way of electronic means of communication or by letter. In such cases there will no longer be any intervention of a proxy holder. A vote cast in this manner will be considered equal to a vote cast personally at the time of a General Meeting of Shareholders. Also with regard to this proposed amendment it is noted that the Executive Board at this point in time has no intention to change the practice that is common for Kendrion. Casting votes prior to the meeting will, for the time being, not be possible.
3. **Easing rules capital maintenance**

Upon the implementation of new legislation easing the rules that govern the capital maintenance for public companies, the possibility for public companies to repurchase shares in their own capital has been extended. Formerly, repurchase was only permitted up to a maximum of 10% of the issued share capital of the relevant company. This condition was deleted from Dutch law and at present a maximum of 50% of the issued share capital is prescribed by law for listed companies. It is proposed to amend the articles of association of Kendrion to bring them in line with this new limit. It must be noted that there is no intention to change the current policy regarding repurchase of shares so that Kendrion will, for the time being, maintain the limit for repurchase at a maximum of 10% of its issued share capital in the annual request for authorization of the Executive Board.

4. **Shareholders' Rights Act**

The proposed amendments pursuant to the Shareholders' Rights Act primarily have impact on subjects that are provided for in Chapter XI (The General Meetings of Shareholders) of the articles of association of Kendrion.

Following the implementation of the Shareholders' Rights Act Dutch law prescribes that the notice for convening a general meeting shall be given no later than on the forty-second day (formerly the fifteenth day) before that of the meeting. It is proposed to insert this time period in so many words in the articles of association. Also, it is proposed to insert the amended rules regarding the content of the notice prescribed by the Shareholders' Rights Act, see Article 40.3. These rules are in line with what is already common practice for Kendrion.

For listed companies, following the implementation of the Shareholders' Rights Act, the rights of shareholders to attend meetings and to cast votes in meetings must be established on the basis of the number of shares the relevant shareholder holds on a certain date prior to the General Meeting of Shareholders. This date is referred to as the record date. Dutch law prescribes that this record date is set at the twenty-eight day before that of the general meeting. The use of a record date is no longer at the discretion of the Executive Board; it has become mandatory. The articles of association of Kendrion will be brought in line with this new legal requirement.

Under present legal requirements, listed companies must convene General Meetings of Shareholders by means of posting the notice for the meeting on the company's website. In Article 46.1 this mandatory manner of convocation through the website of Kendrion is set out. Publishing an announcement in a nation wide distributed newspaper will not suffice for listed companies but is possible in addition to notification via the website. Kendrion has not yet decided whether or not it will refrain from placing announcements of future General Meetings of Shareholders.

It is also proposed to align the provisions in the articles of association of Kendrion with regard to the present legal provisions governing the right of shareholders to place items on the agenda. With the implementation of the Shareholders Rights Act, a justification requirement with regard to the request was added and the ground for refusal (important interest of the company) was deleted. With respect to the additional requirements that apply to the use of the right to place items on the
agenda reference is made to the statutory provision concerned (section 2:114a Dutch Civil Code), this in order to provide for an easy absorption of any future amendments of Dutch law.

Apart from the above it is proposed to amend the articles of association of Kendrion in connection with (i) additional rules following from present Dutch law on how each resolution must be determined during the general meeting, and (ii) the fact that listed companies can no longer require the blocking of shares before a general meeting.

Finally an amendment is proposed in connection with the Amended Securities Giro Transactions Act: as of 1 July 2011, investors can only request to have securities that form part of a collective deposit and a book-entry deposit within the meaning of the Securities Giro Act transferred out of such deposit under certain special circumstances. Further hereto, article 6.6 of the current articles of association of Kendrion shall be deleted.

5. Indemnification

It is proposed to include in the articles of association a provision concerning the indemnification of members of the Executive Board and members of the Supervisory Board. The proposed provision is included in Article 34 of the proposal to amend the articles of association.

The impression is that members of the Executive Board and members of the Supervisory Board are more frequently held liable for their actions within the course of their duties by third parties. They run the risk of having to pay damages, fines and legal costs from their private capital, even if in retrospect the charges are dismissed. To provide for conditions in line with the market for all its members of the Executive Board and members of the Supervisory Board Kendrion wishes to offer them indemnification for claims, judgments, fines and damages that must be borne by them in their capacity as member of the Executive Board or member of the Supervisory Board respectively. Members of the Executive Board and members of the Supervisory Board will not be indemnified for claims instigated by Kendrion itself and for situations in so far as they relate to the gaining in fact of personal profits to which the relevant member of the Executive Board or the relevant member of the Supervisory Board was not legally entitled. Naturally, situations in which wilful misconduct (opzet) or intentional recklessness (bewuste roekeloosheid) are judicially ascertained are also excluded from indemnification.

6. Authorisation

The proposal to amend the articles of association of Kendrion also includes the granting of a power of attorney to each member of the Executive Board, Mr W. Gooijer, as well as to each (deputy) civil law notary, paralegal and notarial assistant of Allen & Overy LLP, attorneys, civil law notaries and tax lawyers in Amsterdam, the Netherlands to apply for the ministerial declaration of no objection on the draft deed of amendment of the articles of association, and to have this deed executed.