

Dear Shareholder,

On 14 February, 2006, we announced that Stork would investigate whether it could best implement its strategy in a private environment instead of being a listed company. After conducting a thorough process, we have come to the conclusion that a public to private transaction is not feasible that would appropriately reflect the fair value and strengths of the company and that had a fair chance of a successful execution. It appears that the short and long term risk/reward and cash flow profile of the various businesses did not match the return requirements of parties typically interested in transactions of this nature.

We have now, therefore, concluded the investigation and can once again put all our focus and efforts into implementing our strategy and growing the business. In this letter we would like to explain to you how we came to this conclusion and what will be our way forward.

Background to the investigation

Over the last three years, the management of Stork has been actively reorganising its businesses. By focusing on sharpening the strategy whilst developing operational excellence within each business, Stork has succeeded in delivering considerable operational and financial progress which has resulted in a solid foundation for its further development.

On 1 February, 2006, Stork announced the start of the next phase of value creation by concentrating on Aerospace, Food Systems and Technical Services and further focusing of its business portfolio by selling WorkSphere and Prints. In addition, to improve the efficiency of Stork's capital structure, we announced that, up to € 350 mln would be returned to shareholders, consisting of a capital repayment of € 128 mln that in the meantime has been made and a share buyback of up to € 220 mln over the next three years.

After internal consultation and taking into consideration feedback from shareholders, including Centaurus Capital and Paulson & Co, two shareholders who were understood to hold more than 20% of Stork shares, we considered whether our strategy as an industrial group could possibly best be executed as a privately held entity and that a public-to-private transaction might be in the best interest of all stakeholders. Therefore, with the support of the Supervisory Board, we announced on 14 February the investigation. The rationale for the investigation was discussed at the General Meeting of Shareholders held on 10 March, 2006.

The investigation

All necessary steps were taken to ensure a transparent and careful process. The company appointed ABN AMRO as its financial adviser and De Brauw Blackstone Westbroek as its legal adviser. In addition, Booz Allen Hamilton and KPMG Transaction Services were retained to prepare information for potentially interested parties necessary to fairly value each of the underlying businesses. Furthermore the Supervisory Board engaged independent financial and legal advisers, Kempen & Co. and NautaDutilh.

During the period of investigation, running from mid February to early July, the Supervisory Board and the Management Board, together with their financial and legal advisers, held 9 meetings to review progress made during the investigation and to agree next steps. The Supervisory Board consulted with its financial and legal advisers frequently, separately from the Management Board.

During the first stage of the investigative period, ABN AMRO had initial discussions with a large number of parties, 19 of which expressed interest in receiving an invitation letter to formally make their interest known. The invitation letter, which set out the framework of the investigation, requested the interested parties to express their views on a number of topics (see Annex 1) and to submit an indication of interest on the basis of publicly available information only. Six parties submitted an indication of interest on the basis of which five parties were invited for the next stage of the investigation.

These remaining parties signed a confidentiality and standstill agreement and then received further information enabling them to submit a conditional offer. The information that was provided contained comprehensive details on each of the main businesses, their markets, strategies and appropriate financial information. In addition a non-binding financing proposal from ABN AMRO was also provided to assist in their analysis of the potential transaction. In addition, each remaining party was offered a meeting with Stork's Management Board to further discuss the businesses with the purpose to get a better understanding of the short and long term value potential of the businesses. Following this next stage of the investigation one party made a non-binding conditional offer.

However, after further discussions with this party, we have come to the conclusion that a public to private transaction is not feasible that would appropriately reflect the fair value and strengths of the company and that had a fair chance of a successful execution. In general, it appears that the short and long term risk/reward and cash flow profile of the various businesses did not match the return requirements of parties typically interested in transactions of this nature.

Stork's strategy – context and past performance

The strategy as announced on February 1 should be understood in the context of the history of Stork and what we have done over the last three years. During its 179 years of existence, Stork has developed from a manufacturer of steam engines to a highly successful industrial group with a portfolio of companies that benefit from Stork's expertise in developing innovative industrial businesses.

Over the last three years Stork has succeeded in achieving significant operational improvements, working capital reductions, cost savings, product and service innovations, market position improvements and greater financial strength. Total shareholder return in the three years prior to the announcement of this investigation on 14 February was approximately 950 %, reflecting a share price increase from € 4.50 to over € 40 per share and a dividend increase from € 0.45 to € 1.10 per share (See also Annex 2). In addition, shareholders received € 4.00 per share following a capital reduction in May 2006.

We have also been working on refocusing the businesses of Stork by determining which would no longer benefit from our expertise or business focus, and readying them for sale. After the earlier divestment of Engineering, in the past three years WorkSphere, Infratechnik, Capital Assets' Australian service business and Industrial Components have all been sold, while the sales process for Prints is being started.

Stork's strategy going forward

We strongly believe that our strategy for the next phase, with further focusing of our business portfolio, provides clear opportunities for additional operational and financial gains to be made.

Each of Aerospace, Food Systems and Technical Services has clear potential for further value creation through disciplined growth and operational efficiencies and, given to the improvements to date, have the scale and financial strength to proactively participate in further market consolidation. Over the past few years Stork has invested substantial energy and resources in the development of new products and services and extending its installed base and we expect to realise most of the benefits thereof before the end of the decade. Also, as this phase matures, we expect the risk profile of our business to decrease, especially with the maturing program portfolio of Aerospace Industries and delivery of the profitability improvement program. Therefore, we believe that there is material value to be extracted from each of the businesses. We believe that currently with these three divisions, we can deliver the best value for shareholders. Naturally, should circumstances and the long term outlook change substantially, management will re-evaluate Stork's portfolio strategy. Stork's management will then determine the appropriateness of further divestments and will not hesitate to return cash that is not required for realisation of our strategy to shareholders.

It is worthwhile to note that if we had sold WorkSphere two years ago, when it still had further improvements to make, it would have been highly unlikely that we would have realised the same value for our shareholders that we have today. We restructured WorkSphere and sold it when we believed it was well positioned and by so doing, we have realised a value which is more than half of the total market capitalisation of Stork three years ago and is considerably higher than market expectations. By doing so, we have acted in the interest of all shareholders, employees and other stakeholders.

Stork's investment case and long term outlook are attractive:

1. Portfolio of attractive businesses with most having a high cash conversion
2. Good potential for autonomous growth
3. Platform for acquired growth opportunities with related scale and value benefits
4. Improved margins to be realized through investment in operational excellence programmes and better market positions
5. Economies from global design & production strategies, sourcing and supply chain management
6. Each of the businesses benefiting from Stork's reputation, shared services, corporate expertise and strong financial position

Aerospace

The Aerospace sector has an attractive growth profile. A strong foothold has been achieved in the defence sector, a broader base in the business jets market and stronger entry in the commercial aviation sector. Aerospace Industries is poised to reap the benefits from its success in A380 and NH90 programs (in spite of the delays in ramp-up), and continued development of the Joint Strike Fighter and Boxer armoured vehicle. We will now focus on driving cost reductions and gaining access to new programs. In wiring, we are building on our strong number 2 position using our world class technology to obtain new wiring contracts. We will selectively seek acquisitions to strengthen our specialist position with key customers in defence, business jets and large aircrafts by Airbus and Boeing.

Aerospace Services is a robust generator of cash flow based on its strong position servicing Fokker aircrafts. Aerospace Services has developed well recognised skills in providing integrated services in maintenance, repair and overhaul to aircraft operators and the next phase is to transfer those skills across to other types of aircraft. A special feature of Aerospace Services is aircraft modification projects which require specialist engineering and certification skills. Together with acquisitions, this will provide the scale needed to offset the slow decline in Fokker aircrafts' flying hours.

Food Systems

Food Systems is the industry leader in primary and secondary processing of poultry. Furthermore with the step change products developed for the convenience food sector, over 30% of the revenue originates from products introduced in the past three years. This is an attractive market, growing faster than global GDP due to increased demand for automation of meat processing. Food Systems is well positioned to capture this growth through continued product innovation and reaping the benefits of the Townsend acquisition. There are significant synergies, commercial and operational, to be gained from this acquisition by applying Stork's poultry processing know-how to red meats and vice versa and expanding Stork's offering in the US. We will continue to pursue acquisition opportunities to make this activity a world class player.

In addition, Food and Dairy Systems has successfully been streamlined in recent years and investment in developing an attractive product range has positioned it for future growth. Its integration with Food Systems will bring benefits in scale and synergies.

Technical Services

Stork's Technical Services division is made up of Industry Services and Industry Specialists. These businesses are characterised by long term relationships with customers and provide a combination of specialist technical knowledge, maintenance and project management skills. In Industry Services, Stork's robust market position in the Benelux is reflected in its position as what we call a "National Champion" and achieving profitability above the industry average. We will focus our efforts on continuing to gain further outsourcing contracts at major customer sites and acquiring growth in the attractive oil and gas sector internationally.

Industry Specialists has a strong position in several profitable niches, manufacturing spare parts and components for the power sector and carrying out specialist testing, diagnostic and rental services to its customers. The next phase of growth is focused on consolidating its position through selective acquisitions and divestments in order to

provide, in combination with Industry Services, a better integrated service offering to the Technical Services customers.

Real Estate

As a part of our investigation, we also appointed an independent real estate agency, DTZ Zadelhoff, to reappraise our real estate portfolio. The appraisal confirmed that the real estate is properly valued. While almost all of the portfolio is essential for our operations, there are a few assets that are no longer required that may have an excess value of approximately € 30 million. We will release this value at the most appropriate time.

Capital Structure

With the conclusion of the investigation, we will commence the buyback program (as announced on 1 February) on 26 July 2006, when we publish the 2006 half year results. In addition when the divestment of Prints is successfully completed, we plan to advance and increase the overall amount presently foreseen (€ 220 mln) to be used for the share buy back programme, unless such funds are required for specific acquisitions. This will improve the efficiency of the capital structure of the company.

Conclusion

We are proud of what Stork has achieved in the past three years. Following the outcome of the public to private investigation, we now shift all our energy and focus to build and realise the further value in the three businesses: Aerospace, Food Systems and Technical Services. This will require a dedicated approach to develop the businesses to their optimal financial and strategic position in the market that will result in the greatest value for shareholders. We have recently sold WorkSphere and have started the divestment process for Prints.

We will start the implementation of the share buyback program as quickly as possible.

We appreciate the support of all our shareholders, employees and clients during this period and look forward to providing further value during this next phase.

Sincerely

Sjoerd S. Vollebregt
Chairman of the Management Board
Stork N.V.

P. Jan Kalff
Chairman of the Supervisory Board
Stork N.V.

Annex 1 – Required responses in invitation letter

As part of the process, Stork requested that interested parties provide a response to the following considerations:

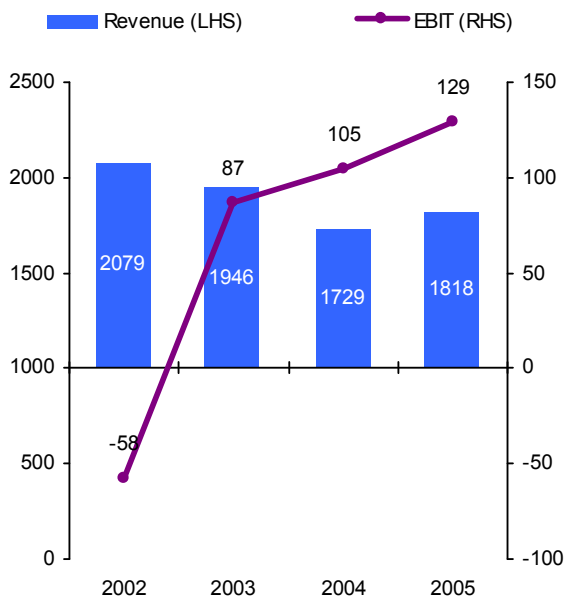
- a) Value per share, assumptions and valuation methodology
- b) Investment time horizon, envisaged exit alternatives and valuations
- c) Financing assumptions and, if different from the non-binding financing proposal from ABN AMRO, committed term sheets from reputable banks
- d) Their rationale for the transaction
- e) Their view on the strategy of Stork
- f) Their view on the future of Stork as a private company, including any operational or strategic initiatives and approach to management and employees
- g) Description of the bidding entity and indication of an intention to form a consortium with other investors
- h) Their view on the corporate governance structure of Stork as a private company
- i) Key items required in a due diligence of the company
- j) Details of any conditions and/or consents required by the potential buyer

Annex 2 – Strong financial and share price performance

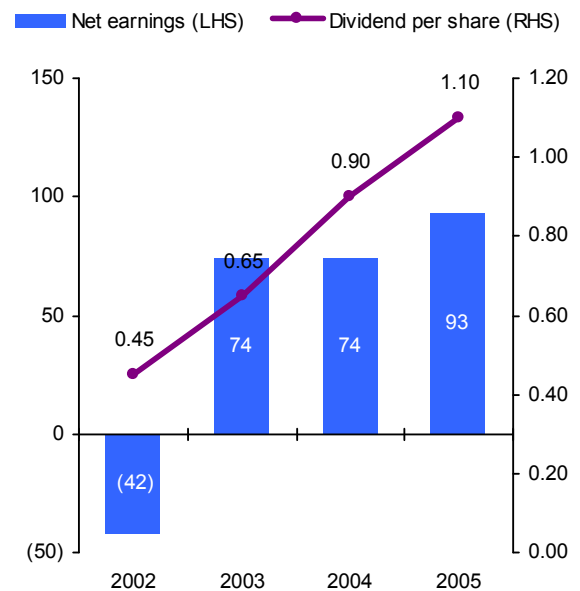
3 years of improving operational performance has paid off

- Profitability significantly improved from € (42) mln in 2002 to € 93 mln in 2005
- Underlying autonomous growth 8% (2004-2005)
- Significantly improved financial strength from a net debt of € 53 mln in 2002 to a net cash position of € 182 mln in 2005
- Increased dividend from € 0.45 to € 1.10 per share
- We clearly exceeded our WACC; economic profit improved from € 144 mln negative end 2002 to € 18 mln positive end 2005

Revenues and EBIT (€ mln)



Net earnings (€ mln) and dividend/share



The improvement has been recognised by the market

