

epigenomics

EXPLANATION OF
SHAREHOLDERS' RIGHTS

2011

EPIGENOMICS AG, BERLIN

Berlin, May 2010

Annual General Shareholders' Meeting of Epigenomics AG

*on Tuesday, June 28, 2011, at 11:00 a.m., in the premises
of Deutsche Bank AG, Unter den Linden 13 – 15
(entrance Charlottenstrasse), 10117 Berlin, Germany.*

EXPLANATION OF SHAREHOLDERS' RIGHTS

(PURSUANT TO SECTION 122 PARAGRAPH 2, SECTION 126 PARAGRAPH 1, SECTION 127, SECTION 131 PARAGRAPH 1 OF THE GERMAN STOCK CORPORATION ACT)

1. Requisitioning items to be included on the agenda pursuant to Section 122 Paragraph 2 of the German Stock Corporation Act

Shareholders whose shares amount in aggregate to no less than one-twentieth of the share capital or represent a proportional amount of no less than EUR 500,000 (this equivalents 500,000 shares) may request items to be included on the agenda and to be published for decision by the Annual General Shareholders' Meeting. Grounds or a proposal for a resolution must be attached to every new item.

Any requisitions must be received in writing by the Company at least 30 days before Annual General Shareholders' Meeting, whereas the day of receipt shall not be included in this calculation. The deadline for receipt is therefore Saturday, May 28, 2011.

The shareholders making requisitions are required to document that they have held the minimum number of shares required for three months or more as of the date of filing the motion pursuant to Section 142 Paragraph 2 in conjunction with Section 122 Paragraph 1 Sentence 3, Paragraph 2 Sentence 1 of the German Stock Corporation Act (AktG). The date of receipt by the company is authoritative.

Any requisitions should be addressed to:

Epigenomics AG
Dr. Achim Plum
Kleine Präsidentenstrasse 1
10178 Berlin

or via fax: +49 (0) 30 24345-555

or via e-mail: HV2011@epigenomics.com

Requests for agenda amendments that are required to be disclosed are published immediately upon receipt in the German Electronic Federal Gazette (elektronischer Bundesanzeiger) and submitted to those media for publication which may be presumed to distribute the information throughout the European Union. In addition, such requests are disclosed on the Internet at www.epigenomics.com/news-investors/investors/annual-general-shareholder-meeting.html and communicated to the shareholders according to Section 125 Paragraph 1 Sentence 3 AktG.

The provisions of the German Stock Corporation Act underlying these shareholder rights are as follows:

Section 122 Paragraph 1 and 2 AktG

- (1) A shareholders' meeting shall be called if shareholders whose holding in the aggregate equals or exceeds one-twentieth of the share capital demand such meeting in writing, stating the purpose and the reasons of such meeting; such demand shall be addressed to the management board. The articles may provide that the right to demand a shareholders' meeting shall require only an other form and the holding of a lower proportion of the share capital. Section 142 Paragraph 2 Sentence 2 shall apply analogously.
- (2) In the same manner shareholders, whose shares amount in the aggregate to not less than one-twentieth of the share capital or the pro rata value of EUR 500,000, may demand that items on the agenda be put and published. Each new item shall be accompanied by reasons or proposed resolution. The demand according to sentence 1 shall be received not less than 24 days, in regard to companies quoted on the stock exchange 30 days, prior to the date of the meeting; the date of receipt shall not count.

Section 125 AktG – Communications to Shareholders and Members of the Supervisory Board

- (1) The management board shall not less than 21 days prior to the date of the meeting communicate to those credit institutions and shareholders' associations which have exercised voting rights on behalf of shareholders in the preceding shareholders' meeting or which have requested such communication, the notice of the shareholders' meeting. The date of receipt shall not count. Should the agenda be amended according to Section 122 Paragraph 2, this amended agenda shall be communicated to companies quoted on the stock exchange. The communication shall point out the possibilities of exercising the voting right by proxy, which may also be an association of shareholders. In the case of a listed company, nominations for the election of supervisory board members shall be accompanied by information on their membership of other supervisory boards required by law to be established; information on their membership of comparable domestic and foreign supervisory bodies of business undertakings should be attached.

Section 142 Paragraph 2 AktG

- (2) If the shareholders' meeting shall reject a motion to appoint special auditors to audit any matter relating to the formation of the company or the management of the company's business which has occurred within five years, the court shall upon motion by shareholders whose aggregate holdings equal or exceed one-hundredth of the share capital or the pro rata amount of EUR 100,000, appoint special auditors, provided that facts exist which give reason to suspect that improprieties or gross violations of law or the articles have occurred in connection with such matter; the same applies to matters that occurred within the past ten years if at the time of occurrence the company was listed on a stock exchange. The parties making motion shall deposit their shares until a decision on the motion has been rendered and furnish evidence that they have been holders of such shares for not less than three months prior to the date of the shareholders' meeting. As to an agreement to prevent a such special auditor, Section 149 shall apply analogously.

2. Motions and election nominations by shareholders pursuant to Section 126 Paragraph 1, Section 127 of the German Stock Corporation Act

Every shareholder has the right to file a motion with grounds against the Management Board's and/or the Supervisory Board's proposals in the Annual General Shareholders' Meeting. Motions and election nominations by shareholders pursuant to Section 126 and Section 127 AktG need to be addressed exclusively to:

Epigenomics AG
Dr. Achim Plum
Kleine Präsidentenstrasse 1
10178 Berlin

or via fax: +49 (0) 30 24345-555 or
or via e-mail: HV2011@epigenomics.com

Motions and election nominations sent to a different address will not be taken into consideration. Motions and election nominations by shareholders that need to be made accessible and have been received by the Company at the latest on the close of June 13, 2011, will be published at www.epigenomics.com/news-investors/investors/annual-general-shareholder-meeting.html according to the legal provisions. Any comments by the management on the motions and election nominations will likewise be published at this address.

The provisions of the German Stock Corporation Act underlying these shareholder rights are as follows:

Section 126 AktG – Motions by Shareholders

- (1) Motions from shareholders, including their names, the reasons, and any comments by the administration shall be made accessible to those entitled as specified in Section 125 Paragraph 1 to 3 under the conditions stated therein if at least 14 days before the meeting of the company, the shareholders have sent a counter-motion to a proposal of the board of management and supervisory board regarding a specific item on the agenda with reasons to the address stated for this purpose in the invitation. The date of receipt does not count.

In the case of listed companies, this information shall be made accessible on the company's internet website. Section 125 Paragraph 3 shall apply accordingly.

- (2) A counter-motion and the grounds therefore need not be communicated, if:
1. the management board would by reason of such communication become criminally liable,
 2. the counter-motion would result in a resolution of the shareholders' meeting which would be illegal or would violate the articles,
 3. the grounds contain statements which are manifestly false or misleading in material respects or which are libellous,
 4. a counter-motion of such shareholder based on the same facts has already been communicated with respect to a shareholders' meeting of the company pursuant to Section 125,
 5. the same counter-motion of such shareholder on essentially identical grounds has already been communicated pursuant to Section 125 to at least two shareholders' meetings of the company within the past five years and at such shareholders' meetings less than one-twentieth of the share capital represented has voted in favour of such counter-motion,
 6. the shareholder indicates that he will neither attend nor be represented at the shareholders' meeting, or
 7. within the past two years at two shareholders' meetings the shareholder has failed to make or cause to be made on his behalf a counter-motion communicated by him. The statement of the grounds need not be communicated if it exceeds 5,000 characters.
- (3) If several shareholders make counter-motions for resolution in respect of the same subject matter, the management board may combine such counter-motions and the respective statements of the grounds.

Section 127 AktG – Nomination by Shareholders

Section 126 shall apply analogously to a nomination by a shareholder for the election of a member of the supervisory board or external auditors. Such nomination need not be supported by a statement of the grounds therefore. The management board also need not communicate such nomination if it fails to contain the particulars required by Section 124 Paragraph 3 Sentence 3 and Section 125 Paragraph 1 Sentence 3.

3. Right to obtain information pursuant to Section 131 Paragraph 1 of the German Stock Corporation Act

Every shareholder or shareholder representative present at the Annual General Shareholders' Meeting may request from the Executive Board information on matters concerning the Company to the extent that it serves to help make an informed judgement about the agenda item under discussion. The duty to provide information includes the legal and business relationship between the Company and a subsidiary, the situation of the Group and the Company's consolidated subsidiaries. The information provided shall confirm to the principles of conscientious and accurate accounting.

Section 131 Paragraph 3 of the German Stock Corporation Act provides the conditions under which the Executive Board may reject the information, pursuant to this norm following is applicable (extract from Section 131 Paragraph 3 AktG):

1. to the extent that providing such information is, according to sound business judgment, likely to cause material damage to the company or an affiliated enterprise;
2. to the extent that such information relates to tax valuations or the amount of certain taxes;
3. with regard to the difference between the value at which items are shown in the annual balance sheet and the higher market value of such items, unless the shareholders' meeting is to approve the annual financial statements;
4. with regard to the methods of classification and valuation, if disclosure of such methods in the notes suffices to provide a clear view of the actual condition of the company's assets,

financial position and profitability within the meaning of Section 264 Paragraph 2 of the Commercial Code; the foregoing shall not apply if the shareholders' meeting is to approve the annual financial statements;

5. if provision thereof would render the management board criminally liable;
6. insofar as, in the case of credit institutions or financial services institutions, information need not be given on methods of classification and valuation applied and set-offs made in the annual financial statements, annual report, group financial statements or group annual report;
7. insofar as the information on the company's internet website is given not less than seven days prior to the date of the shareholders' meeting and on the shareholders' meeting.

The provisions of the German Stock Corporation Act underlying these shareholder rights are as follows:

Section 131 AktG – Right of Shareholders to Information (extract)

- (1) Each shareholder shall upon request be provided with information at the shareholders' meeting by the management board regarding the company's affairs, to the extent that such information is necessary to permit a proper evaluation of the relevant item on the agenda. The duty to provide information shall also extend to the company's legal and business relations with any affiliated enterprise. If a company makes use of the simplified procedure pursuant to Section 266 Paragraph 1 Sentence 3, Section 276 or Section 288 of the Commercial Code, each shareholder may request that the annual financial statements be presented to him at the shareholders' meeting on such annual financial statements in the form that would have been used if such provisions on simplified procedure were not applied. The duty to give information of the management board of a parent enterprise (Section 290 Paragraph 1 and 2 of the Commercial Code) at a shareholders' meeting in which annual consolidated financial statement and group annual report be presented, extends on the group position and the companies included in the annual consolidated financial statement.

In addition, the chairman of the Annual General Shareholders' Meeting is authorized to adopt various measures of control and order at the Annual General Shareholders' Meeting among others also to limit the shareholders' right to put questions and to speak at an Annual General Shareholders' Meeting. The provisions of the Articles of Association of a company underlying these shareholder rights are as follows:

Section 17 of the Articles of Association "Chair of Shareholders' Meeting" (extract)

- (1) The chairperson of the Supervisory Board, one of his deputies or another member to be chosen by the Supervisory Board, shall take the chair in the Shareholders' Meeting. In the event that no member of the Supervisory Board takes the chair, the person in charge of the meeting shall be elected by the Shareholders' Meeting, such election being presided over of the most senior member of the Executive Board. The chairperson may limit the shareholder's right to put questions and to speak in the temporal aspect according to the following:
 - a) As long as according to the agenda (including possible requests of a minority according to section 122 of the German Stock Corporation Act) there are only resolutions on the items of the appropriation of balance sheet profit, the discharge of the members of the Executive Board, the discharge of the members of the Supervisory Board, the appointment of the auditor for the fiscal year and acquisition of own shares or some of these items, the chairperson may limit the shareholders' right to put questions and to speak in respect of the time frame in such a manner that the Shareholders' Meeting as a whole does not take longer than six hours. By calculating the term of the Shareholders' Meeting, all periods of time that fall upon interruptions of the Shareholders' Meeting and the address of the Executive Board as well as the specifications given by the chairperson before the general discussion shall not be taken into account.
 - b) As long as according to the agenda (including possible requests of a minority according to section 122 of the German Stock Corporation Act) there are other resolutions as on the items mentioned under character a) the

chairperson may limit the shareholders' right to put questions and to speak in respect of the time frame in such a manner that the Shareholders' Meeting as a whole does not take longer than ten hours. Character a) sentence 2 applies accordingly.

- c) The chairperson may limit the shareholders' right to put questions and to speak to fifteen minutes for each request to speak and as long as there are three other speakers registered to speak at the moment, the right to speak is granted to the shareholder to ten minutes. The chairperson may limit the total time to put questions and to speak that is granted to a certain shareholder during the Shareholders' Meeting to forty-five minutes.
 - d) The limitations according to the characters a) – c) could be ordered by the chairperson at any time and even at the beginning of the Shareholders' Meeting.
 - a) Limitations provided by the preceding characters a) – d) are regarded as appropriate in terms of section 131 Paragraph 2 Sentence 2 of the German Stock Corporation Act.
- (2) The chairperson may order the end of the discussion at 10:30 p.m. of the day of the Shareholders' Meeting and may start with the resolutions in regard of the items of the agenda independently from his right to limit the shareholders' right to put questions and to speak according to Paragraph 1. After ordering the end of the discussion, further questions are not admissible anymore in the cases of sent.
- (3) The right of the chairperson to limit the shareholders' right to put questions and to speak beyond the regulations set in Paragraphs 1 and 2 according to legal requirements or according to other principals recognized by the legal practice shall not be affected by the regulations set in Paragraphs 1 and 2.

