

epigenomics

EXPLANATION OF
SHAREHOLDERS' RIGHTS

2012

EPIGENOMICS AG, BERLIN

Berlin, March 2012

Annual General Shareholders' Meeting of Epigenomics AG

*on Wednesday, May 2, 2012, at 11:00 a.m.,
in the premises of Deutsche Bank AG, Friedrichsaal
Unter den Linden 13–15 (Eingang Charlottenstrasse),
10117 Berlin.*

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 (AktG)

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 is equivalent to 500,000 shares) may request items to be included on the agenda and be published. Reasons 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 the Annual General Shareholders' Meeting, whereas the day of receipt and the day of the Annual General Shareholders' Meeting shall not be included in this calculation. The deadline for receipt is therefore Sunday, April 1, 2012, 12:00 p.m. (CEST).

The applicants must establish that they have held the shares for at least the three-months prior holding period pursuant to Section 122 Paragraph 2 Sentence 1 AktG in connection with Sections 122 Paragraph 1 Sentence 3 and 142 Paragraph 2 Sentence 2 AktG and that they hold the shares until the request is decided upon in the sense of the aforementioned provisions.

The date of receipt by the company is decisive for the timeliness of the requisition. It must be addressed to the Executive Board in writing (Section 126 German Civil Code (BGB)). The address of the Executive Board is as follows:

Epigenomics AG
Executive Board
to the attention of Ms. Antje Zeise
Kleine Präsidentenstrasse 1
10178 Berlin

Additions to the agenda that are required to be published and unless they are announced with the notice to call the Annual General Shareholders' Meeting, will be published without undue delay upon receipt of the request in the German Electronic Federal Gazette (elektronischer Bundesanzeiger) and will be submitted to those media for publication which may be expected to distribute the information throughout the European Union. In addition, such requests will be 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 providing for these shareholder rights are as follows:

Section 122 Paragraph 1 and 2 AktG

- (1) The 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 executive board. The articles may provide that the right to demand a shareholders' meeting shall require another form and the holding of a lower proportion of the share capital. Section 142 Paragraph 2 Sentence 2 shall apply accordingly.
- (2) In the same manner shareholders, whose shares amount in the aggregate to not less than one-twentieth of the share capital or represent an amount of the share capital corresponding to EUR 500,000, may demand that items be put on the agenda and published. Each new item shall be accompanied by reasons or a proposed resolution. The demand according to sentence 1 shall be received not less than 24 days, in case

of listed companies at least 30 days, prior to the date of the meeting; the date of receipt shall not be included in this calculation.

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 the law or the articles have occurred in connection with such matter; the foregoing shall also apply to matters within the last ten years for companies that were listed on a stock exchange at the point in time the matter occurred. The petitioners must furnish evidence that they have been holding the shares for at least three months prior to the date of the shareholders' meeting and will continue to hold the shares until a decision on the petition is rendered. Section 149 shall apply accordingly to agreements that are concluded in order to avoid such special audit.

2. Counter-motions and election nominations by shareholders pursuant to Sections 126 Paragraph 1, and 127 AktG

Every shareholder is entitled to file counter-motions to the Executive Board's and/or the Supervisory Board's proposals with respect to identified items on the agenda as well as nominations for elections. Reasons must be given for counter-motions. This does not apply to nominations for elections. Counter-motions (with reasons) and election nominations by shareholders pursuant to Section 126 Paragraph 1 AktG, Section 127 AktG must be addressed exclusively to:

Epigenomics AG
Ms. Antje Zeise
Kleine Präsidentenstrasse 1
10178 Berlin

or via fax: +49 30-24 34 5555 or
or via e-mail: HV2012@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 by the end of April 17, 2012, i.e. until April 17, 2012, 12:00 p.m. (CEST) will be made accessible at www.epigenomics.com/en/news-investors/investors/annual-general-shareholder-meeting.html according to the legal provisions. Any comments by the management on the counter-motions and election nominations will likewise be made accessible at this address.

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

Section 126 AktG - Motions by Shareholders

- (1) Motions by shareholders, including their names, the reasons, and any comments by the management shall be made accessible to the persons entitled pursuant to Section 125 Paragraph 1 to 3 under the conditions stated therein if at least 14 days before the meeting, the shareholder has sent a counter-motion to a proposal of the executive board 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 shall not be taken into account. In the case of listed companies, this information shall be made accessible on the company's website. Section 125 Paragraph 3 shall apply accordingly.
- (2) A counter-motion and the grounds therefor need not be made accessible, if:
 1. the executive 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 include 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 made accessible 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 made accessible 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 it 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 its behalf a counter-motion communicated by it.

The reasons need not be made accessible if they exceed 5,000 characters.

- (3) If several shareholders make counter-motions for a resolution in respect of the same subject matter, the executive board may combine such counter-motions and the respective statements of the grounds.

Section 127 AktG – Nominations by Shareholders

Section 126 shall apply accordingly 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 therefor. The executive board also does not need to communicate such nomination if it fails to include the particulars required by Section 124 Paragraph 3 Sentence 3¹ and Section 125 Paragraph 1 Sentence 5.

Section 124 Paragraph 3 Sentence 4 AktG² – Publication of requests for Supplements; Proposals for Resolutions

The proposal for the election of members of the supervisory board or auditors shall state their name, profession and place of residence.

¹ Section 124 Paragraph 3 Sentence 4 AktG is reproduced hereafter which would be the correct reference in Section 127 Sentence 3.

² Section 124 Paragraph 3 Sentence 4 AktG is reproduced here which would be the correct reference in Section 127 Sentence 3.

Section 125, Paragraph 1 to 3 AktG – Communications to Shareholders and Members of the Supervisory Board

- (1) The executive 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 be taken into account. Should the agenda be amended according to Section 122 Paragraph 2 AktG, this amended agenda shall be communicated in case of listed companies. 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 listed companies, nominations for the election of supervisory board members shall be accompanied by information on their membership in other mandatory supervisory boards; information on their membership in comparable domestic and foreign supervisory bodies of business undertakings should be included.
- (2) The executive board shall provide the same information to shareholders who make such request or are registered as shareholders in the company's register at the beginning of the 14th day before the meeting. The articles may limit transmission to electronic communication.
- (3) Each member of the supervisory board may request that the executive board send the same communication to him.

3. Right to obtain information pursuant to Section 131 Paragraph 1 AktG

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 is required to make an informed judgment on the agenda item under discussion. The duty to provide information includes the legal and business relationships between the Company and a subsidiary, the situation of the Group and the Company's consolidated subsidiaries. The information provided shall conform to the principles of conscientious and accurate accounting.

The provisions of the German Stock Corporation Act providing for this shareholder right, and that also set out the conditions under which information need not be given, are as follows:

Section 131 AktG - Right of Shareholders to Information

- (1) Each shareholder shall upon request be provided with information at the shareholders' meeting by the executive 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 executive board of a parent enterprise (Section 290 Paragraph 1 and 2 of the Commercial Code) at a shareholders' meeting in which the annual consolidated financial statements and the group annual report are presented, extends on the group position and the companies included in the annual consolidated financial statements.
- (2) The information provided shall comply with the principles of conscientious and accurate accounting. The articles or the rules of procedure pursuant to Section 129 may authorise the chairperson of the meeting to limit the number of questions and speaking time of shareholders as appropriate and to make further determinations in this respect.

- (3) The executive board may refuse to provide information:
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 executive board criminally liable;
 6. insofar as, in the case of credit institutions or financial services institutions, information need not be given on applied balance sheet and valuation methods and set-offs made in the annual financial statements, annual report, group financial statements or group annual report;
 7. insofar as the information has been continuously available on the company's website for not less than seven days prior to the date of the shareholders' meeting and during the shareholders' meeting.

The provision of information may not be denied for other reasons.

- (4) If information has been provided outside a shareholders' meeting to a shareholder by reason of his status as a shareholder, such information shall upon request be provided to any other shareholder at the shareholders' meeting, even if such information is not necessary to permit a proper evaluation of an item on the agenda. The management board may

not refuse to provide such information on the grounds of Paragraph 3 Sentence 1 nos. 1 to 4. Sentences 1 and 2 shall not apply if a subsidiary (Section 290 Paragraph 1, 2 of the Commercial Code), a joint venture (Section 310 Paragraph 1 of the Commercial Code) or an affiliate (Section 311 Paragraph 1 of the Commercial Code) provides the information to a parent company (Section 290 Paragraph 1, 2 of the Commercial Code) for the purpose of inclusion in the consolidated annual financial statements of the parent company and the information is required for this purpose.

- (5) A shareholder who has been denied information may request that its question and the reasons for which the information was denied be recorded in the minutes of the meeting.

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 respective provisions of the Articles of Association of the Company, which are based on Section 131 Paragraph 2 Sentence 2 AktG, 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.
- e) 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 Sentence 1.
- (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.

