

# epigenomics

## Annual General Shareholders' Meeting of Epigenomics AG on Wednesday, May 13, 2015

### 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 (AktG)

#### Requests to include items in the agenda pursuant to Section 122 Paragraph 2 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 500,000.00 (this is equivalent to 500,000 shares) may request that items be included in the agenda and be published. Reasons or a proposal for a resolution must be attached to every new item. Any such request must be received in writing by the Company by the end of April 12, 2015, i.e. by April 12, 2015, 12:00 midnight (CEST), at the latest. Such request must be addressed in writing to the Executive Board of Epigenomics AG. Please address your request to:

Epigenomics AG  
Executive Board  
to the attention of Ms. Antje Zeise  
Geneststr. 5  
10829 Berlin, Germany

Unless they have already been announced with the notice to call the General Shareholders' Meeting, requests for amendments of the agenda that are required to be published will be published in the German Federal Gazette (*Bundesanzeiger*) without undue delay upon receipt of the request and will be submitted for publication to those media which can be expected to distribute the information throughout the European Union. In addition, such requests will be published on the Internet at [www.epigenomics.com/en/news-investors/investors/annual-general-shareholder-meeting/2015.html](http://www.epigenomics.com/en/news-investors/investors/annual-general-shareholder-meeting/2015.html) and communicated in accordance with Section 125 AktG.

The applicants must establish that they have held the shares at least for the required three-month period prior to the General Shareholders' Meeting pursuant to Section 122 Paragraph 2 Sentence 1 AktG in conjunction with Section 122 Paragraph 1 Sentence 3 and Section 142 Paragraph 2 Sentence 2 AktG and that they will continue to hold the shares until the request is decided upon in the sense of the aforementioned provisions.

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The German Version alone is Relevant and Authoritative**

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) [...] 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. [...]

**Motions by shareholders and nominations for elections pursuant to Sections 126 Paragraph 1 and 127 AktG**

Each shareholder is entitled to file counter-motions against the Executive Board's and/or the Supervisory Board's proposals with respect to certain items on the agenda as well as nominations for elections even before the General Shareholders' Meeting. Such counter-motions and election nominations by shareholders, including the name of the shareholder, are to be made accessible by the Company pursuant to Section 126 Paragraph 1 and Section 127 AktG if they are received by the Company at the following address:

Epigenomics AG  
Ms. Antje Zeise  
Geneststr. 5  
10829 Berlin, Germany  
or via fax: +49 (0) 30 24345-555  
or via e-mail: [HV@epigenomics.com](mailto:HV@epigenomics.com)

by the end of April 28, 2015, i.e. by April 28, 2015 12:00 midnight (CEST), at the latest, and comply with the statutory requirements in all other respects. These requirements include, in particular, that reasons need to be given for counter-motions (but not election nominations). In addition, Section 126 Paragraph 2, Section 127 Sentences 1 and 3 AktG govern the conditions upon the fulfillment of which counter-motions and election nominations need not be made accessible. Counter-motions and election nominations will be made accessible in compliance with statutory provisions on the Internet at [www.epigenomics.com/en/news-investors/investors/annual-general-shareholder-meeting/2015.html](http://www.epigenomics.com/en/news-investors/investors/annual-general-shareholder-meeting/2015.html).

Any comments by the management on counter-motions and election nominations will likewise be published at this internet address.

In order to be taken into account in the General Shareholders' Meeting, counter-motions and election nominations must be made in the General Shareholders' Meeting even if they have been sent to, and made accessible by, the Company in accordance with Section 126 Paragraph 1 and Section 127 AktG.

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The provisions of the German Stock Corporation Act providing for these shareholder rights, and that also set out the conditions under which a counter-motion or an election nomination need not be made accessible, are as follows:

**Section 126 AktG**

- (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**

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 3<sup>1</sup> and Section 125 Paragraph 1 Sentence 5.

**Section 124 Paragraph 3 Sentence 4 AktG<sup>2</sup>**

- (3) [...] The proposal for the election of members of the supervisory board or auditors shall state their name, profession and place of residence. [...]

**Section 125 Paragraphs 1 to 3 AktG**

- (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

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

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

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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.

**Right of shareholders to obtain information pursuant to Section 131 Paragraph 1 AktG**

Each shareholder or shareholder representative present at the General Shareholders' Meeting may request information from the Executive Board on matters concerning the Company provided that it is required to make an informed judgment on the agenda items. The duty to provide information also extends to information on the legal and business relationships between the Company and its affiliates, the financial position of the Group and the entities included in the Group's consolidated financial statements. The information provided shall comply with the principles of conscientious and accurate accounting. Information shall, in principle, be given orally. Therefore, shareholders are not entitled to receive information in written form. Section 131 Paragraph 3 AktG sets out the conditions under which the Executive Board may refuse to provide information.

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**

- (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 Paragraphs 1, 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 authorize 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;

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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 Paragraphs 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 Paragraphs 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 aimed at conducting and guiding the Annual General Shareholders' Meeting. These measures include, among others, the right to limit the shareholders' right to ask 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**

- (1) The chairperson of the Supervisory Board or, if the chairperson of the Supervisory Board does not take the chair, another member of the Supervisory Board designated by the Supervisory Board, shall take the chair at the General 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 General Shareholders' Meeting, such election being presided over by the most senior member of the Executive Board. The chairperson may limit the time period during which shareholders may ask questions and speak as follows:
  - (a) As long as, according to the agenda (including possible requests of a minority according to Section 122 Stock Corporation Act), there are only resolutions on the items of the appropriation of profit available for distribution, the approval of the actions of the members of the Executive Board, the approval of the actions of the members of the Supervisory Board, the appointment of the auditor for the fiscal year and the acquisition of treasury shares, or any one or more of these items, the chairperson may limit the time period during which shareholders may ask questions and speak in such a manner that the General Shareholders' Meeting as a whole does not take longer than six hours. Any time spent for interruptions of the General 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 in calculating the duration of the General Shareholders' Meeting.

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- (b) As long as, according to the agenda (including possible requests of a minority according to Section 122 Stock Corporation Act), there are other resolutions besides those on the items mentioned under lit.a), the chairperson may limit the time period during which shareholders may ask questions and speak in such a manner that the General Shareholders' Meeting as a whole does not take longer than ten hours. Lit. a) Sentence 2 applies accordingly.
  - (c) The chairperson may limit the time period during which shareholders may ask questions and speak to fifteen minutes for each request to speak and, if there are at least 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 aggregate time period during which a shareholder may ask questions and speak at the General Shareholders' Meeting to forty-five minutes.
  - (d) The limitations according to lit. a) – c) may be ordered by the chairperson at any time, including at the beginning of the General Shareholders' Meeting.
  - (e) Limitations provided by the preceding lit. a) – d) are regarded as appropriate in terms of Section 131 Paragraph 2 Sentence 2 Stock Corporation Act.
- (2) The chairperson may order the end of the discussion at 10:30 p.m. on the day of the General Shareholders' Meeting and may start the voting procedure in regard of the items of the agenda independently from his right to limit the time period during which shareholders may ask questions and speak according to Paragraph 1. After ordering the end of the discussion, no further questions are admissible in the cases of Sentence 1.
- (3) The right of the chairperson to limit the time period during which shareholders may ask questions and speak beyond the scope of the regulations set out in Paragraphs 1 and 2 according to legal requirements or according to other principles recognized by legal practice shall not be affected by the regulations set out in Paragraphs 1 and 2.
- (4) The chairperson shall conduct the debates and determine the order in which the items on the agenda are dealt with, including the nature and form of voting.