



**Francotyp-Postalia Holding AG**

**Birkenwerder**

**- WKN (Securities Identification Number) FPH900 -**

**ISIN: DE000FPH9000**

**We hereby invite our shareholders to the Annual General Meeting of Francotyp-Postalia Holding AG, on Thursday, July 1, 2010, at 11.00am (CET), at Ludwig Erhard Haus, Fasanenstraße 85, D-10623 Berlin.**

**Agenda**

- 1. Submission of the adopted Financial Statements, the approved Consolidated Financial Statements, the Management Reports of Francotyp-Postalia Holding AG and the Group for the 2009 financial year, the report of the Supervisory Board and the Boards Explanatory Report in accordance with §§ 289 Abs. 4 & 315 para. 4 of the German Commercial Code ("HGB").**

From the date this Annual General Meeting is convened, the documents of Francotyp-Postalia Holding AG referred to above are available for inspection by the shareholders at the Company's business premises at Triftweg 21-26, D-16547 Birkenwerder. The aforementioned documents may also be viewed on the Internet, at [www.francotyp.com](http://www.francotyp.com). The Supervisory Board has approved the audited Annual Accounts. They are thus approved; so that no decision is to be taken regarding this agenda item.

- 2. Resolution to approve the actions of each of the members of the Executive Board for the 2009 financial year**

The Executive and Supervisory Boards recommend the approval of the actions of Executive Board members Messrs. Hans Szymanski and Andreas Drechsler for the 2009 financial year, but not those of Dr. Heinz-Dieter Sluma.

- 3. Resolution approving the actions of each of the members of the Supervisory Boards for the 2009 financial year**

The Executive and Supervisory Boards recommend the approval of the actions of the Supervisory Board for the 2009 financial year.

- 4. Replacement of a Supervisory Board member**

Mr. George Marton resigned from office as a member of the Company's Supervisory Board with effect from the conclusion of the last Annual General Meeting. In its August

12, 2009 decision, the Neuruppin District Court appointed Dr. Claus Gerckens as a member of the Supervisory Board until the conclusion of this Annual General Meeting. For this reason, it is necessary to appoint a new member to the Supervisory Board.

According to §§ 95 & 96 of the German Companies Act ("AktG"), and number 10 para.1 number 1 & 2 of the (*Company's*) Articles of Association/Statutes, the Company's Supervisory Board is made up of three members, all of whom must be elected by the Annual General Meeting. The Annual General Meeting is not bound by the proposals.

The election of the Supervisory Board member for the remaining period of office of the departing member is carried out in accordance with §10 para. 4 of the Articles of Association/Statutes; i.e. he/she is elected to the Supervisory Board until the conclusion of the Annual General Meeting which votes on the approval of the board members' actions for the 2010 financial year.

The Supervisory Board proposes the election of Dr. Claus Gerckens, residing in Augsburg and Managing Director of GVG Industrieverwaltungs GmbH, Augsburg, to be a member of the Supervisory Board from the conclusion of this Annual General Meeting, until the conclusion of the Annual General Meeting which votes on the approval of the board members' actions for the 2010 financial year.

Dr. Gerckens is a member of the statutorily required Supervisory Boards, or similar domestic or foreign control committees, of the following:-

- the Supervisory Board of EUROKAI KGaA, Hamburg,
- deputy Chairman of the Board of Directors of Walterhof-Peute Hafen Betriebs G.m.b.H., Hamburg,

The current Chairman of the Supervisory Board is Prof. Dr. Michael Hoffmann. It is the wish of the Supervisory Boards that nothing will change in this regard following the election of the replacement (5.4.3.2 of the German Corporate Governance Code).

As understood by §100 para 5 AktG, Mr. Claus is independent and has as former tax advisor and accountant expertise in the fields of financial accounting / auditing.

## **5. Election of an Auditor and Group Auditor for the 2010 financial year**

The Supervisory Board proposes to elect KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as auditor and Group auditor, and auditor of any interim financial reports for the 2010 financial year.

## 6. Resolution authorising the acquisition and use of the Company's own shares

The Executive Board and Supervisory Board recommend approval of the following resolution:-

- a)** The Company is authorised, with Supervisory Board's consent, to acquire up to a total of 10% of its own outstanding share capital existing at the point in time of this resolution. At no time may the total shares acquired under this authorisation, together with other of its own shares in its possession, or which, pursuant to §§ 71d & 71e AktG are to be attributed to it, exceed 10% of the then outstanding share capital.

The authority may be made use of wholly or in part, once, or in several tranches. The authority is valid until June 30, 2015.

- b)** The acquisition of the shares follows, at the option of the Executive Board (aa) as a purchase through the Stock Exchange; or (bb) by way of a public offer.

**(aa)** If the acquisition of the shares is by way of a purchase through the Stock Exchange, the price paid per share (excluding ancillary acquisition costs) may be neither 10% more, nor 10% less, than the price of one share determined by the opening auction on the electronic Xetra Exchange (or a comparable successor system) on the Deutsche Stock Exchange AG in Frankfurt am Main, on that trading day.

**(bb)** If the acquisition of the shares is by way of a public offer, then the Executive Board will set a purchase price, or purchase price range, per share (excluding ancillary acquisition costs). If a purchase price range is set, the final price will be determined based on the available acceptances. The offer may contain a deadline, conditions, and the possibility of adjusting the purchase price range during the acceptance period, if, during the acceptance period, after publication of a formal offer, there are substantial price variations. The purchase price, or the purchase price range, per share (excluding ancillary acquisition costs), may be neither 20% more, nor 20% less, than the average closing price of one share on the previous five trading days on the electronic Xetra Exchange (or a comparable successor system) on the Deutsche Stock Exchange AG in Frankfurt am Main. The determining date is the day of the final decision of the Executive Board regarding the formal offer. In the event of an adjustment of the offer, then, in its place, the day of the Executive Board's final decision with respect to the adjustment is determining. Insofar as the number of the shares offered exceeds the number of shares scheduled to be acquired by the Company, the shareholders' acquisition rights may be insofar excluded, in accordance with the ratio of shares offered. In the same way, preferred consideration for smaller units, up to 100 shares offered per shareholder, may be provided for.

- c)** The Executive Board or – in cases covered by ee) below - the Supervisory Board, is authorised to apply the Company's own shares acquired under a) and b), or a previously granted authorisation, other than by a sale via the Stock Exchange, or via an offer to all shareholders, as follows:

- (aa)** The Company's own shares may, with the consent of the Supervisory Board, be redeemed, without the redemption's implementation requiring an additional Annual General Meeting resolution. The redemption results in a reduction of capital. The redemption can also be carried out using a simpler procedure, without a reduction of capital, by adjusting the proportion of the Company's share capital to the remaining shares per §8 para. 3 AktG. In such a case, the Executive Board has the authority to change the number of shares mentioned in the Articles of Association/Statutes appropriately.
- (bb)** The Company's own shares may, with the consent of the Supervisory Board, offer and transfer shares to third parties for a non-cash consideration, in particular within the framework of company mergers, or the acquisition of companies or interests therein, insofar as the acquisition of the company, or the interest, is in the Company's best interests, and insofar as the consideration to be provided for the Company's own shares is not unreasonably low.
- (cc)** The Company's own shares may, with the consent of the Supervisory Board, be issued for cash, in order to introduce the Company's shares to a foreign Stock Exchange on which the shares have not previously been admitted for trading.
- (dd)** The Company's own shares may, with the consent of the consent of the Supervisory Board, be sold to third parties for cash, if the price at which the shares are to be sold is not substantially less than the price for one share (excluding ancillary costs) determined by the opening auction on the day of the sale on the electronic Xetra market (or a comparable successor market) of the Deutsche Stock Exchange AktG in Frankfurt am Main). Altogether, the shares based on the authorisation under this paragraph (dd), which are issued in applying §186 para. 3 sent. 4 AktG (excluding the subscription rights against cash investments, at close to the Stock Exchange price), may not exceed 10% of the outstanding capital, at the point in time of the passing of this resolution, and its application. Shares which fall within this restriction are those issued or sold up to this point in time, to which this regulation has been directly or indirectly applied within the 12 months prior to the application of this authorisation.
- (ee)** The Supervisory Board may offer the Company's own shares to individual members of the Executive Board instead of cash remuneration owed by the Company. A condition for this is, however, that the base price in determining the number of the Company's own shares to be transferred, is not substantially lower than the price determined by the opening auction on the day of the submission of the offer, on the electronic Xetra market (or a comparable successor market) of the Deutsche Stock Exchange AktG in Frankfurt am Main).
- (ff)** The Company's own shares may, with the consent of the Supervisory Board, be used to satisfy subscription rights which were properly issued and exercised under the 2010 share option scheme. The resolution regarding the 2010 share option scheme is point 8 on the Annual General Meeting Agenda.
- d)** The authorisations under c) above may be applied once or more often, wholly or partially.
- e)** The shareholder's subscription rights in respect of the Company's own shares acquired by the Company are excluded, insofar as these shares are used in accor-

dance with the aforementioned authorities under c), sub-paragraphs (bb) to (ff) above.

- f) The aforementioned authorities under c), sub-paragraphs (bb) to (ff) above only come into force if the Annual General Meeting adopts the 2010 Share-Option scheme under point 8 of the Agenda.

## **7. Resolution regarding the method of remunerating Executive Board members**

The law relating to the appropriateness of Executive Board members' remuneration dated July 31, 2009 ("**VorstAG**") makes it possible for the Annual General Meeting to pass a resolution consenting to the method of remunerating Executive Board members (§120 para. 4 AktG). With this resolution, the shareholders are given an instrument whereby they can express their opinion regarding the method of remuneration. To be on the safe side, we would, however, like to advise you that such a resolution pursuant to §120 para. 4 sent. 2 AktG is not legally binding on the Supervisory Board. Moreover, a challenge to the resolution under §243 AktG is excluded.

The method of remuneration of the Company's Executive Board members is described in detail in the 2009 Management Report; page 71. This method of remuneration for the Executive Board members as described in the remuneration report, should, in the future, be augmented by up to 360,000 subscription rights for the Executive Board members under the 2010 share option scheme, which is the subject of the resolution under point 8. The Supervisory Board will set the details as to the time and extent of the allocation.

The Executive Board and Supervisory Board recommended approval of the method of remuneration of the Executive Board members of Francotyp-Postalia Holding AG.

## **8. Resolution regarding the authorisation for granting subscription rights to executives and members of the management of Francotyp-Postalia Holding AG, or of an associated company (2010 share option scheme), concerning the creation of conditional capital for servicing the 2010 share option scheme and relevant amendments to the Articles of Association/Statutes**

The Executive Board and the Supervisory Board recommend approval of the following resolutions:-

### **a) Authority for the grant of Subscription Rights to no-par-value shares**

Up until June 30, 2015, the Executive Board, and to the extent that members of the Executive Board are affected, the Supervisory Board, are authorised to issue up to 1,045,000 subscription rights to the holders of up to 1,045,000 Francotyp-Postalia Holding AG no-par-value shares under the following conditions:

#### **(aa) Circle of the rights holders/allocation of the subscription rights**

Subscription rights may only be issued to members of the Company's Executive Board, to members of the management of associated companies within the meaning of §15 AktG (**associated companies and together with the FP Group**), and to executives of the FP Group. The precise circle of rights holders, and the extent of the subscription rights to be granted in each case, will be set by the Executive Board, and to the extent that members of the Ex-

Executive Board are to be granted subscription rights, by the Supervisory Board.

The total volume of subscription rights is distributed amongst the beneficiaries as follows:-

- Members of the Executive Board of the Company (group 1) will receive a maximum of 360,000 subscription rights ;
- Members of the management of associated companies and Executives of the FP Group (group 2) will receive a maximum of 685,000 subscription rights.

Should a beneficiary belong to both groups, he/she will only receive the subscription rights based on his membership of group 1. Insofar as issued subscription rights lapse due to the departure of a participant, an appropriate number of subscription rights may be issued to participants in the group from whose allocation the departed member received his/her subscription rights. The beneficiaries must, at the point in time of the granting of the subscription rights, be in the un-terminated service or employment of a company of belonging to the FP Group.

**(bb) Granting of the subscription rights (acquisition period), issue date and content of the subscription rights**

The allocation of the subscription rights should, where possible, be part of an allocation package for each participant.

The subscription rights may only be offered to the participants within two weeks following the announcement of the Company's annual or quarterly results. If the change in the Articles of Association/Statutes to be approved under b) is not registered in the Companies Registry before the planned date of the publication of the half-year results for 2010 (August 26, 2010), then the first grant of subscription rights may only follow on the first working day of the calendar month following its registration.

Each subscription right gives the right to a no-par-value share in the Company, against payment of the execution price provided for under (dd) below, and runs for ten years.

**(cc) Priority servicing of subscription rights using the Company's own shares**

The Company must give priority to servicing the subscription rights with its own shares, as long as this is covered by a separate resolution of the Annual General Meeting. The acquisition of the Company's own shares in fulfilment of the subscription rights must comply with the statutory regulations; an authorisation for the acquisition of the Company's own shares is not granted under this resolution. The authorising resolution is being presented to the Annual General Meeting for approval under point 6 of the agenda.

If all the Company's own currently available shares (370.444) have been used, then 674,556 new shares, utilising the conditional capital, must be issued, insofar as all 1,045,000 subscription rights have been issued and exercised.

**(dd) Execution price (issue date)**

The execution price of a subscription right corresponds to the average market price (closing price) of the Company's no-par-value shares on the electronic Xetra market (or a comparable successor system) of the Deutsche Stock Exchange AG in Frankfurt am Main, for the last 90 calendar days prior to the granting of the subscription rights. Minimum execution price, however, is the proportional value of each share of the Company's share capital (currently Euro 1.00) (§9 para. 1 AktG).

**(ee) Conditions for the exercise of the subscription rights**

**Qualifying period:** Subscription rights may not be exercised until the fourth anniversary of their allocation.

**Performance target:** Subscription rights may only be exercised if the performance target has been reached. The performance target for the issued subscription rights is reached if the EBITDA shown in the Group's Annual Accounts for the year in which the subscription rights were allocated exceeds the EBITDA of the preceding year by 10% (e.g. if the allocation takes place in the 2010 accounting year, then the EBITDA as shown in the Annual Accounts to December 31, 2010, compared to the EBITDA, as shown in the Annual Accounts to December 31, 2009, must have increased by 10%, thus reaching the performance target). If the performance target is not reached, the subscription rights will lapse.

**Blocking periods:** The subscription rights may not be exercised during the following periods:-

- the period from 21 days prior to the Annual General Meeting until the end of the day of the Annual General Meeting;
- The period from the day on which the Company's offer of new shares, or bonds with Conversion or subscription rights, to its shareholders is published in a Stock Exchange gazette, or in the electronic Federal Gazette, until the day on which the new shares, or bonds with Conversion or subscription rights, were issued; and
- The period from the fifteenth calendar day prior to the publication of the quarter's or year's results, to the second day after the publication of the quarter's or year's results.

These blocking periods are understood to include the starting and finishing points in time referred to. In addition, the restrictions arising from the general statutory regulations, in particular the Securities Trading Act, must be observed. Insofar as the Executive Board is affected, the Supervisory Board, and insofar as the other beneficiaries are concerned, the Executive Board, may set additional blocking periods, the start of which will be notified to the beneficiaries in good time beforehand.

**Personal exercising prerequisites:** The owner of the subscription rights must be in the un-terminated service, or employment, of a member of the FP Group, at the point in time that the subscription rights are exercised.

**(ff) Adjustments in the case of capital measures / protection against dilution**

Insofar as the Company, during the term of the subscription rights, when granting direct or indirect subscription rights to its shareholders, increases its share capital by the issue of new shares, or bonds with conversion or subscription rights, and the hereby fixed conversion or pre-emption price per share is below the subscription rights exercise price, the Supervisory Board is empowered, upon the Executive Board's recommendation, to treat the participants equally. However, the participant has no claim to equal commercial treatment. If there is an equalisation, it can be by a reduction of the exercise price, or the adjustment of the exchange ratio, or a combination of both, and should be oriented towards the value of the subscription rights granted. Insofar as subscription rights are traded, the value of the granted subscription rights based on the average (arithmetical mean) closing price of a subscription right on all trading days on the Frankfurt Stock Exchange applies. However, the exercise price may not be reduced below the proportion attributable to one share of the share capital (currently Euro 1.00). In the event of an issue of shares, convertible bonds, or subscription rights, within the framework of a share-based remuneration programme of the Company, basically no equalisation will be granted.

In the event of an increase in capital by the issue of new shares from retained earnings, the contingent capital will be increased in the same relationship to the share capital, pursuant to §218 AktG. The subscription ratio is increased proportionately, the exercise price will be proportionately reduced, but the exercise price may not be reduced below the proportion attributable to one share of the share capital (currently Euro 1.00). If the increase in capital from retained earnings is without the issue of new shares (§ 207 para. 2 sent. 2 AktG), the subscription and exercise prices remain unchanged; however, the exercise price will, insofar as statutorily required, be increased to the amended interest in the share capital represented by one share.

In the event of a reduction of capital, there will be no adjustment to the exercise price or the subscription ratio, insofar as the total number of shares is not reduced by the reduction of capital, and reduction is not tied to a repayment of capital. In the event of a reduction of capital by the consolidation or redemption of shares, without a repayment of capital, the subscription ratio goes down in relation to the reduction of capital, the exercise price for one share increases by the same ratio. In the event of a reduction of capital with a repayment of capital, without a reduction in the number of shares, the exercise price is reduced by the amount of the repayment of capital; but it may not be reduced below the interest in the share capital represented by one share (currently Euro 1.00).

In the event of an extraordinary dividend payment, the exercise price will be reduced by the amount of the extraordinary dividend relating to one Company share. An "extraordinary dividend" under this regulation is (i) a dividend, expressly approved by the Company's Annual General Meeting as an "extraordinary dividend", a "special dividend", or comparably described; or (ii) the amount per share, expressed in Euros, of a dividend paid to the shareholders, exceeds the dividend return (but without taking any corporation tax credit into account) of 20%. In the event that, within the framework of an IPO



of a subsidiary of the Company, an extraordinary dividend of this subsidiary is paid by the distribution of shares of the subsidiary, the amount of the extraordinary dividend will be calculated on the basis of the opening market price of these shares on the Stock Exchange on which this subsidiary is quoted (in the case of multiple quotations; the average (arithmetical median) of the opening prices).

If, following an adjustment of the subscription ratio, a participant has a claim to fractions of shares when exercising subscription rights, such fractions will not be made available to him/her, rather these fractions will lapse for the Company's benefit.

In the case of other measures which have a comparable effect to the aforementioned cases of adjustments, the exercise price, or the subscription ratio of the Company may be adjusted in accordance with §315 of the German Civil Code ("BGB").

**(gg) Non-transferability and lapse of subscription rights**

The subscription rights are, with the exception of cases of inheritance, neither transferable, nor disposable, nor pledgable nor otherwise chargeable.

All unexercised subscription rights lapse, without the right to any compensation, ten years after the issue date. In the event that the service or employment relationship ends due to death, diminished capacity to work, retirement, termination, expiry, or non-extension of the appointment, or otherwise, special regulations dealing with the lapse, or the continuance, of the subscription rights may be provided for in the subscription conditions.

**(hh) Ban on offsetting transactions**

Dispositions, or legal transactions with third parties, which make a premature realisation of the value of the allocated subscription rights partially or wholly possible (so-called offsetting transactions, or *quiet hedging*), are not permissible. In the event of a violation, the subscription rights of the contravening subscription owner lapse, without the right to any compensation.

**(ii) Change of control**

If a third party acquires control over the Company within the meaning of §29 para 2 of the Securities Acquisition and Takeover Act ("WpÜG"), the subscription rights remain undisturbed thereby. The Executive Board, or the Supervisory Board, insofar as members of the Executive Board are to receive subscription rights, will be authorised, in the event of a *delisting*, or an event with similar effect, following a change of control within the meaning of § 29 para. 2 WpÜG, which leads to a cessation of the Stock Exchange quotation of the Company's shares, to make provisions in the subscription conditions, according to which the subscription rights will be converted into a claim for payment. This claim for payment will be calculated based on the current value of the subscription rights, using the Black/Scholes formula.

**(jj) Regulation of other matters**

The Executive Board, or the Supervisory Board, insofar as members of the Executive Board are to receive subscription rights, will be authorised to set the further details of the 2010 share option scheme, and the issue of shares from the contingent capital, in particular the subscription conditions for the

entitled persons. The further details include, in particular, the allocation of the subscription rights within the entitled groups of people, the precise quantity within the prescribed time frame, provisions regarding taxes and costs, the procedure for the allocation to the individual beneficiaries, and the exercise of subscription rights in cases of the ending of service or employment relationships, expiry or non-extension of appointments, as well as further procedural regulations.

**(kk) Cap for Executive Board Members**

The Supervisory Board is obligated to agree a reasonable cap for members of the Executive Board in respect of extraordinary, unforeseen developments (4.2.3.3 of the Corporate Governance Code).

**b) Contingent capital**

The Company's share capital is to be contingently increased to 1,045,000.00 Euros by the issue of 1,045,000 no-par-value shares. The contingent capital increase serves solely the fulfilment of subscription rights, which will be granted until June 30, 2015, based on the today's authorisation from the Annual General Meeting, in accordance with a) above. The contingent increase in capital will only be implemented insofar as the holders of the issued subscription rights make use of their right to subscribe for the Company's shares, and the Company does not provide its own shares in order to service the subscription rights. The issue of shares from the contingent capital is in accordance with the exercise price provided for under paragraph a), and sub-paragraph (dd) above as the issue price. The new no-par-value shares participate in the profits, from the beginning of the financial year, for the period until the exercising of the subscription rights for which no resolution regarding the appropriation of the net profit has been passed.

**c) Articles of Association/Statutes amendments**

The following paragraph (5) will be added to number 4 of the Articles of Association/Statutes:

*"The Company's share capital is contingently increased to 1,045,000.00 Euros by the issue of 1,045,000 no-par-value, shares. The contingent increase in capital will only be implemented insofar as, in accordance with the 2010 share option scheme under the Annual General Meeting resolution dated July 1, 2010, subscription rights were issued, the holders of the subscription rights make use of their exercise rights, and the Company provides none of its own shares for servicing the subscription rights. The new no-par-value shares participate in the profits, from the beginning of the financial year, for the period until the exercising of the subscription rights for which no resolution regarding the appropriation of the net profit has been passed.*

**REPORT OF THE EXECUTIVE BOARD REGARDING POINTS 6 AND 8 OF THE AGENDA**

The Executive Board has prepared written reports regarding points 6 and 8 of the agenda. The material portions of the report are set out below. The reports are available for inspection by the shareholders at the Company's business premises from the day on which the Annual General Meeting is convened, and are also available on the Internet. Each shareholder will

receive a free copy of these reports upon demand. The reports will also be displayed at the Annual General Meeting.

**Report of the Executive Board regarding point 6 of the agenda, in accordance with §71 para. 1 no. 8 sent. 5., in conjunction with §186 para. 4 sent. 2 of the AktG**

The acquisition of our own shares may take place, based on the authorisation proposed under point 6 of the agenda of this year's Annual General Meeting, either via the Stock Exchange, or via a public offer. Insofar as the number of shares via a public offer exceeds the number of shares required for the acquisition of the number of shares foreseen, then, in order to simplify the acquisition procedure, the acquisition shall take place, excluding the shareholders' rights to tender. This simplification also serves the preferential consideration for a small numbers of shares (up to 100 shares offered to each shareholder).

The authority foresees that the Company's own shares acquired via the Stock Exchange, or by way of an offer aimed at all shareholders, may be resold. Furthermore, the Executive Board should certainly be authorised also, with the consent of the Supervisory Board, to:

- redeem Company's own shares, without a further Annual General Meeting resolution.
- offer, and to transfer, the Company's own shares as consideration within the framework of a merger, or as consideration for the acquisition of a company or interest. The authorisation for this should strengthen the Company when competing for the acquisition of interesting objects, and make it possible for it to react to opportunities for acquiring other companies or interests which present themselves, quickly, flexibly, and liquidity efficiently. This takes the proposed exclusion of the shareholders' subscription rights into account. The decision whether, in individual cases, to use the Company's own shares, or shares from contingent capital, will be made by the Executive Board; whereby it will allow itself to be guided solely by the interests of the shareholders and of the Company. In setting the valuation ratios, the Executive Board will ensure that the interests of the shareholders will be appropriately protected, whereby the Executive Board will take the Stock Exchange price into account; a systematic coupling to a Stock Exchange price is not foreseen, in particular, so that a fluctuation in the share price cannot jeopardise negotiation outcomes once they have been reached. There are no current plans for the use of this authorisation.
- Issue the Company's own shares, with the consent of the Supervisory Board, in order to introduce the Company's shares on a foreign Stock Exchange, on which the Company's shares have not hitherto been quoted. In this way, the Company may retain its flexibility, insofar as it appears necessary for reasons of improved, long-term equity financing, to take on additional trading on foreign Stock Exchanges. There are no current plans for the use of this authorisation.
- To sell the Company's own shares to third parties for cash, without the subscription rights; e.g. to institutional investors, or in order to open up new groups of investors. The condition for such a sale is that the price achieved (without acquisition costs) is not substantially lower than that determined on the trading day by the opening auction price in the electronic Xetra market (or a comparable successor system) of Deutsche Stock Exchange AktG in Frankfurt am Main. By orienting the sale price to the Stock Exchange price, the concerns regarding protection against dilution are taken into account, and the asset and voting rights interests of the shareholders are appropriately protected. In setting the final sale price, the Management – taking the actual market situation into account – will endeavour to keep any deduction from the Stock Exchange price as low as possible. The shareholders have the basic possibility to maintain their participation quota by

the purchase of shares via the Stock Exchange, while giving the Company additional room for manoeuvre in the shareholders' interests, in taking advantage of short-term, favourable Stock Exchange situations. There are no current plans for the use of this authorisation.

- To offer the Company's own shares to individual members of the Executive Board instead of the cash remuneration owed by the Company. The background to this authorisation is the consideration by the Supervisory Board, whether to satisfy part of the due, or to become due, remuneration of the Executive Board, not in cash, but in shares of the Company. The advantage of such an approach lies, not only in the preservation of the liquid reserves of the Company, but also in the creation of a further incentive for the Executive Board to increase the value of the Company by special performance, and thus promote a sustained improvement in the market price, in the interests of the shareholders and of the Company. A dilution of the value of the existing shareholding will thus be countered, in that the price forming the basis of the calculation of the number of the Company's shares to be transferred, will not be substantially lower than the price determined by the opening auction on the day of the sale on the electronic Xetra market (or a comparable successor market) of the Deutsche Stock Exchange AktG in Frankfurt am Main) on the day on which the offer is made.
- To issue the Company's own shares in order to service subscription rights which have been properly issued under the Company's 2010 share option scheme, and exercised. The 2010 share option scheme is being presented to the Annual General Meeting under point 8 of the agenda, for approval. The advantage of servicing the subscription rights under 2010 share option scheme with the Company's own shares, lies in that the Company is not tied to the issue of new shares from the contingent capital, so that the accompanying dilution effect for the existing shareholders can be avoided.

The Executive Board will inform the next Annual General Meeting of the use made of the authorisation.

### **Written report of the Executive Board to the Annual General Meeting on the 2010 Share-Option scheme - point 8 of the agenda**

Point 8 of the agenda foresees the creation of contingent capital, and the possibility of the issue of Subscription Rights to members of the Executive Board of the Company, to members of the management of associated companies within the meaning of §15 AktG (**associated companies and the FP Gruppe company**), and to the executives of the FP Group (**2010 share option scheme**).

The sharing of management and executives in the Company's commercial risks and opportunities by the granting of share options is an important feature of an international, competitive remuneration method. The commercial success of the Company is based, not least, on the ability to recruit professionals and Executives worldwide, and to tie them to them to the Company for the long term.

At the moment, the Company has no employee incentive programme. With the proposed 2010 share option scheme, the Company wishes to create an attractive and competitive participation programme, in order to encourage the Executive Board of the Company and executives of the FP Group to promote the development of the Company over the long term, and to increase the shareholder value.

The important features of the proposed resolution can be summarised as follows:-

Apart from the management of the Company; i.e. the Executive Board and the management of associated companies, executives of the FP Group should also receive subscription rights. The suggested allocation of the total of 1,045,000 subscription rights reflects the goal whereby a reasonable number of subscription rights are provided for the Executive Board of the Company, the management of associated companies and FP Group executives, in each case. Thus, the Executive Board of the Company will receive up to 360,000 subscription rights; the management of associated companies and FP Group executives the remaining 685,000 subscription rights. While the Executive Board is responsible for the allocation of the subscription rights to the management of associated companies and FP Group executives, only the Supervisory Board may decide upon the allocation of subscription rights to the Executive Board.

The individual participants in the plan should, wherever possible, be allocated their entitled subscription rights as part of a package. In order to service the claims to subscription rights, it is proposed that the Company's own shares, previously acquired under a separate, to be formulated, authorising resolution, being exhausted, to use additional shares from the contingent capital. Thus the Company, by servicing the share options, while taking the share price development and tax considerations, into account, choose, in each case, the most sensible method to service the share options. Within the framework of the 2010 share option scheme, however, not more than 1,045,000 subscription rights will be issued, so that, by using the Company's own shares, the number of shares to be created from the contingent capital is reduced accordingly. The Company must, however, give preference to servicing the Subscription Rights using the Company's own shares, as long as it is covered by a separate, authorising resolution of the Annual General Meeting. The acquisition of the Company's own shares in order to fulfil the subscription rights must comply with the statutory regulations. The authorising resolution is presented to the Annual General Meeting for approval under point 6 of the agenda. By using all the Company's currently available shares, (370.444), 674,556 new shares must be issued from the contingent capital, to the extent that all 1,045,000 subscription rights are issued and exercised.

As regards the incentive to increase of the Company's value over the long-term, to underline the interests of all shareholders, the proposal foresees a four year waiting period for the first-time exercise, which conforms to the statutory requirements. However, exercising may only take place if the target is reached within the waiting period. If this does not occur, the subscription rights lapse, without any right to compensation.

The Management suggests the following performance target:-

The performance target for the issued subscription rights is reached if the EBITDA shown in the Annual Accounts for the year in which the subscription rights are issued, shows an increase of 10% over the EBITDA shown in the Annual Accounts for the preceding financial year (for example, if the allocation takes place in the 2010 financial year, then the EBITDA, shown in the December 31, 2010 Annual Accounts must be 10% higher than the EBITDA shown in the December 31, 2009 Annual Accounts, in order to reach the performance target). Insofar as the performance target is not reached, the subscription rights lapse.

If the conditions described for the exercise are fulfilled, and if the participant in the scheme is, at the point in time of the exercise, in an unbroken service or employment relationship with the Company, or with an associated company within the FP Group, then the subscription Rights may be exercised at any time, except for particular blocking periods, for up to six years after the expiry of the waiting period; thus, the subscription rights have a total life of ten years from allocation. With the blocking periods provided for in the resolution, waiting periods for the exercise are provided for in which those with subscription rights could typically make

use of insider information, and thus be subjected to an exercise ban under capital market regulations. In addition, the administration may apply further blocking periods.

In the event of a delisting, or an event with similar repercussions, following a change of control within the meaning of §29 para. 2 WpÜG, which leads to a loss of the Company's Stock Exchange quotation, the Executive Board, or, to the extent that the Executive Board is affected, the Supervisory Board, is authorised to provide regulations in the subscription conditions, in which the subscription rights are converted to a claim for payment. This current value is to be calculated on the basis of the current value of the subscription rights, according to the Black/Scholes formula. The regulation should ensure that, in case the Company's shares should no longer be quoted on the Stock Exchange, following the taking of control, a reasonable current value, based on a known formula, can be paid for the subscription rights.

The Supervisory Board must agree a reasonable cap for Executive Board members with regard to unforeseen developments, which complies with the requirements of 4.2.3 of the Corporate Governance Code.

Finally, the recommended resolution provides that the Executive Board or, insofar as the Executive Board is affected, the Supervisory Board, will be authorised to fix the further details of the grant of the subscription rights, of their substance, and for the servicing via shares. This also includes, aside from the fixing the number of the subscription rights to be granted, regulations for the special cases, such as the premature departure from the service or employment relationship, as well as other procedural regulations.

## **Participation in the Annual General Meeting**

Shareholders are entitled to participate in the Annual General Meeting, and to exercise their voting rights, who have registered their participation in the Annual General Meeting, and have proved their share ownership to the Company.

The evidence of share ownership must be by way of a written certificate from a custodial bank, in German or English, and relate to the start of the 21st day before the Annual General Meeting, i.e. June 10, 2010 (00:00) ("**Record Date**").

At the latest, the registration, and the proof of share ownership, must be received by the Company, in writing, by fax or e-mail, in German or English, by June 24, 2010 (24:00), at the following address:

Francotyp-Postalia Holding AktG  
c/o Computershare HV-Services AktG,  
Prannerstraße 8, D-80333 Munich  
Telefax: +49(0)89 - 30 90 37-46 75  
E-mail: [anmeldestelle@computershare.de](mailto:anmeldestelle@computershare.de)

Following receipt of the registration and the proof of shareholding in the Company, the shareholders will be sent tickets for the Annual General Meeting. For the shareholders, these act as identification for participation and the exercising of voting rights. In order to ensure the timely receipt of the tickets, we request that the shareholders ask their custodial institution for a ticket to participate in the Annual General Meeting at an early stage.

## **Importance of the Record Date**

The Record Date is the key date for the scope, as well as for exercising participation and voting rights in the Annual General Meeting. In relation to the Company, a shareholder may only participate in the Annual General Meeting or exercise voting rights as a shareholder if he can provide evidence of share ownership on the Record Date. As such, changes to the stock of shares after the Record Date are not relevant. Shareholders who acquired their shares after the Record Date cannot therefore participate in the Annual General Meeting. Properly signed up shareholders who have provided evidence are therefore also entitled to participate in the meeting and to exercise voting rights if they sell the shares after the Record Date. The record date has no effect on the marketability of the shares and is not a date which is relevant with regard to any dividend entitlement.

### **Exercising of voting rights by proxies or the Company's proxies**

Shareholders may authorise a bank, a shareholders' association, or another person of their choice, to exercise their voting rights. A form for the granting of a proxy will be provided in response to a request addressed to the Company by any shareholder of the Company, and may be downloaded from the Company's Internet page. The granting of the proxy, its revocation, and the evidence of the authorisation to the Company must be in writing (§126b BGB). In the case of the authorisation of a bank, or a shareholders' association, or an equivalent person or institution per §135 AktG, there are special provisions; the shareholders are requested, in such a case, to consult with the proxy, in good time, upon the form of proxy which may be required.

The evidence may also be transmitted to the following e-mail address:

[hauptversammlung@francotyp.com](mailto:hauptversammlung@francotyp.com)

Shareholders may also authorise the proxies named by the Company in writing to the following address:

Francotyp-Postalia Holding AktG  
c/o Computershare HV-Services AktG,  
Prannerstraße 8, D-80333 Munich  
Telefax: +49(0)89 - 30 90 37-46 75  
E.mail: [hauptversammlung@francotyp.com](mailto:hauptversammlung@francotyp.com)

This applies to proxies nominated by the Company, and to the instructions. Insofar as no instructions have been given in respect of individual items on the agenda, the proxies appointed by the Company will abstain. The proxy forms provided by the Company enable the possibility of issuing instructions.

### **Amendments to the agenda upon the demand of a minority in accordance with §122 para. 2 AktG**

Shareholders, whose holdings, together, amount to EUR 500,000 of the share capital, which is equivalent to at least 500,000 no-par-value shares, may demand, in writing (§126 BGB),

that items be added to the agenda, and publicised. Each new item must be accompanied by an explanation or a proposed resolution. The written demand must be received by the Company at the following address (as shown below) by May 31, 2010 (24:00).

Francotyp-Postalia Holding AG  
Executive Board (Der Vorstand)  
f.a.o Investor Relations / Ms Sabina Prüser  
Triftweg 21-26, 16547 Birkenwerder

The shareholders must prove that they have been shareholders since midnight on February 28, 2010.

**Resolutions and election recommendations by shareholders in accordance with §§ 126 & 127 AktG**

Shareholders may send the Company counter-motions against proposals by the Executive Board and/or the Supervisory Board with respect to particular points on the agenda, and with election recommendations. Counter-motions must be accompanied by an explanation. Counter-motions, election recommendations, and other shareholders' questions regarding the Annual General Meeting must be addressed exclusively to:

Francotyp-Postalia Holding AktG  
Investor Relations  
Ms Sabina Prüser  
Triftweg 21-26, D-16547 Birkenwerder  
Fax: +49 (0)3303 53707 410  
E.mail: s.pruesser@francotyp.com.

Counter-motions and election recommendations received at this address by June 16, 2010 (24.00) at the latest will be immediately made accessible on the Internet at <http://www.francotyp.com/en/AGM.php>. Potential comments by the administration will also be published at this Internet address.

The Company is, under particular circumstances, not obliged to make a counter-motion and make its explanation accessible. This is the case,

- If the act of the Executive Board making information available would render it criminally liable,
- If the counter-motion would lead to an illegal resolution by the Annual General Meeting, or to one in breach of the Articles of Association/Statutes.
- If the important points of the explanation are obviously false or misleading, or if they contain insults,
- If a counter-motion by a shareholder has the same content as one already presented to an Annual General Meeting of the Company per §125 AktG,
- If the same shareholder's counter-motion, with the same explanation, has already been presented to at least two Annual General Meetings of the Company within the



last five years per §125 AktG, and if less that 1/20<sup>th</sup> of the share capital represented voted for it,

- If the shareholder lets it be known that he will neither participate in, nor be represented at, the Annual General Meeting; or
- If the shareholder, within the last two years, at two Annual General Meetings, did not present, or did not have presented, a counter-motion communicated by him/her.

The explanation for an admissible counter-motion need not be published, if it carries a total of more than 5.000 characters.

The Executive Board of the Company reserves the right to amalgamate counter-motions and their explanations, if several shareholders submit counter-motions to the same resolution.

For the proposal of a shareholder regarding the election of Supervisory Board members, the aforementioned remarks apply, mutatis mutandis, with the proviso that the candidacy need not be justified (§127 AktG).

### **Shareholders right to information §131 para1 AktG**

Each shareholder is, during the Annual General Meeting, entitled to demand that that the Executive Board provide information regarding the affairs of the Company, including the legal and business relationships with associated companies, insofar as it is necessary for the sufficient understanding of the matters on the agenda.

Per §21 para. 3 of the Articles of Association/Statutes of the Company, however, the Chairman of the meeting is authorised to limit the time reasonably allotted to the shareholders for questions and speeches. On top of which, the Executive Board has the right, in particular cases, as provided for in the Companies Act (§131 para 3 AktG), to refuse to provide information because the provision of the information, in the opinion of a prudent businessman, may result in not inconsiderable disadvantages for the Company or an associated company.

### **Annual General Meeting information in the Internet**

The information to be published per §124a AktG is accessible, and can be called up over the Internet at [www.francotyp.com/de/Annual General Meeting.php](http://www.francotyp.com/de/Annual%20General%20Meeting.php)

### **Total number of shares and voting rights at the point in time of the convening of the Annual General Meeting**

The share capital of the Company is Euro 14,700,000 and is divided into 14,700,000 No-par-value shares. The Company holds 370,444 of the Company's own shares at the time of the

convening of the Annual General Meeting. The Company has no voting rights in respect thereof. The total number of participating and voting shares in Francotyp-Postalia Holding AG at the point in time of the convening of this Annual General Meeting is 14,329,556.

Birkenwerder, May 2010

The Executive Board