



Courtesy Translation

**Francotyp-Postalia Holding AG**

**Birkenwerder, Germany**

**- Security identification number FPH 900 -**

**ISIN: DE000FPH9000**

**We hereby invite our shareholders to the Annual General Meeting of Francotyp-Postalia Holding AG on Tuesday 23rd June 2009, 11:00 a.m. at Ludwig Erhard Haus, Fasanenstrasse 85, D-10623 Berlin.**

**Agenda**

- 1. Presentation of the formally adopted annual financial statements, the approved consolidated financial statements and the management reports for Francotyp-Postalia Holding AG and the Group for the 2008 financial year, the report of the Supervisory Board as well as the commentarial report of the Management Board pursuant to Sec. 289 (4), Sec. 315 (4) German Commercial Code (HGB)**

The above documents of Francotyp-Postalia Holding AG will be available for inspection by the shareholders as of the day of convening of this Annual General Meeting at the company offices, Triftweg 21-26, D-16547 Birkenwerder. The aforementioned documents can also be viewed on the internet at [www.francotyp.com](http://www.francotyp.com).

- 2. Resolution for a vote not to discharge former members of the Management Board, Dr. Heinz-Dieter Sluma, Hans-Christian Hiemenz and Manfred Schwarze for the financial year 2008.**

The Management Board and the Supervisory Board propose to the General Meeting to vote not to discharge Dr. Heinz-Dieter Sluma for the financial year 2008, nor to discharge Messrs. Hans Christian Hiemenz and Manfred Schwarze for their period of office in financial year 2008 from 1st January 2008 until 30th June 2008.

- 3. Resolution for a vote of no confidence in former member of the Management Board, Dr. Heinz-Dieter Sluma.**

The Management Board and the Supervisory Board propose a vote of no confidence in Dr. Heinz-Dieter Sluma. On 16th February 2009 the Supervisory Board removed Dr. Heinz-Dieter Sluma from office as a member of the Management Board of the Company. Dr. Heinz-Dieter Sluma has acted against his removal from office. After his removal, facts were uncovered that justify the General Meeting issuing a vote of no

confidence in him. The Management Board and Supervisory Board will report on this to the General Meeting.

**4. Resolution to discharge member of the Management Board Hans Szymanski for the period 1st December 2008 to 31st December 2008**

The Management Board and the Supervisory Board propose that the General Meeting vote to discharge member of the Management Board Hans Szymanski for his period of office 1st December 2008 to 31st December 2008

**5. Resolution to discharge the members of the Supervisory Board for the financial year 2008.**

The Management Board and the Supervisory Board propose that the General Meeting vote to discharge the members of the Supervisory Board for financial year 2008.

**6. Resolution to elect members to the Supervisory Board**

With effect from the conclusion of the General Meeting, Mr Georg Marton is resigning from office as a member of the Company's Supervisory Board. For this reason, a new member must be elected to the Supervisory Board.

Pursuant to Secs. 95, 96 of the German Stock Corporation Act und Art. 10 (1) of the Company's Articles, the Company's Supervisory Board shall comprise 3 members which must be elected by the General Meeting. The General Meeting is not bound by the nominations made.

The Supervisory Board proposes that Dr. Claus Gerckens be elected to the Supervisory Board, his term of office to start at the conclusion of the General Meeting.

Election to the Supervisory Board pursuant to Art. 10 (4) of the Company's Articles is for the remaining term of office of the member departing from the Supervisory Board, in this case that means until conclusion of the General Meeting which resolves to ratify the financial year 2010.

Dr. Gerckens holds offices in the following statutory supervisory boards or comparable German or overseas controlling organs of the following company:

- Member of the supervisory board of EUROKAI KgaA, Hamburg

**7. Resolution on the appointment of the auditor for the annual financial statements and auditor for the consolidated financial statements for the 2009 financial year.**

The Supervisory Board proposes to appoint KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin as auditor for the annual financial statements, auditor for the consolidated financial statements and auditor for any other interim financial statements for the 2009 financial year.

**8. Resolution granting authorization to acquire and use own shares**

- a) The Company is authorized to acquire own shares amounting up to 10% of the Company's existing capital stock as of the date of adopting this resolution. This is conditional on the shares acquired under this resolution, together with other own

shares already acquired and held by the Company or which under Secs. 71d and 71e of the German Stock Corporation Act must to be subsumed accordingly, not exceeding at any time more than 10% of the Company's capital stock.

This authorization can be applied in one amount or in part amounts on one or more occasions. This authorization shall have validity until December 22, 2009.

- b)** The Management Board is entitled to decide how to acquire the shares, which may be either (1) by purchase through the stock exchange, or (2) by acquisition by way of a public purchase offer.
  - (aa) Where the shares are acquired through the stock exchange, the price paid per share (excluding ancillary charges) shall not exceed by 10% or be 10% below the price of the share as traded at the opening auction in XETRA trading (or a comparable successor system) of the Deutsche Börse AG on the day of trading.
  - (bb) Where acquisition is made by way of a public purchase offer, the Management Board shall set a price or price range per share (excluding ancillary charges). When setting a purchase price range, the final price shall be determined in accordance with the declaration of acceptance stated below. The offer may include an acceptance period, conditions or the right to adjust the price range during the acceptance period when significant movement in the share price takes place during the acceptance period following publication of the formal offer. The purchase price or purchase price range per share (excluding ancillary charges) may not exceed by 20% or be 20% below the average closing price of a share in XETRA trading (or a comparable successor system) of the Deutsche Börse AG over the last five days of trading before the cut-off date. The cut-off date is the day on which the final decision is taken by the Management Board on a formal offer. In cases where the offer is amended, this is the day on which the Management Board makes its final decision on the amended price. Where the number of shares tendered exceeds the total number of shares that the Company intends to purchase, shareholders' tenders can be excluded to the extent that shares be acquired in ratio to the tendered shares. In the same manner, a lower number of shares tendered can be given preference up to 100 shares tendered per shareholder.
- c)** Apart from sale via the stock exchange or a subscription offer made to all shareholders, the Management Board is entitled to use own shares to acquired under this or an earlier authorisation as follows:
  - (aa) Subject to approval by the Supervisory Board, own shares can be withdrawn whereby their withdrawal or the processing thereof is not subject to further resolution by the General Meeting. Withdrawal results in a reduction in capital stock. Withdrawal can also be performed in a simplified procedure without reduction of the capital stock by adjusting the proportional amount of capital stock represented by the remaining shares in accordance with Sec 8 (3) German Stock Corporation Act ("AktG"). In this case, the Management Board is entitled to change the number of shares stated in the Company's Articles.
  - (bb) Subject to approval by the Supervisory Board, own shares can be used as a non-cash contribution to third parties as part of a business combination or when acquiring companies or participating rights, thereby assigning own

shares as part of the transaction, provided the acquisition of the company or participating right is in the best interests of the Company and the valuation placed on own shares during the transaction is not unreasonably low.

- (cc) Subject to approval by the Supervisory Board, own shares can be issued against cash contributions in order to float the Company's shares on a foreign stock exchange where its shares had previously not been listed for trading.
  - (dd) Subject to approval by the Supervisory Board, own shares can be sold to third parties against cash contributions when the price at which the shares are thus sold is not substantially lower on the day of their sale than the traded share price (excluding ancillary charges) at the opening auction in XETRA trading (or a comparable successor system) of the Deutsche Börse AG. Shares used under this authorisation may not exceed 10% of capital stock at the time of their use where they were issued pursuant to Sec. 186 (3) sentence 4 German Stock Corporation Act (exclusion of subscription rights against cash contribution when price approximates the price quoted on stock exchange). This limitation includes shares issued or sold up to this time in direct or corresponding application of this ruling during the currency of the authorisation.
  - (ee) Own shares can be used by the Supervisory Board to offer own shares to individual members of the Management Board in place of cash compensation payable to latter by the Company. However, this is conditional that the price used to determine the number of own shares to be transferred in lieu of cash payment is not substantially lower than the traded share price (excluding ancillary charges) at the opening auction in electronic XETRA trading (or a comparable successor system) of the Deutsche Börse AG at Frankfurt am Main on the day on which the offer is made.
- d) The authorisation granted under lit. c) above can be exercised once or on several occasions, singularly or jointly, completely or partially.
  - e) Shareholders' subscription rights to own shares acquired are excluded where such shares are used in accordance with the authorisation stated above under lit c) sublit. (bb) to (ee).
  - f) The authorisation of the Management Board to acquire and use own shares as resolved by the General Meeting of the Company on 18th June 2008 is revoked when this new authorisation comes into force.
9. **Resolution to authorize the granting of subscription rights to general management and senior managers of Francotyp-Postalia Holding AG or one of its associated companies (Stock Option Plan 2009) by creating conditional capital to service the Stock Option Plan 2009 and related changes to the Company's Articles.**

The Management Board and Supervisory Board propose the General Meeting resolve as follows:

**a) Authorization to issue subscription rights to no-par value bearer shares**

The Management Board, or in the case where members of the Management Board are affected, the Supervisory Board, is authorized until 23rd June 2012 and in accordance with the following rules to issue up to 1,350,000 subscription rights to

no-par value bearer shares of Francotyp-Postalia Holding AG. The main rules relating to the issue of subscription rights are as follows:

**(aa) Participants / Allocation of Options**

Participants entitled to subscribe are exclusively members of the Management Board of the Company, members of general management of associated companies in the sense of Sec. 15 German Stock Corporation Act ("AktG"), (**associated companies** as part of the consolidated **FP Group**) and senior managers of the FP Group. The precise circle of participants and the number of subscription rights they receive shall be fixed by the Management Board, and where the Management Board is affected, by the Supervisory Board

The total volume of subscription rights will be allocated among the groups of entitled persons as follows:

- Members of the Company's Management Board (Group 1) shall receive up to maximum 360,000 subscription rights in total.
- Members of general management of associated companies and senior managers of the FP Group (Group 2) shall receive up to maximum 990,000 subscription rights in total.

Where a person entitled to subscribe belongs to both groups he shall receive options exclusively based on his membership in Group 1. Where options issued expire due to the departure of a participant, an equivalent number of options may be additionally issued to the participants of that group from the stock which would have been used to service the options of the departed participant. At the time of issuing options, the entitled person must be employed by or have a contract of service with a company which is part of the FP Group.

**(bb) Issuing of option rights (acquisition periods), day of issue and content of subscription rights**

Subscription rights should be allocated where possible in one package per participant. Where there is good reason, this latter condition may be set aside, by the Supervisory Board in a case where the issue is directed at the Management Board, in all other cases by the Management Board.

Subscription rights may be offered to participants only within two weeks of the publication of the Company's annual or quarterly results. Where under b) the change in the Company's Articles to be resolved by the General Meeting is not registered in the commercial register before the planned publication date of the results for the 2nd quarter (23rd August 2009), subscription rights shall be granted from the first working day of the calendar month following registration.

Each subscription right entitles the holder to acquire one no-par value bearer share of the Company against payment of the strike price as laid down under sublit. (cc) and has a currency of seven years.

The conditions of subscription can stipulate that the Company has the right to issue own shares instead of new shares from condition capital when servicing the subscription rights of a holder; where the holder is a member of the Management Board this decision shall be taken by the Supervisory

Board. Acquiring own shares to fulfil subscription rights must comply with law; this resolution does not authorize the Company to acquire own shares.

**(cc) Strike price (issue price)**

The strike price for a subscription right is the average exchange price (closing auction) of the no-par value bearer share of the Company in electronic "Xetra" trading at the Deutsche Börse AG in Frankfurt am Main, or a comparable successor system, over the last 30 calendar days before the subscription right was issued. However, the minimum strike price is the proportional share value in capital stock represented by one share (Sec. 9 (1) German Stock Corporation Act).

**(dd) Conditions for exercising option rights**

**Vesting period.** The vesting period is broken down as follows:

- Subscription rights cannot be exercised until expiry of the second anniversary of their issue (**first vesting period**). After completion of the first vesting period - but subject to further conditions relating to the exercise of options - the participant gains the right to exercise one third (**first tranche**) of those options issued him.
- After completion of the third anniversary of their issue (**second vesting period**) - but subject to further conditions relating to the exercise of options - the participant gains the right to exercise a further one third (**second tranche**) of those options issued him.
- After completion of the fourth anniversary of their issue (**third vesting period**) - but subject to further conditions relating to the exercise of options - the participant gains the right to exercise the last third (**third tranche**) of those options issued him.

**Success target.** The success target for the relevant tranche must be achieved.

- For the first tranche, the target is deemed achieved when EBITDA as reported in the year-end consolidated financial statement before expiry of the first vesting period has increased by 10% compared to EBITDA reported in the consolidated financial statement for the financial year before the option was issued. Where EBITDA in one or both of the consolidated financial statements to be compared is reported adjusted for restructuring costs, EBITDA adjusted for restructuring costs is deemed to apply with regard to determining whether the target has been achieved or not. (For example: if the option is issued in financial year 2009, EBITDA as reported in the consolidated financial statement for year ending 31st December 2010 must have increased by 10% compared to the EBITDA as reported in the consolidated financial statement for year ending 31st December 2008 in order for the target to be achieved for the first tranche). Where the target for the first tranche has not been achieved the first tranche shall be deemed forfeited.
- For the second tranche, the target is deemed achieved when EBITDA as reported in the year-end consolidated financial statement before expiry of the second vesting period has increased by 7.5% compared to EBITDA reported in the consolidated financial statement for the financial year

- For the third tranche, the target is deemed achieved when EBITDA as reported in the year-end consolidated financial statement before expiry of the third vesting period has increased by 7.5% compared to EBITDA reported in the consolidated financial statement for the financial year before expiry of the second vesting period. Where EBITDA in one or both of the consolidated financial statements to be compared is reported adjusted for restructuring costs, EBITDA adjusted for restructuring costs is deemed to apply with regard to determining whether the target has been achieved or not. (For example: if the option is issued in financial year 2009, EBITDA as reported in the consolidated financial statement year ending 31st December 2012 must have increased by 7.5% compared to the EBITDA as reported in the consolidated financial statement year ending 31st December 2011 in order for the target to be achieved for the third tranche). Where the target for the third tranche has not been achieved the third tranche shall be deemed forfeited.

Determining EBITDA, adjusted where necessary for restructuring costs, and its changes compared to EBITDA of the relevant comparison year, adjusted where necessary for restructuring costs, will be verified by the Company's public auditor within two weeks after approval of the annual consolidated financial statements by the Supervisory Board in order to establish bindingly whether options are admissible for exercise or not.

**Lock-up periods.** Subscription rights may not be exercised during the following periods:

- the period from the 21st calendar day before a General Meeting of the Company until the end of the day of the General Meeting;
- the period from the day on which the Company has published an offer in an mandatory stock exchange publication or in the electronic Federal Gazette announcing to shareholders the right to subscribe to fresh shares or convertible bonds or options until the day on which the fresh shares or convertible bonds or options have been issued, as well as
- the period from the fifteenth calendar day before publication of the quarterly results or the annual results until the second day after publication of the quarterly results or the annual results.

The above mentioned lock-up periods are understood to include the starting and completion days described above. Apart from that, those restrictions apply as provided for by law, in particular by the German Securities Trading

Act ("Wertpapierhandelsgesetz"). The Supervisory Board can exceptionally stipulate additional lock-up periods in justified cases where the Management Board is affected; this duty shall fall to the Management Board where other entitled persons are affected, with all entitled persons being informed beforehand in good time.

**Personal conditions applying to the right to exercise options** At the time of exercising options, the holder of the subscription rights must be employed by or have a contract of service with a company which is part of the FP Group.

**(ee) Adjustment during capital measures / dilution protection**

Where the Company offers direct or indirect subscription rights to its shareholders thereby increasing its capital stock by issuing new shares or convertible bonds or options during the currency of subscription rights such that the share price attached to the convertible bond or option is lower than the strike price obtained by holders of the subscription rights, at the discretion of the Management Board the Supervisory Board is entitled to place participants on an equal economic footing. However, participants have no right to be put on an equal economic footing. Where adjustment does occur, this may be achieved either by reducing the strike price or by changing the subscription ratio or by a combination of both, and should be orientated towards the value of the subscription rights issued. Where there is a trade off in options rights, this shall be based on the average value (arithmetic mean) of the subscription rights as calculated from the closing price at the Frankfurt Stock Exchange over all days during which subscription rights are in force. However, the strike price may not be lower than the proportional value in capital stock represented by one share (currently 1.-- euro). No adjustment will be granted for shares, convertible bonds or subscription rights issued by the Company as part of a stock-based compensation program.

Where a capital increase is performed by issuing fresh shares using corporate funds, capital stock will be increased in the same ratio to the capital stock pursuant to Sec. 218 German Stock Corporation Act ("AktG"). The subscription ratio will increase in the same ratio, the strike price will be reduced in the same ratio, however the latter may not fall below the proportional value in capital stock represented by one share (currently 1.-- euro). Where a capital increase is made using corporate funds without issuing new shares (Sec. 207 (2), sentence 2 German Stock Corporation Act - "AktG") subscription ratio and strike price shall remain unchanged; however, where legally necessary, the strike price will be increased to that of the changed proportional value in capital stock represented by one share.

Where capital is reduced, no adjustment will be made to the strike price or subscription ratio provided that the reduction in capital does not change the total number of shares and the reduction in capital is not made in connection with repayment of capital. Where capital is reduced, either by combining or withdrawing shares without repaying capital, the subscription ratio will be reduced in ratio to the reduction, while the strike price per share will be increased in the same ratio. Where capital is reduced with the repayment of capital without reducing the number of shares, the strike price will be

reduced by the amount of the capital repaid, however the strike price may not be lower than the proportional value in capital stock represented by one share (currently 1.-- euro).

Where an extraordinary dividend payment is made, the strike price will be reduced by the amount of extraordinary dividend accruing to one share of the Company. "Extraordinary dividend" in the sense of this rule is (i) dividend explicitly described by the General Meeting of the Company as an "extraordinary dividend" (in German: "außerordentliche Dividende") or as "special dividend" (in German: "Sonderdividende") or where a comparable description is used, or (ii) where the amount stated in euros per share exceeds the dividend yield (excluding any applicable corporation tax credit balance) by 20% in dividend paid by the Company to its shareholders. Where an extraordinary dividend is effected during the floatation of a subsidiary company on the stock market by distributing shares in that subsidiary, extraordinary dividend is calculated based on the first price traded for these shares at the stock exchange where the subsidiary is listed (in the case of several prices listed: the average (arithmetic mean) of the first prices traded).

Where following adjustment of the subscription ratio a participant has a claim on fractional amounts of shares when exercising his options rights such fractional amounts shall not be issued; rather such fractional amounts shall be forfeited in favour of the Company.

In the case of other measures which have a comparable adjustment effect to those cases mentioned above, the strike price or subscription ratio can be adjusted by the Company in accordance with Sec 315 German Civil Code ("BGB").

**(ff) No assignment and expiry of subscription rights**

Except in cases of legal succession, subscription rights cannot be assigned, sold, pledged or encumbered in any other way.

All unexercised subscription rights are forfeit without reparation at the end of seven years after they have been issued. Where employment or service is terminated through death, invalidity, retirement, notice or otherwise, special rules can be provided in the conditions of issue regarding the expiry of subscription rights.

**(gg) Prohibition of quiet hedging**

Dispositions or legal transactions with third parties such as amount to the prior realization of the value of the subscription rights granted, either completely or partially, (so called *quiet hedging*) are prohibited. Where the above rules are contravened the subscription rights of the wronging holder of the rights will be forfeited without reparation.

**((hh) Other rulings**

The Management Board, or in the case where members of the Management Board are affected, the Supervisory Board, is authorized to lay down further details concerning the conditions of the Stock Option Plan 2009 and the issue of shares from conditional capital, in particular subscription conditions that apply to entitled persons. Such further details include rules relating to

the allocation of subscription rights among the entitled groups of persons, the exact strike price within the relevant period of time, rules relating to taxes and charges, the procedure for issuing rights to individual entitled persons and the exercise of subscription rights, rules relating to the expiry of subscription rights in cases of termination of employment or service and other rules of procedure.

**(ii) Capping threshold for members of the Management Board**

The Supervisory Board must set a reasonable capping threshold for the Management Board to cover for extraordinary and unforeseen developments (Sec 4.2.3 of the Corporate Governance Code).

**b) Conditional capital**

The capital stock of the Company will be conditionally increased by up to 1,350,000 euros through the issue of up to 1,350,000 no-par value bearer shares. The conditional capital is for the exclusive purpose of fulfilling subscription rights granted until 23rd June 2012 in accordance with lit. a) above in accordance with the authorization given today by the General Meeting. The conditional increase in capital shall only be performed to the extent by which holders of subscription rights granted to them exercise their right to subscribe to shares in the Company and the Company does not use own shares to fulfil such subscription rights. Shares will be issued from conditional capital at the strike price as the share issue price in accordance with lit. a) sublit (cc). The new shares shall be entitled to dividend from the start of the financial year in which they exist following the exercise of subscription rights.

**c) Change in the Company's Articles**

The following paragraph (5) will be added to No. 4 of the Articles:

*"The capital stock of the Company shall be conditionally increased by up to 1,350,000 euros through the issue of up to 1,350,000 no-par value bearer shares. The conditional increase in capital shall only be performed to the extent by which subscription rights were issued in accordance with the Stock Option Plan 2009 pursuant to the resolution of the General Meeting on 23rd June 2009, the holders of such subscription rights exercise their right to subscribe to shares in the Company and the Company does not use own shares to fulfil such subscription rights. The new no-par value shares shall be entitled to dividend from the start of the financial year in which they are issued."*

The Management Board has compiled a written report on the Stock Option Plan 2009. The contents of this Report will be made known in the form of an **annex** to this Invitation to the Annual General Meeting. The Report will be available for inspection at the Company's offices from the date of convening the Annual General Meeting and is also available in the Internet ([www.francotyp.com](http://www.francotyp.com)). On request every shareholder will receive a copy of this Report. The Report will also be available at the Annual General Meeting.

**10. Resolution on a change in the Articles to comply with the German Act for Implementation of the Guidelines for Shareholder Rights ("ARUG")**

On 5th November 2008 the Federal Government of Germany presented the draft Act for Implementation of the Guidelines for Shareholder Rights ("**ARUG**") Among others, the draft law contains new rules on the periods of time that apply when convening and notifying a General Meeting and for the assignment of proxy voting rights. At present it is planned to apply the ARUG rules to the General Meetings which are to be convened after 31st October 2009. In order to avoid conflicts between existing rules in the Company's Articles and the ARUG at an early stage, in this General Meeting a resolution is to be adopted to change those Articles currently in conflict with the rules planned in ARUG in preparation for its implementation. The proposed changes are already admissible under current law so that they can go take effect without having to take further consideration of ARUG when it comes into force.

**a) Resolution for a change in the Articles regarding participation in the General Meeting**

The Management Board and Supervisory Board propose the following resolution:

- (aa)** In Art. 20 (1) and (2) the word "seventh" shall be replaced with the word "sixth".
- (bb)** Art. 20 (3) of the Articles shall be deleted.
- (cc)** Art. 20 (4) of the Articles shall be inserted as paragraph (5) in Art. 22 of the Articles.

**b) Resolution for a change in the Articles regarding the exercise of voting rights**

The Management Board and Supervisory Board propose the following resolution:

- (aa)** Art. 22 (2) of the Articles shall read as follows:

"The voting right can be exercised by proxy. The issue of proxy rights, the revocation of proxy and the proof of proxy by the proxy holder required by the Company must be in writing. To the extent legally permitted, the Company can limit nomination and revocation of proxy, proof of proxy and instructions issued to the Company to a electronic method to be more closely defined."

- (bb)** The following paragraphs (3) and (4) shall be added to Art. 22 of the Articles:

"The Company can provide one or more proxy holders to exercise a shareholder's voting rights in accordance with his instructions. The issue of proxy rights, the revocation of proxy and the proof of proxy by the proxy holder required by the Company must be in writing. To the extent legally permitted, the Company can limit nomination and revocation of proxy, proof of proxy and instructions issued to the Company to a electronic method to be more closely defined."

"Shareholders will receive details on the form and time periods involved when issuing and revoking proxy rights, as well as on issuing instructions to the Company with the Invitation to the Annual General Meeting."

## REPORT BY MANAGEMENT BOARD ON ITEMS 8 AND 9 OF THE AGENDA

### Report by the Management Board in accordance with Sec. 71 (1) No. 8 sentence 5 in conjunction with Sec. 186 (4) sentence 2 German Stock Corporation Act ("AktG") regarding item 8 of the Agenda

The authorization granted by the General Meeting on 18th June 2008 to acquire own shares expires on 17th December 2009 and is to be renewed. The authorization granted by the General Meeting on 18th June 2008 to use own shares already acquired is still in force, but for practical reasons is to be revoked and replaced by the new authorization proposed to this year's General Meeting proposed under item 8 of the Agenda.

According to the authorization proposed to this year's General Meeting under item 8 of the Agenda, own shares can be acquired either via the stock exchange, or by way of a public purchase offer. Where in a public purchase offer the number of tenders exceeds the total number of shares the Company intends to purchase, shares can be acquired in ratio to the tenders made by excluding shareholders' tenders in order to simplify the acquisition procedure. Giving preference to lower numbers of shares up to 100 shares tendered per shareholder may also be used as a simplification procedure.

The authorization also provides the Company with the right to re-sell own shares acquired via the stock exchange or by way of a public offer made to all shareholders. Subject to approval by the Supervisory Board, the Management Board is also authorized to

- withdraw own shares without need for further resolution by the General Meeting.
- use and assign own shares as a means of counter-performance during the course of business combinations or as counter-performance when acquiring companies or participating rights. The authorization has the purpose of strengthening the Company in any competition to acquire attractive holdings, enabling it to act quickly, flexibly and without weakening the Company's liquidity position where opportunities arise to acquire companies or participating rights. Part of this involves the proposed exclusion of shareholders' subscription rights. The decision in each case whether to use own shares or shares from conditional capital shall be taken by the Management Board, whereby the latter shall act solely in the best interests of the shareholders and the Company. When making valuations, the Management Board must ensure that the shareholders' interests are adequately taken into account. In doing so the Management Board must take into account the price of the share as traded on the stock exchange; however, a direct linkage to the stock market price is not intended in order that price movements on the stock market cannot jeopardise the outcome of negotiations. At present, no concrete plans exist to apply this authorization.
- issue own shares subject to approval by the Supervisory Board in order to float the Company's shares on a foreign stock exchange where its shares had previously not been listed. This gives the Company the flexibility to allow its shares to be quoted secondarily on non-German stock exchanges as a means of improving capitalisation, where this is considered necessary. At present, no concrete plans exist to apply this authorization.
- Sell own shares against cash contributions to third parties, thereby excluding subscription rights, for example, to institutional investors or to gain a new circle of investors. Such sale is conditional on the selling price agreed (excluding ancillary charges) not being substantially lower than the price of the share (excluding ancillary charges) traded at the opening auction in XETRA trading (or a comparable successor system) of the Deutsche Börse AG in Frankfurt am Main on the day of the transaction. Orientating the selling price

to the price of the share traded on the stock exchange provides reasonable protection against dilution and safeguards shareholders' economic and voting interests. When setting the final selling price of such shares, Management will make every effort to keep any rebate in the selling price to a minimum - bearing in mind current market developments. In principle, shareholders are entitled to maintain the ratio of their participation in the Company by purchasing shares via the stock exchange, while the Company is given more room to manoeuvre in the interests of the shareholders so that it can exploit a favourable situation on the market quickly. At present, no concrete plans exist to apply this authorization.

- Offer own shares to individual members of the Management Board in lieu of cash compensation payable to the latter by the Company. The background to this authorization is a consideration by the Supervisory Board to pay part of remuneration payable or falling due to the Management Board using Company shares in lieu of cash. The advantage of such a system is not just to save the Company's liquidity reserves, but also to create a further incentive for the Management Board to increase the value of the Company by making a particular effort, thereby furthering the interests of the shareholders and the Company in promoting a sustained increase in its share price. Dilution in the value of existing shareholdings is counteracted insofar as the price used to determine the number of own shares to be transferred is not substantially lower than the traded share price (excluding ancillary charges) at the opening auction in electronic XETRA trading (or a comparable successor system) of the Deutsche Börse AG at Frankfurt am Main on the day on which the offer is made.

The Management Board will inform the next General Meeting about the extent to which this authorization has been used.

## **Written Report by the Management Board to the Annual General Meeting on the Stock Option Plan 2009, item 9 of the Agenda**

Item 9 provides for the creation of conditional capital and the possibility of issuing subscription rights to members of the Management Board of the Company, members of the general management of associated companies in the sense of Sec. 15 German Stock Corporation Act ("AktG"), (**associated companies** in connection the consolidated **FP Group**) and senior managers of the FP Group. (Stock Option Plan 2009)

Allowing general management and senior managers to participate in the economic risks and opportunities offered by the Company by granting them stock options is a major part of any internationally competitive system of compensation. The economic success of the Company rests not least on its ability to hire specialists and senior managers and to bind them to the Company over the long term.

At present the Company has no employee participation scheme. The proposed Stock Option Plan 2009 will enable the Company to create an attractive and competitive participation scheme with which to spur on the Management Board of the Company and senior managers within the FP Group to further the Company's development over the long term and to return the FP share price to its former high level.

The main points of the proposed resolution can be summarized as follows:

In addition to the Company's general management, i.e., the Management Board and general managers of associated companies, senior managers within the FP Group will also be entitled to subscription rights. Under the proposed allocation, a total of 1,350,000 subscription rights will be available, reflecting the goal to make available a reasonable number of subscription rights to the Management Board of the Company, as well as to the general management of associated companies and senior managers within the FP Group. Accordingly, the Management Board of the Company can receive up to 360,000 subscription rights, while the general management of associated companies and senior managers within the FP Group can receive the remaining 990,000 subscription rights. While the Management Board is responsible for allocating subscription rights to the general management of associated companies and senior managers within the FP Group, the Supervisory Board alone decides on the allocation of subscription rights to the Management Board.

Subscription rights should be allocated where possible in one package per participant. In order to service the claims arising from subscription rights it is proposed to use either shares from conditional capital or own shares, the latter having been acquired on the basis of a separately resolved authorization. Accordingly, when servicing the stock options the Company can also take into consideration changes in the share price and tax considerations when deciding on the most meaningful manner with which to service the stock options. Within the framework of the Stock Option Plan 2009 no more than a total of 1,350,000 subscription rights will be issued, so that where own shares are used the number of shares to be created from conditional capital will be correspondingly reduced.

In order to underpin the incentive to ensure that the Company's value increases over the long term in the interest of all shareholders, the proposal provides for vesting periods before initial exercise which exceed the statutory requirements, taken overall. A participant in the Plan can only exercise those subscription rights issued to him in three tranches. Each tranche covers one third of the total subscription rights issued to the subscription rights holder. The first tranche is first exercisable two years after issue, the second tranche after three years and the third tranche after four years. To safeguard shareholders' interest in a sustained increase in the value of the Company, rights can only be exercised when ambitious success targets

have been achieved during the vesting period. Where the success target is not achieved within the comparison period the relevant tranche is irreplaceably forfeited.

The administration proposes the following success target:

- For the first tranche, the target is deemed achieved when EBITDA as reported in the year-end consolidated financial statement before expiry of the first vesting period has increased by 10% compared to EBITDA reported in the consolidated financial statement for the financial year before the option was issued. Where EBITDA in one or both of the consolidated financial statements to be compared is reported adjusted for restructuring costs, EBITDA as adjusted for restructuring costs is deemed to apply with regard to determining whether the target has been achieved or not. Where the target for the first tranche has not been the first tranche shall be deemed forfeited.
- For the second tranche, the target is deemed achieved when EBITDA as reported in the year-end consolidated financial statement before expiry of the second vesting period has increased by 7.5% compared to EBITDA reported in the consolidated financial statement for the financial year before expiry of the first vesting period. Where EBITDA in one or both of the consolidated financial statements to be compared is reported adjusted for restructuring costs, EBITDA as adjusted for restructuring costs is deemed to apply with regard to determining whether the target has been achieved or not. Where the target for the second tranche has not been the second tranche shall be deemed forfeited.
- For the third tranche, the target is deemed achieved when EBITDA as reported in the year-end consolidated financial statement before expiry of the third vesting period has increased by 7.5% compared to EBITDA reported in the consolidated financial statement for the financial year before expiry of the second vesting period. Where EBITDA in one or both of the consolidated financial statements to be compared is reported adjusted for restructuring costs, EBITDA as adjusted for restructuring costs is deemed to apply with regard to determining whether the target has been achieved or not. Where the target for the third tranche has not been the third tranche shall be deemed forfeited.

When setting a success target directed at a permanent growth in profitability, particular attention was placed on removing any one-off effects from the calculation. This should prevent the success target from only being achieved or not when the Company takes into account in its financial statements circumstances over which the participants to the Plan have limited or no influence. Costs caused here do not result from the Company's normal operations and should be excluded from the calculation.

If the described conditions for exercising the options are reached and participants at the time of exercising the option still employed by the Company or an associated company within the FP Group or within its service, and not under notice, with the exception of specific lock-up periods, subscriptions rights can be exercised at any time up for up to three years after the third vesting period; accordingly, subscription rights have a total currency period of seven years after issue. The lock-up periods included in the resolution means that options cannot be exercised during certain periods when holders of subscriptions could typically have access to insider knowledge and therefore prohibited from exercising subscription rights under securities trading law. In addition, the Company's administration can introduce further lock-up periods in exceptionally justified circumstances. This could be necessary, for example, when certain legal requirements (for example securities trading rules) cannot otherwise be correctly adhered to.

In the case of members of the Management Board, the Supervisory Board must agree a reasonable capping threshold to cover extraordinary and unforeseen developments (Sec 4.2.3 of the Corporate Governance Code).

Finally, the resolution also provides for the Management Board, or in the case where members of the Management Board are affected, the Supervisory Board, to lay down further details concerning the issue of subscription rights and for servicing the shares. This includes rules for special cases where holders leave office or employment prematurely and other rules of procedure including the number of subscription rights to be issued.

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

Shareholders who have registered for the Annual General Meeting and who have provided the Company with confirmation of their shareholding are entitled to participate in the Annual General Meeting and to exercise their voting rights.

Confirmation of shareholding must be provided by one of the portfolio-managing institutes by means of a certificate of shareholding issued in text form, in English or German, which must apply as of the beginning of 2nd June 2009, 0:00 hours (CET, summer time).

Registration and confirmation of shareholdings must reach the Company in writing, by fax or by e-mail, in German or English, no later than the close of 16th June 2009, 24:00 hours (CET, summer time) sent to the following address:

Francotyp Postalia Holding AG  
c/o Computershare HV-Services AG,  
Hansastraße 15, 80686 Munich, Germany  
Fax: 0049 (0) 89 – 30 90 37-46 75  
E-mail: anmeldestelle@computershare.de

## **Exercise of voting rights by proxy or by proxy nominated by the Company**

Shareholders who do not wish to attend the Annual General Meeting in person can have their voting rights exercised by proxy, e.g. by a financial institution or a shareholders' association. In this case, a written declaration granting proxy is required from the shareholder.

Should shareholders wish to authorize a financial institution, shareholders' association or similar person as stipulated in Article 135 of the German Stock Corporation Act to exercise their voting rights, they will receive the appropriate forms together with the entrance ticket.

As a special service, the Company offers to nominate proxy holders before the Annual General Meeting to represent the shareholder's voting rights in accordance with the latter's instructions. Shareholders who wish to grant power of attorney to the proxy nominated by the Company require an entrance ticket to the Annual General Meeting. Power of attorney and instructions must be communicated in writing or by fax. You will receive appropriate forms together with the entrance ticket.

Completed forms granting power of attorney and including any instructions must be returned to the address below by the close of 19th June 2009 by 24:00 hours (CET, summer time).

Francotyp Postalia Holding AG  
c/o Computershare HV-Services AG,  
Hansastraße 15, 80686 Munich, Germany  
Fax: 0049 (0) 89 – 30 90 37-46 75  
E-mail: anmeldestelle@computershare.de

## **Motions and election proposals from the shareholders**

Motions, requests and election proposals from shareholders are to be directed to the Company in writing, by fax or by e-mail to the following address:

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

If confirmation of shareholding (see above) has still not been provided, it is to be provided together with the application; the need for confirmation in conjunction with registration for participation in the Annual General Meeting remains unaffected (see above).

We will publish motions to be made public from shareholders that reach us no later than the close of 9th June, 2009, 24:00 hours (CET, summer time) on the Internet at [www.francotyp.com/de/hauptversammlung.php](http://www.francotyp.com/de/hauptversammlung.php) as soon as possible. Any statements made by management are also published after this date on the aforementioned Internet address.

#### **TOTAL NUMBER OF SHARES AND VOTING RIGHTS AT THE DATE OF CONVENING THE ANNUAL GENERAL MEETING**

The Company's capital stock amounts to 14,700,000.-- euros and is divided into 14,700,000 no-par value shares. As of the date on which this Annual General Meeting was convened, the Company held 370,444 own shares. These shares carry no voting rights. Accordingly, the total number of shares with participating and voting rights of the Francotyp-Postalia Holding AG as of the date of convening this Annual General Meeting is 14,329,556.

#### **Information about the Annual General Meeting in the Internet**

Any further information about the Annual General Meeting and the results of the voting can be accessed on the Internet later at [www.francotyp.com/de/hauptversammlung.php](http://www.francotyp.com/de/hauptversammlung.php).

The Invitation to the Annual General Meeting was published in the electronic Federal Gazette on 15th May 2009.

Birkenwerder, May 2009

The Management Board