

**Francotyp-Postalia Holding AG**

**Management Address to the General Meeting held on**

**1st July 2010**

**in Berlin**

The spoken word is valid.

**in Berlin**

Closed until: 1st July 2010 – 13.00 CET

Dear Shareholders,

Dear Shareholder Representatives,

Ladies and Gentlemen!

On behalf of the Management Board and the employees of the Francotyp-Postalia Group, may I cordially welcome you to our General Meeting.

One year ago, I stood here reporting on an unsatisfactory business year and a tight liquidity position. Today, I have a better message: The earnings power and financial position of the FP Group is growing again, and our strategic realignment as a supplier of mail management services is being well received in the market.

This progress is remarkable, as the business environment in 2009 was not only difficult for the Francotyp-Postalia Group, the whole economy seemed to be holding its breath.

Over the next few minutes, my colleague on the Board, Andreas Drechsler, and I, will show you how Francotyp-Postalia has developed in this economic environment.

But let me start off by reporting on our earnings, financial and assets position, and thus the overall business development of the FP Group.

Ladies and Gentlemen,

At the last General Meeting, I explained to you that we saw considerable potential for further optimization in our cost structures. At the time, we were involved in intensive discussions with the representatives of the workforce and IG Metall at our site in Birkenwerder. We concluded these talks successfully at the end of July 2009, resulting in the Site Continuation Agreement, which runs for a period of 24 months. The main parameters of this Agreement were: agreement by the employees of the FP companies based in Birkenwerder to forego all Christmas and holiday pay, as well as the introduction of short-time working for a maximum period of two years.

The Company, for its part, agreed to guarantee jobs for 24 months - that is until July 2011. Additionally, non-unionized staff, including the members of the Management Board, agreed to take salary cuts of between 15% to 20%. Beyond this, the Supervisory Board agreed to a cut in its remuneration of around 33%. All in all, the saving potential resulting from the Agreement comes to around 9 million euros maximum.

In the months of August to December of the previous business year, we subsequently achieved savings of 2.5 million euros directly resulting from the Agreement.

So on behalf of the Management Board, I would like to thank all employees and the Supervisory Board for the sacrifices they have made.

Yet despite the Site Continuation Agreement, we still had to lose 80 jobs worldwide. As a result of all these measures, in 2009 we managed to reduce personnel expenses by around 12% to 48.4 million euros.

Looking at the Site Continuation Agreement, I would like to emphasize one thing: The Agreement gives us important breathing space and scope to act thanks to our improved liquidity position. But everyone in the FP Group is also aware that our real homework has yet to be done. When the Agreement expires, we cannot return to the status quo ante, nor do we intend to. We must continue to keep the future of the FP Group firmly in focus. That in turn will depend essentially on external economic conditions, which remain tough. Last week, we informed the Economic Committee, the Works Council and the trade union of those FP companies based at Birkenwerder about a concept that will ensure the long-term survival of this production site, and we are now beginning talks. Their objective must be to position the FP Group so that we can operate profitably on a sustainable basis, and that means creating a location that is capable of competing.

Ladies and Gentlemen,

In 2009, the FP Group improved its financial position and strengthened its earnings power. Although sales were down due to the economic situation, earnings before interest, taxes, depreciation and amortization increased by 13.2% to 20.6 million euros. When adjusted for restructuring costs, this figure came to 22.0 million euros, which means that we achieved our forecast.

Compared to the previous year, however, sales were down by 13.4 million euros to 129.0 million euros. This means that we did not reach our targets. But compared to other engineering-based companies, our business model continues to prove itself. Around three-quarters of our sales are generated by recurring business. This originates from rentals, the sale of consumables, service fees, teleporto and our proprietary software solutions, as well as our mail consolidation service.

Although machine sales were down in 2009 by around 27% to 33.2 million euros, earnings from recurring business remained stable, almost reaching last year's level and closing at 95.5 million

euros, compared to 96.6 million euros in the previous year. The continuity of these recurring sales shows very clearly the strength of our business model.

Let me now draw your attention to three other positions in our overall results:

Material expenses fell from 43.3 million euros to 32.5 million euros in the last business year, due in part to the decline in sales. On the other hand, we recorded lower turnover in inventories and fewer capitalized items from services rendered on own account. This is due to our cautious investment policy and our targeted reduction of inventories.

Another important position in our overall results is transaction-related amortization.

This item has arisen from the revaluation of assets held by the FP Group when formed in 2005, as well as from the sales of freesort GmbH and iab GmbH in 2006. At that time, customer lists, and thus the worldwide customer relations of our Company, were capitalized as assets. These assets are amortized regularly year-on-year, with amortization diminishing in the coming years. Transaction-related amortization will fall to around 3 million euros in 2011.

In addition to these regular items of amortization and depreciation, in 2009 an extraordinary adjustment was made on goodwill for freesort GmbH amounting to 12.5 million euros. All our holdings were tested for impairment during the audit - the so-called impairment test - which revealed that business expansion evolved more slowly than previously assumed. This correction is due to the general economic situation and to developments at freesort, and led us to revise previous figures, with the accompanying need to adjust goodwill.

So was the acquisition of freesort a mistake? Well, thanks to the acquisition of freesort, we have been able to develop strongly in the consolidation services market.

Consolidation services – that is, the collection and processing of business mail – is an important part of the portfolio of a full supplier of mail management services. That applies even if the original expectations for this business segment failed to materialize.

One effect of this non-recurring adjustment was that it prevented gains made in operative earnings in 2009 from boosting net income. Compared to 2008, consolidated net loss increased by around 15% to minus 16.6 million. This had an effect on equity, as can be seen in the consolidated balance sheet.

While the FP Group had an equity position of around 31 million euros at the end of 2008, this fell in the last reporting business year to 15.3 million euros: consequently, our equity ratio now stands at 11.4%.

This is not a comfortable situation to be in, and it means that we must pay close attention here.

In view of this, we trust you will understand that we cannot propose a dividend for the last business year. But rest assured: all the measures taken in 2009, and those we will take in 2010, will put the Company back in a position where it can pay dividends and offer an attractive dividend to you as its owners.

A further look at our balance sheet shows that in 2009 our financial liabilities greatly reduced – as a result of our strict repayment of loan liabilities. While at the end of 2008 our balance sheet reported net debt at 51.8 million euros, this fell to 41.1 million euros by the end of 2009. That corresponds to a reduction of around 21%.

As a result, we are now in a stronger position to enter the forthcoming round of negotiations with banks on the loan agreement, due to expire at the end of 2011. We are well aware that the current improvement in our financial situation must be followed up in a sustained fashion – and we are working on that.

The progress we have achieved in strengthening our financial power is proved by the marked improvement in working capital. Net working capital, calculated from the sum of inventories plus trade receivables less trade liabilities fell in 2009 to 20.1 million euros, compared to 27.3 million euros in the previous year. That means that at the end of 2009 around 25% less capital was bound up in our operative business compared to the previous year – capital that we have been able to use for other purposes. This success is mainly due to that fact that we have persistently reduced our inventories and optimized our supply chain and trade receivables management.

This in turn has led to a considerable increase in cash and cash equivalents, up by around 35% to 29.6 million euros. As far as this is concerned the FP Group's financial power has visibly increased!

That takes us on to another important point - cash flow.

Ladies and Gentlemen,

If you take a look at our cash flow picture from our current business activities you will see that we are well positioned at 17.5 million euros. Unlike financial year 2008, however, we have adopted a highly focussed strategy regarding investment, with just 7.7 million euros in cash flow directed at investment activity. The bottom line is that in 2009 the FP Group generated positive free cash flow of nearly 10 million euros; in 2008 this figure was only 3.5 million euros. Positive free cash flow means that we have greater scope to act.

We intend to use this scope in 2010 to start up some new projects, and thus carefully expand our investment activity. Because investment in the future is the only way in which to ensure that the Company can develop positively and sustainably.

To this end, we intend to launch a new franking machine line in the market by the end of next year. Development of this new generation of franking machines represents the transition phase from machine with software to software with machine.

We have received a commitment of support from the State of Brandenburg for this innovative project worth around 2.4 million euros.

Apart from that, at the end of 2009 we set up a new company, FP InovoLabs GmbH. The purpose of this company is development, consulting and online services.

We also made another important investment in the Swedish market. In March of this year, our subsidiary company FP Sverige AB took over the franking machine business of Ricoh in Sweden. As a result of this transaction, the FP Group now has a direct installed base of around 10,000 machines in Sweden, corresponding to a market share of around 20%. We were able to finance this investment directly from own funds, thanks to our strict cash management. The acquisition opens up new market opportunities in Scandinavia, about which my colleague Mr Drechsler will say a few words later.

Ladies and Gentlemen,

In contrast to the General Meeting 2009, today I can present the FP Group in a positive light. But before I move on to say a few words about today's Agenda, I would like to close this section with some concluding remarks about the first three months of the current business year. Then I would like to inform you about the current state of litigation with our former member of the Management Board.

In the 1st quarter of 2010 we were still feeling the effects of the difficult global economic situation. Sales for the FP Group were down by 1.8% compared to the same quarter of the year before. This is mainly due to the poorer state of business in the USA. However, we see a clearly positive trend regarding our German subsidiaries, where sales were up by 7.2%.

And this, despite the fact that our installed base in the 1st quarter – that is the number of machines actually in operation in the market – declined. In fact, this fall in numbers is mainly due to adjustments to our figures. We receive details about the installed base from the relevant postal authorities. From time to time, these bodies check their figures and adjust them, taking

account of those machines registered but definitely no longer in use – mainly mechanical machines. In other words, the decline in our installed base is a statistical effect which does not reflect business operations in 2010.

Despite the slight downturn in sales, EBITDA continued to develop pleasingly, increasing by 34% to 7.1 million euros. The FP Group's earnings power has thus increased, as has its financial power. Free cash flow in the first quarter came to 5.0 million euros, nearly double by comparison. Equity, too, increased from 15.3 million at the end of 2009 to 16.1 million euros in this period. However, we cannot be satisfied with the equity ratio which stood at 11.1%.

So despite the increase in earnings and financial power, we are still facing challenges which we must keep focussed on. Let me just pick out two of them:

1. While the number of new orders rose in the 1st quarter of 2010 so that we were able to provisionally set aside short time working, our customers are still being very cautious in their investment behaviour.
2. Not least through our rigid efforts to save, our liquidity position has reached a remarkable level. However, our policy of careful further investment will dampen this effect in the coming quarters.

Ladies and Gentlemen,

The year 2009 started with an event which we discussed in detail at our last General Meeting: separation from the former chairman of the Management Board, Dr. Heinz-Dieter Sluma. In this connection, the General Meeting of the Company resolved on 23rd June 2009 to pass a vote of no confidence in Dr. Sluma.

As reported at the last General Meeting, Dr. Sluma is legally fighting the annulment of his appointment to the Management Board and the termination of his service contract. Additionally, on 20th July 2009, and as a shareholder in the Company, he entered a writ contesting the validity of the resolution passed by the General Meeting to enter a vote of no confidence.

Legal proceedings have not been concluded and will continue with a court hearing set for September 2010. However, the Company has good reason to believe that it can successfully defend itself against the action regarding the main points involved. We assume this because in a Court Order entered on 14th April 2010 the Court pointed out that Dr. Sluma had been effectively suspended from duty by the Supervisory Board in February 2009 and that his contract of service had been terminated. In consequence, a vote of no confidence cannot be

entered against a member of the Management Board when that person has already been suspended from duty.

We shall keep you informed of further developments through our website.

Ladies and Gentlemen,

Before I turn the Meeting over to my colleague, Andreas Drechsler, I would like to explain Agenda items 6, 7 and 8.

Let me turn first to Agenda item 6 – resolution authorizing the Company to acquire and use own shares:

In this connection, I would like to draw your attention especially to the following: Francotyp-Postalia Holding AG currently holds 370,444 own shares which we acquired in 2008 as part of a share buy-back action. We now wish to use these shares to service the stock option plan proposed under Agenda item 8. In order to make use of this possibility, the Company must be authorized to acquire and dispose of own shares. Let me add that the use of own shares in such a program is in your best interest, as this avoids or reduces dilution of your own shareholding.

Item 6 additionally authorizes the Management Board, subject to approval by the Supervisory Board:

- to withdraw own shares without a further resolution by the General Meeting,
- to offer or assign own shares as a consideration for an acquisition,
- to issue own shares, subject to approval by the Supervisory Board, in order to introduce the shares of our Company to a foreign stock exchange,
- to dispose of own shares to third parties against cash payment, thereby excluding subscription rights, for example to win new investors,
- to offer own shares to individual members of the Management Board in place of cash payments due from the Company.

In other words, this item is a treasury resolution. We want to be in a position to face all eventualities as we continue to develop the FP Group as a provider of mail management services, and to be able to grasp opportunities as they arise.

Agenda item 7 relates to the resolution to approve a system of share-based compensation for members of the Management Board.

We want to further develop the Company's compensation system in close consultation with the Supervisory Board, and in compliance with the requirements of the German Corporate Governance Code. Article 4.2.3 of the Code states that monetary payment can be made up of fixed and variable components. Expressly referred to in this connection are variable compensation elements based on share or performance based figures. At present, our compensation only takes into account performance based elements. We wish to expand this, given your approval, to include share-based compensation elements.

Finally, let me turn to Agenda item 8, the resolution to authorize the Company to grant subscription rights.

These days, permitting senior management to participate in the economic risks and opportunities of a company by granting stock options is a major part of any internationally competitive compensation system. The economic success of the FP Group depends on our ability to acquire senior and specialist managers and to bind them to the Company over the long term. In this connection, the German Corporate Governance Code specifically recommends stock option programs as a variable part of the compensation system. At present, Francotyp-Postalia does not make use of a stock option program. With the proposed stock option plan 2010 we want to create an attractive and competitive program through which senior management and the Management Board can participate.

Ladies and Gentlemen,

On behalf of Francotyp-Postalia, may I ask you to vote in favour of the resolutions in the Agenda items mentioned. Thank you for your kind attention and now I would like to hand over to my colleague, Mr Drechsler.

Good day to you all from me, too, ladies and gentlemen!

In the many discussions that I have with customers, business associates, but also with you, the shareholders, two key questions are nearly always at the forefront:

1. How will the mail market develop?

and

2. How is Francotyp-Postalia positioning itself in a changing market environment?

These questions are really directed at the future of business mail: will business mail survive, and if yes, how will the volume of business mail sent change?

Put simply one sentence my answer is: Business mail is here to stay! For many years now, the worldwide volume of mail sent has been at around 350 to 400 billion letters - and this is only business mail. Changes in volume are primarily due to changes in the business cycle. In times of economic downturn, less business mail is sent than when the economy is booming. What we are not seeing to date is any massive suppression of business mail through email. Rather, email appears to be adding to the level of communication among businesses.

Looking more closely, ladies and gentlemen, we must ask, what is specific about the letter? When we post a letter we trust that it will reach its destination safely, unread by others, and will arrive within the expected timeframe. Regarding security – and by that I also mean having a legally binding status - that is still not the case with emails.

Presently, the European Union has initiated a project that will simplify communication between citizens and public authorities. In Germany, the so-called De-Mail Project is about to be introduced as a secure form of email. However, this project is still in its infancy, and even the German Federal Government in its draft legislation does not believe that this will change the volume of correspondence between citizens and authorities, only the path of communication. We shall be watching this trend very closely! Later I will say a few words about how our software solutions, our so-called hybrid mail products, or our products for digital mail processing, have already anticipated this trend.

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A second important aspect is the increasing liberalization of markets. Old monopolistic structures are beginning to dissolve. What does this mean with regard to the market and the volume of mail?

In the German mail market, we are observing a change in the distribution of volume. Letters that were once solely sent by the Deutsche Post are now being sent by alternative mail carriers. But here too, the actual volume of mail remains generally stable.

Finally, I would like to mention growing globalisation and industrialization as a third major aspect of the discussion. Due to the increasing networking of companies and the industrialization of emerging markets, new markets and potential are being created.

A brief comparison makes this clear: in the USA nearly 700 letters are sent per person per year. In India, on the other hand, this figure is just 5 per year. Irrespective whether India will ever reach the same per capital letter volume as the USA, the example shows that a further increase in the volume of mail can be expected. This development is starting to speed up at the moment, as countries like India are reorganizing their mail markets and making them more professional.

Let me join the dots for you: At present, we do not believe that the letter is about to disappear from business life. We also do not believe that the annual worldwide volume of mail is going to decline seriously right now. Naturally, we are keeping a close watch on developments.

So does everything remains just as it was? No. We are experiencing major changes in the way customers are processing business mail – and that relates in particular to the method of franking.

Based on the USA as the world's biggest mail market, three main trends can be identified:

1. Companies with high volumes of mail daily – i.e. over 2,000 letters per day – are changing from franking machines to alternative mail solutions, such as the use of software for digital mail processing.
2. To deal with the remaining smaller volume of mail which cannot be processed digitally, companies are turning increasingly to small to medium-sized franking machines.
3. The efficiency of mail processing processes is being enhanced through value added services, resulting in growing demand for services in the wider mail processing context.

We must react to these trends as a company offering innovative products and solutions – which leads me to the second question: how is Francotyp-Postalia positioning itself in this changing market environment?

In its 85-year history, the FP group has evolved from a manufacturer of franking machines to an all-round supplier of mail management solutions.

That means that today we have something for every type of customer - from small tradesmen to the big multinational – tailored solutions for mail processing. Our product range covers both software solutions and our classic franking machines. Our software product FP businessmail enables customers to outsource their whole mail processing. The customer sends the letter by mouse click via the IT system to our printing center, and from there on the FP Group takes over all the remaining stages of processing. This includes printing out, franking, folding and inserting, followed by transferral to a delivery agent. As the letter is sent digital directly from the workplace, processing and transport costs are eliminated or reduced for the customer, not to mention such expenses as paper, envelopes and the cost of printing.

In our franking and inserting machine business, we concentrate on the development and production of franking machines. Our product range includes machines for small to medium-sized mail volumes – that is up to 2,000 letters per day. Through our after-sales, we supply everything needed by the mail center, from colour cartridges to advertising imprints.

In our services segment we offer customers the consolidation of their business mail, providing definite added value. What this means is: The FP Group collects the mail directly from the customer, sorts the letters by postcode and transfers them to a mail center of the Deutsche Post or to an alternative mail delivery agent. Using this solution, companies can increase the efficiency of their outbound mail process and save on postal charges, too. The customer either gains from a consolidation rebate, or can use the cheap rates offered by alternative delivery agents.

Our broad product portfolio is fit for the future, and means that we can offer our customers tailored solutions that exactly meet their special requirements.

Based on this innovative product mix, combined with the expectations previously mentioned for the mail market, the FP Group is following a strategy founded on four assumptions:

1. We have a stable market and customer base which we can serve fully with our products.

2. Our products are based on a mature technology and are competitive for future growth markets. That means we can enter new markets.
3. New mail management services are rounding off our classic product portfolio, and combine continuity and success for the Company in a changing market.
4. Our new mail management services have the potential to enter and penetrate new markets.

Bearing this in mind, we have developed a four-pronged strategic approach:

1. Further organic growth in our traditional markets.
2. Growth in the Emerging Markets.
3. Expansion of software solutions for all markets.
4. Rounding off our existing portfolio with additional mail management services.

Ladies and Gentlemen,

As you can see, the FP Group has the potential for the years to come and intends to exploit it in full.

Bearing in mind that we are currently still limited in terms of funding, turning this strategy into reality means we must be efficient in how we use our resources. In this area, too, we have made advances in 2009.

We have divided up our German sales and distribution network into four regions - North, South, East and West - each with its own general sales manager. Each sales region has its own expert covering our software solutions, the hybrid solutions mentioned earlier and our software-based mail management services. Our sales representatives on the road are further pushing our 9 sorting centers in Germany, selling our consolidation services for outbound mail.

In other words, we have set up a matrix organization which will promote and drive forward synergies and cross-selling potential within the FP Group. As a result, our Company in Germany is the only full supplier of services and products for mail management solutions.

In the USA, we have made changes to our sales and distribution organization over the last few months, adjusting it to the local market situation. Now we are in the market with two senior managers responsible for the areas East and West respectively, managing our regional dealerships and key accounts with the help of five regional managers.

As a result, we now have a sales and distribution structure that guarantees tight controls and short reaction times. This structure plays a vital role in ensuring that we meet the needs of our customers. We intend to bolster its strength in 2010 and expand it further.

Ladies and gentlemen, the first signs of concrete success have already been seen in the last business year. In 2009, we not only maintained our market position, but despite the difficult economic situation we even managed to strengthen it. Apart from that, we have also made strategic decisions and started projects which are showing positive effects since the beginning of 2010.

We are market leader in our traditional markets, holding around 44% in Germany and around 45% in Austria. In the USA, we have around 5% share of the market, and are continuing to win new market shares. In the United Kingdom the situation is equally positive, and over the last four years we have been able to increase our share by around 23%, and now hold an overall market share of around 9%.

Scandinavia, on the other hand, is one of the markets where we have been less fortunate over the last few years. We hope to break this trend through the acquisition of Ricoh's franking machine business, and by building up our own direct sales and distribution network. For example, Sweden is currently proving an attractive environment for our growth strategy. What that means is that the Swedish postal authority is currently withdrawing the older generation of franking machines from the market and allowing them to be replaced by technologically newer and more precise machines. With our new sales organization in Sweden that means we have created good conditions with which to gain a share of the expected business, and thus expand our market position, making good the weaker development of the last few years.

Let me summarize a few of the current highlights of our new projects:

1. In January this year, our ultimail franking machine was officially authorized for the Indian market. This authorization is an important step towards expanding our business and positioning ourselves in the growing Emerging Markets.
2. Also in January this year, we introduced webpost – a tailored software solution for customers with small mail volumes – into the United Kingdom. Currently, we are preparing the market introduction of webpost in Belgium, Italy and India. At the end of this year we will follow up with the USA. That means that in line with planning, our software solutions will be present worldwide on all the most important mail markets.

3. Finally, in April this year we introduced our software product mailOne™, a new service for franking machines, into the USA. This software provides a range of added value services in connection with franking machines, for example the capability to follow-up outbound mail.

Ladies and Gentlemen,

The FP Group is on the right road. And that is shown by our share price too:

The FP Group has recovered from its lowest level of 51 Cents in April 2009 to a level of 2.68 euros yesterday. Naturally we are not satisfied with this. But the upward trend of our share proves that the measures we have introduced on the cost and sales side are also having an effect with regard to the capital markets.

In 2010, we intend to continue with this rigorously, driving forward the strategy we have adopted. The successes mentioned, and the introduction of new products in attractive markets, show that our Company is continuing to grow into an internationally active provider of mail management products and services.

Provided the world economy stabilizes, we believe that our traditional business will grow organically in 2010. With our new business segments - software solutions and mail management services - we also see good prospects for growth.

Based on this assessment, in 2010 we expect sales to reach between 130 to 135 million euros, with an EBITDA of between 22 and 24 million euros. That means that both sales and net income are expected to increase in 2010 compared to 2009.

Ladies and Gentlemen,

Let me conclude by returning to those first questions on how the mail market will develop and our market position. Perhaps I can summarize as follows:

- The mail market is changing. But business letters will remain an important means of communication. We shall continue to profit from this.
- With our strategy, we can provide customers with tailored solutions that meet their individual requirements. That means that we can position ourselves on the market for the short, medium and long term.

- We have a high level of technological know-how and many years of profound market experience. That means we can anticipate changes in the mail market and put them to our advantage.
- With our current range of software based products we will continue to participate in the development of digital mail communication.
- Having a global presence in all the main markets and good positioning in the Emerging Markets opens up new potential for growth for us

With that, ladies and gentlemen, I would like to close. Thank you for your attention, and I look forward to some lively exchanges with you.