



**SINGULUS TECHNOLOGIES**  
**Aktiengesellschaft**  
**Kahl/Main**  
**- Securities Identification Code 723 890 / ISIN DE 0007238909 -**

**Notice of Annual General Meeting**

We invite our shareholders to attend the

**Annual General Meeting**

**on Monday, 30 May 2005**

**at 10:30 am**

at the offices of Deutsche Bank AG

(Hermann-Josef-Abs-Saal),

Junghofstraße 11,

Frankfurt am Main.

## **Agenda**

- 1. Presentation of the adopted annual financial statements of SINGULUS TECHNOLOGIES Aktiengesellschaft and the approved consolidated financial statements for the year ending 31 December 2004 prepared in accordance with International Financial Reporting Standards (IFRS), presentation of a summary of the management report for SINGULUS TECHNOLOGIES Aktiengesellschaft and for the group, presentation of the proposed motion for the appropriation of net income, and presentation of the Supervisory Board's report for the 2004 financial year**

The above documents may be inspected at the company's head offices at Hanauer Landstrasse 103, D-63796 Kahl/Main and are available over the Internet at [www.singulus.de](http://www.singulus.de) (under Investor Relations / Company Reports) as part of the 2004 Annual Report of SINGULUS TECHNOLOGIES AG and the SINGULUS Group. Copies of these documents will be sent to shareholders upon request.

In the course of adopting the annual financial statements, the Executive Board and the Supervisory Board resolved to transfer half of the net income for the year, namely EUR 11,157,790.72 to "retained earnings" in accordance with § 16.3 of the company's Articles of Association. The company's balance sheet for the year ending 31 December 2004 was approved by the Executive Board and the Supervisory Board and audited by Ernst & Young AG Wirtschaftsprüfungsgesellschaft. The auditors issued an unqualified auditor's opinion in respect of the balance sheet.

- 2. Resolution concerning the appropriation of net income**

The Executive Board and the Supervisory Board propose that after transferring half of the net income to retained earnings, the other half of net income for the 2004 financial year (EUR 11,157,790.72) should be transferred to "retained earnings".

- 3. Approval of the Executive Board's actions for the 2004 financial year**

The Executive Board and the Supervisory Board propose that the actions of Executive Board members who were in office during the 2004 financial year, including any members who left the Board during the year, be formally approved for such period.

#### **4. Approval of the Supervisory Board's actions for the 2004 financial year**

The Executive Board and the Supervisory Board propose that the actions of Supervisory Board members for the 2004 financial year be formally approved.

#### **5. Appointment of the auditor for the 2005 financial year**

The Supervisory Board proposes that Ernst & Young AG Wirtschaftsprüfungsgesellschaft be appointed as the auditor for the 2005 financial year.

#### **6. Resolution to revoke the existing authorisation and to grant a new authorisation to acquire own shares**

At the Annual General Meeting on 13 May 2004, the shareholders authorised the company for the period until 13 November 2005 to acquire up to 3,706,431 of its own bearer shares in accordance with § 71 (1) no. 8 of the German Stock Corporation Act (*Aktiengesetz – AktG*). By 28 February 2005, a total of 1,888,819 own bearer shares, each with a par value of EUR 1, had been acquired for the purpose of redemption and retirement. This number of shares represents around 5.1 % of the capital stock existing at the time the authorisation was granted. An additional buy-back programme of up to 1,817,612 shares was initiated on 1 April and will continue until 27 May 2005. The shares redeemed before 28 February 2005 have been cancelled. As a result, the capital stock decreased by EUR 1,888,819, from EUR 37,180,806 to EUR 35,291,987. The authorisation granted at the Annual General Meeting on 13 May 2004 will therefore be wholly or largely exhausted by the time this year's Annual General Meeting is held, and should therefore be renewed for this year. This will give the company the flexibility to implement a further share buy-back. The following motion governs the terms of the share buy-back and the company's use of the reacquired shares.

The Executive Board and the Supervisory Board propose the following resolution:

- a) That the existing authorisation to acquire own shares, which was granted at the Annual General Meeting on 13 May 2004 and exercisable until 13 November 2005, be revoked to the extent that it has not been exercised once the following authorisation enters into force.

- b) That in accordance with § 71 (1) no. 8 AktG, the company be authorised until 30 November 2006 to acquire own shares notionally representing up to EUR 3,529,198 of the capital stock. The acquired shares together with other own shares in the company's possession or attributable to the company under §§ 71 a *et seq.* AktG may at no time exceed 10 % of the capital stock. This authorisation may not be used for the purpose of trading in own shares.

This authorisation may be exercised in whole or in part (and in the latter case on more than one occasion) by the company, but also by controlled or majority-owned subsidiaries of the company, or it may be exercised by third parties for the company's account or for the account of its majority-owned subsidiaries.

- c) That the own shares be acquired on the stock exchange or by means of a public offer addressed to all of the company's shareholders.

If the shares are acquired on the stock exchange, then the consideration paid by the company for each share (not including transaction costs) may not deviate by more than 5 % from the price determined by the opening auction in Xetra (or a functionally equivalent successor system) on the date of purchase on the Frankfurt Stock Exchange.

If the shares are acquired by way of a public offer to all of the company's shareholders, the offer price per share (not including transaction costs) may not deviate by more than 20 % from the closing auction price in Xetra trading (or a functionally equivalent successor system) on the Frankfurt Stock Exchange three trading days prior to the date upon which the offer is announced. The company reserves the right to prioritise the acquisition of smaller shareholdings of up to 100 company shares per shareholder.

The provisions of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz – WpÜG*) shall be complied with if and to the extent that they apply.

- d) That the Executive Board be authorised, subject to the Supervisory Board's consent, to redeem and retire the own shares purchased on the basis of this authorisation without such redemption requiring a further shareholders' resolution. The reacquired shares may not be used for any other purpose.

**7. Resolution to revoke the existing authorisation to issue bonds with warrants ("warrant-linked bonds") and/or convertible bonds, to cancel contingent capital III, to grant a new authorisation to issue warrant-linked bonds and/or convertible bonds and to create contingent capital IV, and to amend the Articles of Association accordingly**

In accordance with a resolution adopted at the Annual General Meeting on 13 May 2004 under item 7, the Executive Board was authorised to issue, subject to the Supervisory Board's consent and the specific bond terms, interest-bearing bearer warrant-linked bonds and/or convertible bonds on one or more occasions on or before 13 May 2009 up to a total nominal value of EUR 300,000,000 with a maximum term of 20 years, and to grant the holders of the bonds a warrant or a conversion right (as the case may be) in respect of bearer shares in the company, which may notionally represent a maximum of EUR 15,617,364 of the capital stock. Since the last Annual General Meeting, 1,888,819 shares have been redeemed and the capital stock has decreased by 1,888,819. The law provides that the nominal amount of any contingent capital may not exceed half of the capital stock existing at the time of adopting the resolution to conditionally increase the capital. This restriction is intended to prevent the excessive issue of instruments that are convertible to shares. The bonds may be converted to shares without the consent of the shareholders and may dilute the value of the shares held by existing shareholders. In order to avoid excessive dilution of share value, the existing authorisation, which was granted on the basis of a higher amount of capital stock, and the associated contingent capital IV are to be adjusted in line with the reduced amount of capital stock.

To ensure that the warrant-linked bonds and/or convertible bonds can be issued for financing purposes to institutional investors who are not shareholders of the company on terms that are attractive for the company, the Executive Board should be authorised under certain circumstances, contrary to the previous authorisation and subject to the consent of the Supervisory Board, to exclude the rights of shareholders to subscribe for shares issued from the contingent capital. The contingent capital is intended to be used to satisfy conversion rights and warrants that are created as a result of this authorisation.

The Executive Board and the Supervisory Board propose the following resolution:

- a) That the Executive Board be authorised, subject to the Supervisory Board's consent and the specific bond terms, to issue interest-bearing bearer warrant-linked bonds and/or convertible bonds on one or more occasions on or before 30 May 2010 up to a total nominal value of EUR 250,000,000 with a maximum term of 20 years, and to grant the holders of such bonds a warrant or a conversion right (as the case may be) in respect of bearer shares in SINGULUS TECHNOLOGIES

Aktiengesellschaft (each with a par value of EUR 1), which may notionally represent a maximum of EUR 13,000,000 of the capital stock. Warrant-linked bonds and/or convertible bonds may also be issued against non-cash contributions.

Any wholly-owned direct or indirect subsidiary of SINGULUS TECHNOLOGIES Aktiengesellschaft may also issue the warrant-linked bonds and/or convertible bonds. In such a case, the Executive Board will be authorised, subject to the Supervisory Board's consent, to provide on behalf of the company a guarantee for the warrant-linked bonds and/or convertible bonds and to grant the holders of the bonds warrants or conversion rights (as the case may be) in respect of bearer shares in SINGULUS TECHNOLOGIES Aktiengesellschaft, with each share having a par value of EUR 1.

#### **Subscription rights, exclusion of subscription rights**

Shareholders are generally entitled to subscription rights. Statutory subscription rights may also be granted to shareholders indirectly, whereby a credit institution or a syndicate of credit institutions purchases warrant-linked bonds and/or convertible bonds subject to an obligation to offer such bonds to shareholders for subscription (indirect subscription right). If warrant-linked bonds and/or convertible bonds are issued by a wholly-owned direct or indirect subsidiary, the company must ensure that shareholders of SINGULUS TECHNOLOGIES Aktiengesellschaft receive statutory subscription rights in accordance with the above sentence.

The Executive Board is, however, authorised, subject to the Supervisory Board's consent, to exclude shareholders' rights to subscribe for warrant-linked bonds and/or convertible bonds:

- in the case of fractional amounts that arise as a result of the subscription ratio;
- to the extent necessary to be able to grant holders of previously issued warrants or conversion rights a subscription right equivalent to the right they would have as a shareholder after exercising their warrants or conversion rights;
- if they are issued against cash contributions and the issue price does not fall significantly short of the theoretical market value of the warrant-linked bonds and/or convertible bonds as calculated in accordance with recognised financial mathematics principles. In order to calculate the market value, an expert's

opinion shall be obtained from an experienced investment bank or auditing firm that is not involved in the issue of the relevant warrant-linked bonds and/or convertible bonds. However, this authorisation to exclude subscription rights applies only to warrant-linked bonds and/or convertible bonds carrying rights to shares that notionally represent a total of no more than 10 % of the capital stock either at the time that this authorisation enters into effect or at the time the authorisation is exercised. The sale of own shares shall count towards this 10% threshold if they are sold during the term of this authorisation and subscription rights are excluded in accordance with § 186 (3) sentence 4 AktG. Furthermore, shares that are issued from authorised capital during the term of this authorisation with subscription rights excluded in accordance with § 186 (3) sentence 4 AktG shall also count towards this threshold;

- if they are issued against non-cash contributions, provided that the value of the non-cash contribution is reasonably proportionate to the market value of the warrant-linked bonds and/or convertible bonds as determined in accordance with the above paragraph.

### **Warrants**

Where warrant-linked bonds are issued, each bond will carry one or more warrants, which will entitle the holder, subject to the warrant terms to be stipulated by the Executive Board, to subscribe for bearer shares of SINGULUS TECHNOLOGIES Aktiengesellschaft, with each share having a par value of EUR 1. The warrant terms may also allow the warrant premium to be rendered by transferring bonds and, if necessary, an additional cash payment. In such a case, the *pro rata* share of capital stock attributable to the shares to be subscribed per bond must not exceed the par value of the bonds. If fractional shares result, the company reserves the right to aggregate these fractional shares in accordance with the warrant or bond terms in order to create whole shares for subscription, and if applicable charge an additional cash payment. The maximum term of warrants is 20 years.

### **Conversion rights**

Where convertible bonds are issued, the holders of such bonds shall receive the indefeasible right to convert their bonds to bearer shares of SINGULUS TECHNOLOGIES Aktiengesellschaft (each having a par value of EUR 1) in accordance with the bond terms as stipulated by the Executive Board. The conversion ratio will be calculated by dividing the par value of the bond or the

issue price for the bond, whichever is less, by the fixed conversion price for one share in the company, and may be rounded up or down to a whole number. Furthermore, the company reserves the right to stipulate an additional cash payment or to aggregate or compensate for fractional amounts that cannot be converted into whole shares. The bond terms may stipulate a variable conversion ratio and provide that the conversion price shall be fixed within a prescribed range depending on movements in the price of SINGULUS TECHNOLOGIES Aktiengesellschaft shares during the bond term.

### **Warrant/conversion premium**

The yet-to-be fixed warrant or conversion premium for one share must, even if the exchange ratio or conversion/warrant premium is variable, amount to at least 80 % of the non-weighted average closing price of SINGULUS TECHNOLOGIES Aktiengesellschaft shares in Xetra trading (or a functionally equivalent successor system) on the Frankfurt Stock Exchange over the ten trading days immediately preceding the date of the Executive Board's resolution concerning the issue of warrant-linked bonds or convertible bonds, or, where subscription rights are issued, at least 80 % of the non-weighted average market price of SINGULUS TECHNOLOGIES Aktiengesellschaft shares in Xetra trading (or a functionally equivalent successor system) on the Frankfurt Stock Exchange on those days upon which rights to subscribe for the warrant-linked bonds or convertible bonds are traded on the Frankfurt Stock Exchange, with the exception of the last two days of subscription rights trading. The foregoing does not affect the application of § 9 (1) AktG.

Notwithstanding § 9 (1) AktG, the warrant or conversion premium may, subject to the specific provisions of the warrant or bond terms, be reduced on the basis of an anti-dilution clause if, during the warrant exercise or conversion period, the company increases its capital stock by granting an exclusive subscription right to its shareholders, or increases its capital stock from own funds, or issues additional warrant-linked bonds or convertible bonds, or grants or guarantees warrants or conversion rights without granting the holders of existing warrants or conversion rights the subscription right they would otherwise be entitled to after exercising their warrant or conversion right. The warrant or conversion premium may also be reduced by rendering a cash payment or by reducing the additional amount payable upon exercise of the warrant or conversion right.

The warrant or bond terms may also stipulate that the warrants or conversion rights are to be adjusted if the company's capital stock is reduced or in the event of

any other extraordinary measures or events (such as unusually high dividends or a third party gaining control of the company). In all of these cases, any adjustment will generally be made in accordance with § 216 (3) AktG so that the economic value of the conversion rights or warrants after the adjustment largely corresponds with the economic value of the conversion rights or warrants immediately prior to the event triggering the adjustment. If a third party gains control of the company, the terms may provide for a standard market adjustment of the warrant or conversion premium.

### **Further scope for structuring warrants and conversion rights**

Instead of issuing new shares when conversion rights or warrants are exercised, the company may reserve the right under the bond or warrant terms to pay a monetary sum for the number of shares that would otherwise have been delivered. The monetary sum must be equivalent to the non-weighted average closing price of SINGULUS TECHNOLOGIES Aktiengesellschaft shares in Xetra trading (or a functionally equivalent successor system) on the Frankfurt Stock Exchange over the ten trading days immediately preceding the date upon which the relevant notice of conversion or warrant exercise is given.

### **Authorisation to stipulate additional bond terms**

The Executive Board is authorised, subject to the Supervisory Board's consent, to stipulate further terms relating to the issue and features of warrant-linked bonds and/or convertible bonds, including but not limited to the interest rate, the issue price, the term and denomination, anti-dilution provisions, the warrant exercise or conversion period, and the conversion and warrant premium within the parameters set forth above, or, where the warrant-linked bonds or convertible bonds are issued by a subsidiary of SINGULUS TECHNOLOGIES Aktiengesellschaft, to stipulate additional bond terms in mutual agreement with the governing bodies of such subsidiary.

- b) That the capital stock be conditionally increased by up to a further EUR 13,000,000 by issuing up to 13,000,000 new bearer shares, each having a par value of EUR 1 (contingent capital IV). The capital is to be conditionally increased in order to grant warrants to the holders of warrant-linked bonds in accordance with the warrant terms, or to grant conversion rights to the holders of convertible bonds in accordance with the bond terms, where such warrant-linked or convertible bonds are issued on or before 30 May 2010 by the company or a wholly-owned direct or indirect subsidiary in accordance with the authorisation

granted by the shareholders at the Annual General Meeting on 30 May 2005. The new shares will be issued at the warrant or conversion premium to be fixed in accordance with the above authorising resolution.

The contingent capital increase will be implemented only if warrant-linked bonds or convertible bonds are issued and only to the extent that the holders of warrants or convertible bonds exercise their warrants or conversion rights and the contingent capital is required in accordance with the respective warrant or bond terms. The new shares issued subsequent to the exercise of warrants or conversion rights will carry dividend rights from the beginning of the financial year in which they are issued.

The Executive Board is authorised, subject to the Supervisory Board's consent, to stipulate further terms in relation to the implementation of the contingent capital increase.

- c) That the authorisation granted by the shareholders at the Annual General Meeting on 13 May 2004 under item 7 be revoked (authorisation to issue warrant-linked bonds and convertible bonds and to create contingent capital III in accordance with § 5.6 of the Articles of Association in the amount of EUR 15,617,364). This authorisation will be deemed revoked as soon as the new authorisation to issue warrant-linked bonds and convertible bonds (resolution under subparagraph a) above) and to create the new contingent capital IV (resolution under subparagraph b) above) have entered into effect.
- d) That § 5.6 of the Articles of Association be deleted and replaced by the following amended version:

"The capital stock is conditionally increased by up to a further EUR 13,000,000 by issuing up to 13,000,000 bearer shares, each having a par value of EUR 1 (contingent capital IV). The contingent capital increase will be implemented only to the extent that the holders of warrants or conversion rights that are issued or guaranteed on or before 30 May 2010 by the company or one of its wholly-owned direct or indirect subsidiaries on the basis of the authorising resolution adopted at the Annual General Meeting on 30 May 2005 exercise their warrants or conversion rights. The new shares will be issued at the warrant or conversion premium to be fixed in accordance with the above authorising resolution. The new shares will carry dividend rights from the beginning of the financial year in which they are created as a result of the exercise of warrants or conversion rights.

The Executive Board is authorised, subject to the Supervisory Board's consent, to stipulate further terms relating to the contingent capital increase."

- e) That for the purpose of ensuring that the existing contingent capital III is not revoked without being substituted by the new contingent capital IV in accordance with the above resolution, the Executive Board be instructed to apply for the deletion of contingent capital III from the commercial register only if the new contingent capital IV is concurrently registered.
- f) That the Supervisory Board be authorised to amend the wording of § 5 of the Articles of Association to take into account the issue of new shares and to make all other associated amendments to the Articles of Association pertaining only to the wording of § 5. The Supervisory Board is also authorised to amend § 5 after expiry of the authorisation to issue warrant-linked bonds or convertible bonds in the event that such authorisation is not exercised, and after expiry of the periods within which warrants or conversion rights must be exercised in the event that the contingent capital is not used.

The Executive Board's explanation of this item (reproduced in full below) will be available for inspection at the offices of the company and at the Annual General Meeting itself from the date upon which notice of the Annual General Meeting is given. A copy of the Executive Board's explanation will be sent to individual shareholders upon request.

**8. Authorisation to issue subscription rights as part of the 2005 stock option plan, to create contingent capital and to amend the Articles of Association accordingly**

The authorisation to issue convertible bonds to employees and Executive Board members under the employee stock option program approved at the 2001 Annual General Meeting has been almost completely exhausted. A new stock option plan is therefore planned, this time in the form of simple subscription rights without bond certificates. The shares to be granted upon exercise of the subscription rights are to be issued from newly approved contingent capital.

The Executive Board and the Supervisory Board propose the following resolution:

- a) That the company's capital stock be conditionally increased by a maximum of EUR 1,200,000 by issuing up to 1,200,000 bearer shares, each having a par value of EUR 1 (contingent capital V). The contingent capital increase is exclusively for the purpose of granting subscription rights (stock options) to members of the

company's Executive Board, members of the governing bodies of domestic and foreign lower-tier affiliates, and other executives and employees of the company and its lower-tier affiliates (hereinafter referred to as "Eligible Persons"). The contingent capital increase will be implemented only to the extent that these stock options are exercised (within the limits of this contingent capital).

The Executive Board is authorised to issue stock options to Eligible Persons within one year of the creation of contingent capital V (the date of creation will be the date upon which contingent capital V is recorded in the commercial register). The Supervisory Board will be exclusively responsible for issuing stock options to members of the company's Executive Board. The stock options will be issued free of charge. Each individual stock option will entitle the holder to subscribe for one bearer share of the company with a par value of EUR 1.

The new shares will carry dividend rights from the beginning of the financial year in which they are issued. If new shares are issued after the end of a financial year but before the Annual General Meeting at which a resolution is adopted concerning the appropriation of net income for the preceding financial year, the new shares will carry dividend rights from the beginning of the preceding financial year.

Stock options will be granted and exercised in accordance with the following conditions:

### **Eligible Persons**

The group of Eligible Persons includes the members of the company's Executive Board (group 1), members of the governing bodies of domestic and foreign lower-tier affiliates of the company and other executives of the company and domestic and foreign lower-tier affiliates (group 2), and other employees of the company and domestic and foreign lower-tier affiliates (group 3). The allocation of the total number of stock options issued from contingent capital to each group of Eligible Persons will be as follows: a maximum of 30% to the Eligible Persons in group 1, a maximum of 40% to the Eligible Persons in group 2, and a maximum of 30% to the Eligible Persons in group 3. Eligible Persons who belong to both group 1 and one of the other groups will not receive any subscription rights by virtue of their employment with a lower-tier affiliate.

**Acquisition period**

The stock options will be issued in a single tranche of 1,200,000 shares. The shares will be issued within a year after conditional capital V is recorded in the commercial register. The Supervisory Board will decide on the issue of stock options to members of group 1, while the Executive Board will decide on the issue of stock options to members of groups 2 and 3.

The issue date for the purpose of the stock option plan will be the date upon which the offer is made to the Eligible Persons to enter into a subscription agreement, provided that the offer is accepted within a reasonable time. The Supervisory Board may stipulate a period of time within which members of group 1 must accept the offer, and the Executive Board may do the same for members of groups 2 and 3.

**Waiting period, exercise periods, term of stock options**

The stock options may not be exercised at all before expiry of the waiting period. The waiting period will commence on the issue date and will end on the second anniversary of the issue date.

Once the waiting period has expired, Eligible Persons may exercise their stock options within a period of 14 trading days in Frankfurt am Main, beginning on the sixth trading day (inclusive) after publication of the quarterly reports for the first or third quarter ("Exercise Period"), subject to the condition that a maximum of 25 % of stock options may be exercised within the first Exercise Period and up to a further 25 % may be exercised within every further Exercise Period (every six months) (the stock options exercisable in any given Exercise Period are hereinafter referred to as the "Exercisable Tranches").

If an Exercise Period falls during a time when the company is offering its shareholders new shares or bonds with conversion rights or warrants for subscription, then subscription rights under stock options may not be exercised until the next Exercise Period, unless the date upon which the company shares available for subscription are officially listed for the first time "ex subscription rights" on the Frankfurt Stock Exchange falls within the Exercise Period. In such a case, the stock options may be exercised from this date on.

The terms of exercise may also authorise the Executive Board, subject to the Supervisory Board's consent, and the Supervisory Board to prohibit groups 2 and 3 (Executive Board) and group 1 (Supervisory Board) from exercising

subscription rights on certain days or during certain periods in the interests of the company or the capital market, or to protect against insider trading.

Stock options may be exercised earlier during the term of the options (but not before the end of the waiting period) as soon as (i) a takeover offer within the meaning of § 29 (1) WpÜG is made for the shares of SINGULUS TECHNOLOGIES Aktiengesellschaft; or (ii) a third party gains control of the company within the meaning of § 29 (2) WpÜG. However, the foregoing only applies if the relevant performance targets for the period in which the takeover offer is made/the takeover of control occurs are achieved. If the relevant performance targets are not achieved in this period but are achieved in a later Exercise Period, then all stock options may be prematurely exercised at this later date.

A third party will be deemed to have gained control for the purposes of (ii) above as soon as a corresponding agreement to sell or otherwise transfer shares is no longer conditional, even if the agreement has not yet been performed. If company shares are acquired as part of a takeover (as described in (ii) above), but the number of acquired shares does not meet the requisite threshold, then the initially acquired shares will count towards the threshold when the third party subsequently acquires shares. The third party will be deemed to have gained control upon execution of the share acquisition that causes the relevant threshold to be exceeded (including any previous acquisitions).

The term of the stock options is 5 years. Stock options that are not or cannot be exercised by the end of the five-year term will be forfeited without substitution or compensation.

### **Exercise price and performance target**

When stock options are exercised, the exercise price must be paid for each subscribed share. The exercise price equals the non-weighted average closing prices (or an equivalent superseding price) of SINGULUS TECHNOLOGIES Aktiengesellschaft shares in Xetra trading (or a functionally equivalent successor system) on the Frankfurt Stock Exchange over the five trading days immediately preceding the issue date. Section 9 AktG continues to apply.

The performance target for a certain Exercise Period shall be determined based on the non-weighted average closing prices (or an equivalent superseding price) of SINGULUS TECHNOLOGIES Aktiengesellschaft shares in Xetra trading (or a

functionally equivalent successor system) on the Frankfurt Stock Exchange during the "reference period". The reference period is the five trading days in Frankfurt am Main immediately following publication of the quarterly report that marks the commencement of the Exercise Period (inclusive). Subscription rights may only be exercised if the non-weighted average closing prices (or an equivalent superseding price) of SINGULUS TECHNOLOGIES Aktiengesellschaft shares in Xetra trading (or a functionally equivalent successor system) on the Frankfurt Stock Exchange exceed the exercise price by at least (i) 15 % in the reference period for the first 25 % of stock options (first Exercisable Tranche); (ii) 17.5 % in the reference period for the next 25 % (second Exercisable Tranche); (iii) 20 % in the subsequent reference period (third Exercisable Tranche); and (iv) 22.5 % in the final reference period (fourth Exercisable Tranche).

If the stock options within an Exercisable Tranche cannot be exercised during the designated Exercise Period because the relevant performance target has not been met, then they may be exercised during the next Exercise Period or any of the following Exercise Periods, provided that the performance target for the preceding Exercisable Tranche(s) is achieved in this next or any of the following reference periods.

#### **Vesting of stock options, termination of employment with the company**

Stock options may be exercised only if the Eligible Person concerned has a valid and continuing employment contract with the company or with a lower-tier affiliate at the time of exercising the option. Notwithstanding the above, stock options vest and are not forfeited, if the employment contract is terminated after expiry of the waiting period, unless the company terminates or cancels the employment contract for good cause or on the basis of the employee's conduct. The same applies if the Eligible Person has an employment contract with or is attributable to a group business, business unit or lower-tier enterprise that ceases to be part of the SINGULUS Group. In such cases, all options must be exercised in the Exercise Period following the date upon which the employment contract is terminated, provided that the other exercise requirements are met. If stock options can no longer be exercised in accordance with the above provisions, they will be forfeited without substitution or compensation.

#### **Assignment**

The stock options are not transferable. However, the company may permit them to be transferred in the period after the exercise requirements are met. The stock

options may be inherited. Inherited stock options must be exercised within one year of inheritance, subject to all other exercise requirements being met.

#### **Authorisation to stipulate additional option terms**

The Supervisory Board shall stipulate additional terms governing the issue of shares from the contingent capital increase and other exercise conditions to the extent that members of the company's Executive Board are concerned. The company's Executive Board shall otherwise be responsible for stipulating additional terms. Additional terms may include but are not limited to terms governing implementation and procedure with respect to the granting and exercise of stock options, the granting of stock options to individual Eligible Persons, and provisions governing the treatment of stock options in special cases. The Supervisory Board is authorised to impose limitations on group 1 in the event of extraordinary, unforeseeable developments, and in particular the Supervisory Board may limit the number of options that may be exercised. The exercise conditions may also allow the company to settle the stock options by paying out the value of the shares less the exercise price instead of issuing new shares. The exercise conditions are to contain the customary anti-dilution clauses.

- (b) That § 5 of the company's Articles of Association be amended by inserting the following subsection 7:

"5.7 The capital stock is conditionally increased by up to EUR 1,200,000, consisting of up to 1,200,000 bearer shares, each with a par value of EUR 1 (contingent capital V). The contingent capital increase is exclusively for the purpose of granting subscription rights (stock options) to members of the company's Executive Board, members of the governing bodies of domestic and foreign lower-tier affiliates and to other executives and employees of the company and its lower-tier affiliates, subject to the specific provisions of the authorising resolution adopted at the Annual General Meeting on 30 May 2005. The contingent capital increase will be implemented only to the extent that the holders of these stock options exercise these options. The new shares will carry dividend rights from the beginning of the financial year in which they are issued. If new shares are issued after the end of the financial year but before the Annual General Meeting at which a resolution is adopted concerning appropriation of net income for the preceding financial year, the new shares will carry dividend rights from the beginning of the preceding financial year."

- (c) That the Supervisory Board be authorised to amend § 5 of the Articles of Association depending on implementation of the contingent capital increase.

The Executive Board's explanation of this item (reproduced in full) will be available for inspection at the offices of the company and at the Annual General Meeting itself from the date upon which notice of the Annual General Meeting is given. A copy of the Executive Board's explanation will be sent to individual shareholders upon request.

## 9. Amendment of § 11.1 of the Articles of Association

In accordance with Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, SINGULUS TECHNOLOGIES Aktiengesellschaft is required to prepare its consolidated financial statements for each financial year starting on or after 1 January 2005 in conformity with the so-called International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) to the extent that such standards are adopted by the European Union. Therefore, the company's Articles of Association is to be amended accordingly with effect from the beginning of the 2005 financial year.

Sentence 3 of § 11.1 of the Articles of Association currently reads as follows:

"For serving on the Supervisory Board during the previous financial year, each Supervisory Board member will also receive (after adoption of the resolution concerning the appropriation of net income) a performance-based fee of EUR 800 for each cent by which the consolidated net income per share, which will be calculated in accordance with the **US Generally Accepted Accounting Principles**, exceeds EUR 0.30."

In view of the legislative requirements, the Executive Board and the Supervisory Board propose to replace the reference to the US Generally Accepted Accounting Principles with a reference to the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) and to amend sentence 3 of § 11.1 of the company's Articles of Association accordingly. Sentence 3 of § 11.1 of the Articles of Association should in future read as follows:

"For serving on the Supervisory Board during the previous financial year, each Supervisory Board member will also receive (after adoption of the resolution

concerning the appropriation of net income) a performance-based fee of EUR 800 for each cent by which the consolidated net income per share, which will be calculated in accordance with the **International Accounting Standards/International Financial Reporting Standards (IAS/IFRS)**, exceeds EUR 0.30."

Section 11.1 of the Articles of Association will otherwise remain unchanged.