

# Invitation to the Annual General Meeting 2016

May 11, 2016, 10:00 a.m., Spielbank Hohensyburg, Dortmund, Germany

elmos<sup>®</sup>



## 17<sup>th</sup> Annual General Meeting on May 11, 2016 – Agenda at a glance

1. Presentation of the adopted separate financial statements and the approved consolidated financial statements as of December 31, 2015, the Management Board's combined management report for Elmos Semiconductor Aktiengesellschaft and the Group (including the explanatory report of the Management Board in accordance with Section 176 (1) sentence 1 AktG (Stock Corporation Act) on the disclosures required under takeover law pursuant to Sections 289 (4), 315 (4) HGB (Commercial Code)), and the report of the Supervisory Board for fiscal year 2015
2. Resolution on the appropriation of retained earnings
3. Resolution on the formal approval of the actions of the Management Board for fiscal year 2015
4. Resolution on the formal approval of the actions of the Supervisory Board for fiscal year 2015
5. Election of the auditor and group auditor for fiscal year 2016 and of the auditor for the review of the interim financial report for the first six months of fiscal year 2016
6. Elections to the Supervisory Board
7. Resolution on the creation of authorized capital 2016, cancellation of authorized capital 2011/I, and corresponding amendment to the Articles of Incorporation
8. Cancellation of conditional capital 2009

Elmos Semiconductor Aktiengesellschaft  
44227 Dortmund, Germany  
ISIN DE0005677108  
WKN: 567 710

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This English translation is a convenience translation only.

Invitation to the 17<sup>th</sup> Annual General Meeting of Elmos Semiconductor Aktiengesellschaft, 44227 Dortmund, Germany  
(ISIN DE0005677108 / WKN: 567 710)

Dear shareholders,

our 17<sup>th</sup> Annual General Meeting will be held on Wednesday, May 11, 2016, at 10:00 a.m. at Spielbank Hohensyburg, Hohensyburgstraße 200, 44265 Dortmund, Germany.

## AGENDA

- 1. Presentation of the adopted separate financial statements and the approved consolidated financial statements as of December 31, 2015, the Management Board's combined management report for Elmos Semiconductor Aktiengesellschaft and the Group (including the explanatory report of the Management Board in accordance with Section 176 (1) sentence 1 AktG (Stock Corporation Act) on the disclosures required under takeover law pursuant to Sections 289 (4), 315 (4) HGB (Commercial Code)), and the report of the Supervisory Board for fiscal year 2015**

The aforementioned documents are available on the Company's website at [www.elmos.com/english/investor-press/annual-general-meeting](http://www.elmos.com/english/investor-press/annual-general-meeting) on the Internet upon the convening of the Annual General

Meeting. These documents will also be on display at the Annual General Meeting for inspection by the shareholders.

According to legal regulations, no resolution is scheduled with respect to agenda item 1 as the Supervisory Board has already approved the separate financial statements and the consolidated financial statements.

## **2. Resolution on the appropriation of retained earnings**

Management Board and Supervisory Board propose that the retained earnings of Elmos Semiconductor Aktiengesellschaft of 76,915,764.71 Euro reported for fiscal year 2015 be used in the amount of 6,510,001.41 for the payment of a dividend of 0.33 Euro per share and that the remaining amount of 70,405,763.30 Euro be carried forward to new accounts.

The proposal for the appropriation of retained earnings takes into account treasury shares held by the Company (214,587 shares at present) that are not entitled to dividend. If the number of shares entitled to dividend for fiscal year 2015 changes up to the date of the Annual General Meeting, an accordingly adjusted proposal for the appropriation of retained earnings will be made to the Annual General Meeting that will also provide for a dividend of 0.33 Euro per no-par share entitled to dividend.

**3. Resolution on the formal approval of the actions of the Management Board for fiscal year 2015**

Supervisory Board and Management Board propose that the actions of the acting members of the Management Board in fiscal year 2015 be formally approved for this period.

**4. Resolution on the formal approval of the actions of the Supervisory Board for fiscal year 2015**

Management Board and Supervisory Board propose that the actions of the acting members of the Supervisory Board in fiscal year 2015 be formally approved for this period.

It is intended to have the Annual General Meeting vote separately on the approval of the actions of the individual members of the Supervisory Board.

**5. Election of the auditor and group auditor for fiscal year 2016 and of the auditor for the review of the interim financial report for the first six months of fiscal year 2016**

The Supervisory Board proposes that Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, Germany, be appointed auditor and group auditor for fiscal year 2016 as well as auditor for the review of the interim financial report for the first six months of fiscal year 2016.

**6. Elections to the Supervisory Board**

The terms of all members of the Supervisory Board expire as of the end of the Annual General Meeting held on May 11, 2016. According to Section 6.1 of the Articles of Incorporation, the Supervisory Board to be newly elected consists of six members. It is composed by two thirds of shareholder representatives and by one third of employee representatives, according to Sections 1 (1) no. 1, 4 (1) DrittelbG (One-Third Participation Act), Sections 95, 96 (1) AktG (Stock Corporation Act). From March 8 to 10, 2016, Thomas Lehner and Sven-Olaf Schellenberg were elected to the Supervisory Board as employee representatives by the staff. The four shareholder representatives shall be elected by the Annual General Meeting held on May 11, 2016. Prof. Dr. Günter Zimmer, Dr. Klaus Weyer, and Dr. Klaus Egger are available for another term. Dr. Burkhard Dreher has decided not to seek reelection for age considerations. Thus the Supervisory Board proposes that Dr. Gottfried H. Dutiné be elected to the Supervisory Board as a new member.

The Supervisory Board proposes that the following persons be elected to the Supervisory Board as shareholder representatives:

- a) **Prof. Dr. Günter Zimmer**, *graduate physicist, university professor, retired, born 1940, resident in Duisburg, Germany*  
Prof. Dr. Günter Zimmer studied physics in Darmstadt. After

earning his doctorate at Technische Universität München he worked for Siemens AG in Munich. In 1973 he transferred to TU Dortmund University as senior engineer and habilitated there in the field of semiconductor technology in 1982. From 1984 to 2005 he was a professor at Gerhard-Mercator-Universität Duisburg. He also headed the Fraunhofer Institute for Microelectronic Circuits and Systems in Duisburg until 2006. Prof. Dr. Günter Zimmer is a co-founder of Elmos; he led the Advisory Board since the formation of EL-MOS Elektronik in MOS-Technologie GmbH and has been chairman of the Supervisory Board since the transformation into Elmos Semiconductor AG in 1999.

Disclosures pursuant to Section 125 (1) sentence 5 AktG: Prof. Dr. Günter Zimmer is not a member of another supervisory board but of a comparable international supervisory body. He is a member of the board of directors of Dolphin Intégration S.A., France.

b) **Dr. Klaus Weyer**, *graduate physicist, management consultant, born 1948, resident in Penzberg, Germany*

Dr. Klaus Weyer studied physics at the University of Cologne. At Ludwig-Maximilians-Universität in Munich he earned his doctorate. He went to work as management consultant in the

field of microelectronics for small and medium-sized enterprises. In 1984 he co-founded Elmos and worked for the Company initially as its managing director and from 1999 as member and then chairman of the Company's Management Board. Since 2006 he has been a member of the Supervisory Board of Elmos Semiconductor AG.

Disclosures pursuant to Section 125 (1) sentence 5 AktG: Dr. Klaus Weyer is neither a member of another supervisory board nor of a comparable domestic or international supervisory body.

c) **Dr. Klaus Egger**, *graduate engineer, independent business consultant, born 1951, resident in Steyr-Gleink, Austria*

Dr. Klaus Egger completed his studies of mechanical engineering at Graz University of Technology in 1975 where he also earned his doctorate. In the span of his career, Dr. Klaus Egger filled various senior positions at AVL Graz, BMW, VÖEST Alpine, Robert Bosch, and Siemens Automotive. Since 2008 he has been working as an independent business consultant. He has been a member of the Supervisory Board of Elmos Semiconductor AG since 2011.

Disclosures pursuant to Section 125 (1) sentence 5 AktG: Dr. Klaus Egger is neither a member of another supervisory board nor of a comparable domestic or international supervisory body.

d) **Dr. Gottfried H. Dutiné**, *graduate engineer, independent business consultant, born 1952, resident in Kleve, Germany*

Dr. Gottfried H. Dutiné completed his studies of electrical communication engineering at Technische Universität Darmstadt with a doctorate in 1979. He then went to work for Rockwell-Collins and Motorola before going to Robert Bosch in 1989 where Dr. Gottfried Dutiné filled various international positions. In 1997 he was appointed CEO of Alcatel-SEL and in 2002 he became a member of the Board of Management of Royal Philips Electronics. Since 2012 he has been working as an independent business consultant.

Disclosures pursuant to Section 125 (1) sentence 5 AktG: Dr. Gottfried H. Dutiné is neither a member of another supervisory board nor of a comparable domestic or international supervisory body.

Dr. Klaus Egger will assume the function of independent financial expert for the purpose of Section 100 (5) AktG.

Following the vote of the Supervisory Board, Prof. Dr. Günter Zimmer intends to seek election as chairman of the Supervisory Board.

Elections to the Supervisory Board are intended to be carried out through separate elections.

According to the assessment of the Supervisory Board, due to their respective material interest in the Company Prof. Dr. Günter Zimmer and Dr. Klaus Weyer maintain a personal or business relationship with the Company, its group companies or the Company's boards subject to disclosure in accordance with no. 5.4.1 (4) to (6) of the German Corporate Governance Code. Further information on the shareholdings of Prof. Dr. Günter Zimmer and Dr. Klaus Weyer can be found in the Annual Report 2015 on pages 36 and 73. Other relevant personal or business relationships between the proposed candidates on the one hand and the Company or its group companies, the Company's boards or a shareholder with a material interest in the Company on the other hand do not exist according to the Supervisory Board's assessment.

The chairman of the Supervisory Board has informed all the proposed candidates about the expenditure of time the position of a member of the Supervisory Board demands. All candidates have confirmed that they have the time that is required.

**7. Resolution on the creation of authorized capital 2016, cancellation of authorized capital 2011/I, and corresponding amendment to the Articles of Incorporation**

Authorized capital 2011/I of Elmos Semiconductor Aktiengesellschaft (Section 3.4 of the Articles of Incorporation) has so far not been used and still amounts to 9,707,100.00 Euro. That authorization expires on May 16, 2016. Therefore new authorized capital in the amount of 9,900,000 Euro shall be created (authorized capital 2016).

Management Board and Supervisory Board propose that the following resolution be passed:

a) Authorization

The Management Board is authorized to increase the Company's share capital until May 10, 2021, subject to the Supervisory Board's consent, once or more than once by up to a total amount of 9,900,000 Euro by the issue of new no-par bearer shares against contributions in cash or in kind (authorized capital 2016).

If the share capital is increased against contributions in cash, the shareholders shall be granted subscription rights. The shares may be underwritten by credit institutions subject to the obligation to offer them to the shareholders for subscription. However, the

Management Board is authorized to exclude the shareholders' subscription rights, subject to the Supervisory Board's consent,

-> if the new shares are issued at a price that does not materially undercut the stock market price and if the total number of shares issued under exclusion of subscription rights according to Section 186 (3) sentence 4 AktG (Stock Corporation Act) does not exceed 10 % of the share capital, neither at the time this authorization becomes effective nor at the time it is used. To be taken into account of this 10 % limit is the sale of treasury shares insofar as the transaction takes place during the term of this authorization under exclusion of subscription rights according to Section 186 (3) sentence 4 AktG. Furthermore, those shares are to be taken into account of this limit that were issued or are to be issued for servicing bonds (including profit participation rights) linked to conversion or option privileges or rather conversion obligations insofar as the bonds or profit participation rights have been issued during the term of this authorization under exclusion of subscription rights in analogous application of Section 186 (3) sentence 4 AktG;

-> insofar as it is necessary in order to grant the creditors of bonds (including profit participation rights) linked to conversion or option privileges or rather conversion obligations issued by Elmos Semiconductor Aktiengesellschaft or any of its group companies sub-

scription rights to new shares to the extent they would be entitled to after execution of their conversion or option privileges or rather after fulfillment of their conversion obligations;

-> in case of implementing a capital increase against contributions in cash for the issue to employees and executives of Elmos Semiconductor Aktiengesellschaft, employees of affiliated companies, and freelancers;

-> for implementing a so-called scrip dividend according to which shareholders have the option to contribute their dividend entitlement to the Company, either entirely or in part, as contribution in kind for the subscription of new shares;

-> for fractional amounts.

Moreover, the Management Board is authorized to exclude the shareholders' subscription rights for capital increases against contributions in kind, subject to the Supervisory Board's consent.

The total amount of shares issued according to this authorization under exclusion of subscription rights against contributions in cash or in kind may not exceed a proportionate amount of the share capital of 3,988,372.00 Euro (corresponding to 20 % of the current

share capital); to be taken into account of this limit is the sale of treasury shares insofar as the transaction takes place during the term of this authorization under exclusion of subscription rights. Furthermore, those shares are to be taken into account of this limit that were issued or are to be issued for servicing bonds (including profit participation rights) linked to conversion or option privileges or rather conversion obligations insofar as the bonds or profit participation rights have been issued during the term of this authorization under exclusion of subscription rights.

Moreover, the Management Board is authorized to define all other rights attached to the shares and the terms and conditions of the issue, subject to the Supervisory Board's consent.

b) Cancellation of authorized capital 2011/1

The authorization for the increase of the Company's share capital (authorized capital 2011/I) and the exclusion of subscription rights according to Section 3.4 of the Articles of Incorporation of Elmos Semiconductor Aktiengesellschaft, resolved by the Annual General Meeting of May 17, 2011 under agenda item 10, is canceled as of the date the authorized capital 2016 according to letter a) above becomes effective.



### c) Amendments to the Articles of Incorporation

Section 3.4 of the Articles of Incorporation (authorized capital 2011/I) is suspended and rephrased as follows:

“3.4 The Management Board is authorized to increase the Company’s share capital until May 10, 2021, subject to the Supervisory Board’s consent, once or more than once by up to a total amount of 9,900,000 Euro by the issue of new no-par bearer shares against contributions in cash or in kind (authorized capital 2016).

If the share capital is increased against contributions in cash, the shareholders shall be granted subscription rights. The shares may be underwritten by credit institutions subject to the obligation to offer them to the shareholders for subscription. However, the Management Board is authorized to exclude the shareholders’ subscription rights, subject to the Supervisory Board’s consent,

-> if the new shares are issued at a price that does not materially undercut the stock market price and if the total number of shares issued under exclusion of subscription rights according to Section 186 (3) sentence 4 AktG does not exceed 10 % of the share capital, neither at the time this authorization becomes effective nor at the time it is used. To be taken into account of this 10 % limit is the sale

of treasury shares insofar as the transaction takes place during the term of this authorization under exclusion of subscription rights according to Section 186 (3) sentence 4 AktG. Furthermore, those shares are to be taken into account of this limit that were issued or are to be issued for servicing bonds (including profit participation rights) linked to conversion or option privileges or rather conversion obligations insofar as the bonds or profit participation rights have been issued during the term of this authorization under exclusion of subscription rights in analogous application of Section 186 (3) sentence 4 AktG;

-> insofar as it is necessary in order to grant the creditors of bonds (including profit participation rights) linked to conversion or option privileges or rather conversion obligations issued by Elmos Semiconductor Aktiengesellschaft or any of its group companies subscription rights to new shares to the extent they would be entitled to after execution of their conversion or option privileges or rather after fulfillment of their conversion obligations;

-> in case of implementing a capital increase against contributions in cash for the issue to employees and executives of Elmos Semiconductor Aktiengesellschaft, employees of affiliated companies, and freelancers;

-> for implementing a so-called scrip dividend according to which shareholders have the option to contribute their dividend entitlement to the Company, either entirely or in part, as contribution in kind for the subscription of new shares;

-> for fractional amounts.

Moreover, the Management Board is authorized to exclude the shareholders' subscription rights for capital increases against contributions in kind, subject to the Supervisory Board's consent.

The total amount of shares issued according to this authorization under exclusion of subscription rights against contributions in cash or in kind may not exceed a proportionate amount of the share capital of 3,988,372.00 Euro (corresponding to 20 % of the current share capital); to be taken into account of this limit is the sale of treasury shares insofar as the transaction takes place during the term of this authorization under exclusion of subscription rights. Furthermore, those shares are to be taken into account of this limit that were issued or are to be issued for servicing bonds (including profit participation rights) linked to conversion or option privileges or rather conversion obligations insofar as the bonds or profit participation rights have been issued during the term of this authorization under exclusion of subscription rights.

Moreover, the Management Board is authorized to define all other rights attached to the shares and the terms and conditions of the issue, subject to the Supervisory Board's consent."

#### **8. Cancellation of conditional capital 2009**

The share capital is conditionally increased by up to 33,720.00 Euro (conditional capital 2009). The conditional capital increase solely serves the granting of subscription rights to the Company's employees, executives, and Management Board members as well as members of the management and employees of affiliated companies under stock option plan 2009. Based on stock option plan 2009 there are no more subscription rights to the Company's shares. The conditional capital according to Section 3.5 of the Articles of Incorporation shall therefore be canceled.

Management Board and Supervisory Board propose that the following resolution be passed:

Section 3.5 of the Articles of Incorporation is suspended and rephrased as follows:

"3.5 (deleted)"

## REPORT OF THE MANAGEMENT BOARD ON AGENDA ITEM 7 (creation of authorized capital 2016)

Section 3.4 of the Articles of Incorporation of Elmos Semiconductor Aktiengesellschaft provides for authorized capital (authorized capital 2011/I). Authorized capital 2011/I has so far not been used and still amounts to 9,707,100.00 Euro. The authorization expires on May 16, 2016. For this reason new authorized capital shall be created in the amount of 9,900,000 Euro (authorized capital 2016).

Management Board and Supervisory Board therefore propose to the Annual General Meeting that the previous authorized capital 2011/I be suspended and that a new authorized capital 2016 be created in the amount of 9,900,000 Euro.

Authorized capital 2016 is proposed as Elmos Semiconductor Aktiengesellschaft must be in the position to act swiftly and flexibly in the changing markets at any time in the interest of its shareholders. The Management Board therefore regards it as its duty to assure that the Company – regardless of any specific plans for utilization – will always have the necessary instruments for raising capital at its disposal. As decisions on the fulfillment of capital requirements usually must be made on short notice, it is important that the Company will not be dependent on the rhythm of annually held General Meetings in this

regard. With the instrument of authorized capital, the legislator has made allowance for this prerequisite. Strengthening the equity base and financing the acquisition of investments are the predominant causes for the utilization of authorized capital.

If the authorized capital 2016 is used for capital increases against contributions in cash, the shareholders generally have subscription rights.

Subject to the Supervisory Board's consent, however, the proposal provides for the optional exclusion of such subscription rights if the new shares, in the event of a capital increase against contributions in cash according to Section 186 (3) sentence 4 AktG (Stock Corporation Act), are issued at a price that does not materially undercut the stock market price. This authorization makes it possible for the Company to seize market opportunities in its various fields of business swiftly and flexibly and to meet any arising capital requirements even on very short notice if necessary. The exclusion of subscription rights thus not only facilitates swifter action but also the placement of shares at a price that approximates the stock market price, i.e. without the significant discount usually required for the issue of subscription rights. This leads to higher proceeds for the benefit of the Company. Moreover, with such a placement new shareholder groups can be targeted. In making use of this authorization, the Management

Board shall determine the discount at as low an amount as possible according to the prevailing market conditions at the time of placement. The total number of shares issued under exclusion of subscription rights according to Section 186 (3) sentence 4 AktG may not exceed 10 % of the share capital, neither at the time this authorization becomes effective nor at the time it is used.

To be taken into account of this 10 % limit is the sale of treasury shares insofar as the transaction takes place during the term of this authorization under exclusion of subscription rights according to Section 186 (3) sentence 4 AktG. Furthermore, those shares are to be taken into account of this limit that were issued or are to be issued for servicing bonds (including profit participation rights) linked to conversion or option privileges or rather conversion obligations as well as comparable financial instruments (hereinafter collectively referred to as “bonds”) insofar as the bonds or profit participation rights have been issued during the term of this authorization under exclusion of subscription rights in analogous application of Section 186 (3) sentence 4 AktG. In compliance with statutory provisions, these conditions make allowance for the interest of the shareholders with respect to protection against the dilution of their shareholding. Each shareholder generally has the option to purchase

the shares necessary to maintain his or her respective shareholding at comparable conditions on the stock exchange as the issue price of the new shares will approximate the stock market price and due to the limitation of the volume of the capital increase under exclusion of subscription rights. It is thus assured that the utilization of the authorized capital 2016 under exclusion of subscription rights will adequately protect financial interests while additional maneuvering room will be opened to the Company in the interest of all shareholders.

Moreover, the exclusion of subscription rights shall be an option insofar as it is necessary in order to grant the creditors of bonds issued or to be issued subscription rights to new shares if the terms and conditions of the respective bond provide for it. Terms and conditions of such bonds usually provide for protection against dilution. If shares with subscription rights are issued below the current stock market price after the issue of the bond, the value – at otherwise unchanged conditions – of the conversion or option privileges of the creditors of bonds is decreased. For the protection of creditors of bonds, the creditors are usually granted a discount on the option or conversion price for later issues of stock with shareholders’ subscription rights; another option is to grant the creditors subscription rights to new shares, such as granted to the shareholders, according to the terms

and conditions of the bond. The creditors of bonds are thus treated as if they had already exercised their option or conversion privileges or if the conversion obligation were already fulfilled. The exclusion of shareholders' subscription rights is necessary to enable the Company to grant such subscription rights to the creditors of bonds. The option to grant stock to the creditors instead of reducing the option or conversion price can be economically more favorable for the Company. By granting stock instead of a discount on the option or conversion price, the Company can achieve a higher issue price for the shares to be issued in the event of conversion or the exercise of options.

The exclusion of subscription rights shall also be an option in order to issue shares to employees and executives of the Company, employees of affiliates, and freelancers by way of a capital increase against contributions in cash. This authorization for the exclusion of subscription rights shall enable the Company to grant another form of share-based payment by the issue of shares to the staff and thus to commit them even more to the Company or rather to win new qualified employees for the Company. The new authorized capital 2016 thus enhances the already existing option for the issue of new shares resolved by the Annual General Meeting of May 8, 2015 under agenda item 8. The Management Board will be governed in the arrangement and the kind of the terms and

conditions of employee shares solely by the interest of the shareholders and the Company and it will particularly take into account the interest of the existing shareholders in avoiding a dilutive effect by the issue of new shares as far as possible. The Management Board will report on its decisions and the number of shares issued in this context.

In addition to that, the exclusion of subscription rights shall be made possible in order to implement a so-called scrip dividend at the best possible conditions, subject to the Supervisory Board's consent. A scrip dividend gives shareholders the option to contribute their claim to dividend payment arising upon the Annual General Meeting's resolution on the appropriation of retained earnings to the Company, either entirely or in part, as contribution in kind for the subscription of new shares.

The implementation of a scrip dividend can be made as a true issue of subscription rights particularly in compliance with the provisions of Section 186 (1) AktG (minimum subscription period of 2 weeks) and Section 186 (2) AktG (announcement of the issue price no later than three days prior to the expiry of the subscription period). Only full shares are offered to shareholders for subscription; with respect to the part of a dividend entitlement that does not meet the subscription price of a full share (or that exceeds it), shareholders are referred to the receipt of a cash dividend and may insofar not subscribe for shares;

neither offering partial rights is provided for nor implementing a trade of subscription rights or fractions thereof. As shareholders receive a cash dividend instead of the subscription of new shares, this appears legitimate and adequate.

In the individual case, depending on capital market situations, it may be in the interest of the Company and its shareholders to offer and implement the granting of a scrip dividend without being bound insofar by the restrictions of Section 186 (1) and (2) AktG. Instead of the implementation of a scrip dividend by way of the issue of subscription rights, the Management Board shall therefore also be authorized to exclude the shareholders' subscription rights altogether for the implementation of a scrip dividend, subject to the Supervisory Board's consent. In this case as well, the Management Board will offer – the blanket exclusion of subscription rights notwithstanding – new shares for subscription to all shareholders entitled to dividend against contribution of their respective dividend entitlement. In view of the fact that new shares will be offered to all shareholders and excess dividend fractions will be compensated by the payment of a cash

dividend, the exclusion of subscription rights appears legitimate and adequate insofar as well.

Furthermore, the Management Board shall be enabled to exclude fractional amounts from the shareholders' subscription rights, subject to the Supervisory Board's consent. This makes the utilization of the authorization possible through rounded amounts. The implementation of an issue is thus made easier. These new shares excluded from subscription rights as "free fractions" are used in the best possible way in the Company's interest.

Finally, the exclusion of subscription rights shall be made possible in the event of capital increases against contributions in kind. The Management Board will thus be enabled to have the Company's shares at its disposal in order to use them in suitable individual cases in connection with the acquisition of companies, investments, or other assets. Negotiations may bring up the necessity not to provide money as consideration but stock. The option to offer the Company's shares as consideration therefore creates an advantage in the competition for interesting acquisition targets as well as the necessary maneuvering room for seizing opportunities that open up for the acquisition of companies, investments, or other assets while preserving the Company's liquidity. Even under the aspect of an

optimized financing structure, payment in shares can make sense. The Company will not incur any disadvantages as the issue of shares against contributions in kind requires that the relation of the value of the contribution in kind to the value of the shares is appropriate.

It shall also be made possible to use the authorized capital 2016 under exclusion of shareholders' subscription rights for servicing conversion and option privileges originating from bonds for which the subscriber has not made a contribution in cash but in kind. This makes it possible to use convertible bonds or warrant bonds (or convertible profit-participation rights) as "acquisition currency" in connection with the acquisition of companies, investments, or other assets, and thus also improves the Company's opportunities in the competition for interesting acquisition targets.

The total amount of shares issued according to this authorization under exclusion of subscription rights against contributions in cash or in kind may not exceed a proportionate amount of the share capital of 3,988,372.00 Euro (corresponding to 20 % of the current share capital); to be taken into account of this limit is the sale of treasury shares insofar as the transaction takes place during the term of this authorization under exclusion of subscription rights. Furthermore, those shares are to be taken into account of this limit that were issued

or are to be issued for servicing bonds (including profit participation rights) linked to conversion or option privileges or rather conversion obligations insofar as the bonds or profit participation rights have been issued during the term of this authorization under exclusion of subscription rights. This means that the Management Board may exclude subscription rights only to the extent that exclusions of subscription rights according to the authorized capital 2016 to be resolved under agenda item 7 and with respect to bonds issued during the term of the authorization involve a maximum number of shares up to a total proportionate amount of the share capital of 3,988,372.00 Euro. This limit guarantees a corresponding cap on the exclusion of subscription rights and confines the potential dilution of shareholders excluded from subscription.

The Management Board shall duly examine in each individual case whether to make use of the authorization for a capital increase under exclusion of shareholders' subscription rights. It will make use of the authorization only if Management Board and Supervisory Board share the opinion that it is in the interest of the Company and thus in the interest of its shareholders.

The Management Board shall report at each following Annual General Meeting on any previous utilization of this authorization.

### TOTAL NUMBER OF SHARES AND VOTING RIGHTS

The Company's share capital comes to 19,941,864 Euro as of the convening of the Annual General Meeting and is divided into 19,941,864 no-par ordinary bearer shares. Each no-par share grants one vote in the General Meeting.

Please take note that the Company currently holds 214,587 treasury shares. In accordance with Section 71b AktG (German Stock Corporation Act), the Company cannot derive any rights from these shares, particularly no voting rights.

### PARTICIPATION IN THE ANNUAL GENERAL MEETING

According to Section 11 of the Company's Articles of Incorporation, shareholders are entitled to participation in the Annual General Meeting and to the exercise of voting rights if they register their participation with the Company at the following address and submit special proof of their share ownership issued by their depositary bank to the following address:

Elmos Semiconductor Aktiengesellschaft  
c/o Deutsche Bank Aktiengesellschaft  
Securities Production  
– General Meetings –  
Postfach 20 01 07  
60605 Frankfurt am Main, Germany  
Fax: +49 (0) 69 12012 86045  
E-mail: wp-hv@db-is.com

The proof of share ownership must refer to the point in time as defined by the German Stock Corporation Act, i.e. the beginning of the 21<sup>st</sup> day prior to the General Meeting (record date), thus to the **beginning of April 20, 2016**, and it must be received by the Company together with the registration **before midnight of May 4, 2016** at said address. Registration and proof of share ownership must be in text form (Section 126b BGB (Civil Code)), composed either in German or English.

Entitlement to participation and the scope of voting rights exclusively correspond with the shareholder's share ownership as of the record date. The record date does not have a blocking effect on the marketability of shareholdings. Even in the case of the entire



or partial sale of shareholdings subsequent to the record date, the shareholder's share ownership as of the record date remains the sole deciding quantity for participation and the scope of voting rights; i.e. the sale of shares subsequent to the record date has no effect on the entitlement to participation and the scope of voting rights. The same applies for the acquisition of shares after the record date. Those who do not own any shares as of the record date and become shareholders at a later time are not entitled to participate or exercise any voting rights unless they are insofar empowered or authorized to exercise such rights. The record date has no relevance to the entitlement to dividend.

Upon the Company's receipt of registration and proof of share ownership, tickets of admission to the Annual General Meeting will be sent to the shareholders by the registration office. In order to assure the timely receipt of admission tickets, we kindly ask our shareholders to request a ticket of admission to the Annual General Meeting from their depositary bank in good time. In this case, the required registration and the proof of share ownership are provided by the depositary bank.

## PROXY VOTING PROCEDURE

### *Granting power of proxy*

Voting rights may be exercised by proxies. If neither a credit institution nor a shareholders' association nor another entity comparable to a credit institution in accordance with Section 135 (8) or (10) AktG (Stock Corporation Act) is authorized as a proxy, the power of proxy, its revocation, and proof of the power of proxy must be furnished to the Company at least in text form (Section 134 (3) sentence 3 AktG in conjunction with Section 126b BGB (Civil Code)).

For our shareholders' convenience, we provide the option for them to authorize proxies nominated by the Company. The power of proxy and its revocation require at least text form in this case as well (Section 134 (3) sentence 3 AktG in conjunction with Section 126b BGB). If a proxy nominated by the Company is authorized, the power of proxy must be accompanied by voting instructions. The Company-nominated proxies are obligated to vote according to the respective shareholder's instructions.

In the case of proxy voting, the submission of registration and proof of share ownership must also be made in due time according to the above-mentioned regulations.

Statutory provisions apply, Section 135 AktG in particular, to granting the power of proxy to credit institutions, shareholders' associations or other entities comparable to a credit institution in accordance with Section 135 (8) and (10) AktG as well as to revoking and giving proof of such power of proxy. Credit institutions, shareholders' associations and other entities comparable to a credit institution in accordance with Section 135 (8) and (10) AktG may have special requirements for the procedure of their own authorization. Shareholders are therefore kindly asked to contact the entity they wish to authorize in good time in consideration of potential special requirements for the form of granting power of proxy.

*Submission of the power of proxy to the Company*

Proof of the power of proxy must be either furnished by the proxy at the day of the Annual General Meeting or submitted by way of declaration to the Company prior to the Annual General Meeting to the following address:

Hauptversamlungsstelle der  
Elmos Semiconductor Aktiengesellschaft  
Heinrich-Hertz-Straße 1  
44227 Dortmund, Germany  
Fax: +49 (0) 231/7549 111  
E-mail: hauptversammlung@elmos.com

On the day of the Annual General Meeting, the only place available for furnishing proof of the power of proxy is the registration desk at Spielbank Hohensyburg, Hohensyburgstraße 200, 44265 Dortmund, Germany from 9:00 a.m. to just before the beginning of voting procedures. Shareholders who intend to authorize proxies nominated by the Company prior to the Annual General Meeting are asked for organizational considerations to please submit the power of proxy and the voting instructions before **midnight of May 9, 2016 (Company's receipt)** by mail, fax or e-mail to the following address:

Elmos Semiconductor Aktiengesellschaft  
c/o ITTEB GmbH & Co. KG  
Vogelanger 25  
86937 Scheuring, Germany  
Fax: +49 (0) 8195 9989 664  
E-mail: [elmos2016@itteb.de](mailto:elmos2016@itteb.de)

#### *Provision of proxy forms*

Shareholders who have registered for participation according to Section 11 of the Company's Articles of Incorporation will receive a proper form for granting the power of proxy as part of the ticket of admission. In addition to that, a proxy form is available for download on the Company's website at [www.elmos.com/english/investor-press/annual-general-meeting](http://www.elmos.com/english/investor-press/annual-general-meeting).

#### **SHAREHOLDERS' RIGHTS (MOTIONS, ELECTION PROPOSALS, REQUESTS FOR INFORMATION)**

##### *1. Supplements to the agenda*

Shareholders whose combined share ownership comes to a twentieth of the share capital or the proportionate amount of 500,000 Euro (corresponding with 500,000 shares) are entitled to request in accordance with Section 122 (2) AktG (Stock Corporation Act) that topics of their choice be put on the agenda and announced. Each new topic

must be accompanied by an explanatory statement or a resolution proposal. The request must be addressed to the Company's Management Board in writing. It must be received by the Company at least 30 days prior to the day of the General Meeting, not including the day of receipt and the day the General Meeting is held. The last admissible date of receipt is thus Sunday, **April 10, 2016 before midnight**.

We kindly ask to submit any requests for supplements to the agenda to the following address:

Elmos Semiconductor Aktiengesellschaft  
The Management Board  
Heinrich-Hertz-Straße 1  
44227 Dortmund, Germany

Supplements to the agenda subject to announcement – unless announced already upon the convening of the AGM – are announced in the Federal Gazette promptly upon the request's receipt and transmitted for publication to media outlets of which it can be expected that they distribute the information throughout the entire European Union. They are also announced on the Internet at [www.elmos.com/english/investor-press/annual-general-meeting](http://www.elmos.com/english/investor-press/annual-general-meeting).

## *2. Countermotions and election proposals*

In accordance with Section 126 (1) AktG (Stock Corporation Act), each shareholder is entitled to submit countermotions with regard to the resolution proposals on the agenda items. If countermotions are meant to be made accessible by the Company, the Company must receive them together with an explanatory statement and proof of shareholder capacity at least 14 days prior to the Annual General Meeting, i.e. before **midnight of April 26, 2016**, at the following address:

Elmos Semiconductor Aktiengesellschaft  
Hauptversammlungsstelle  
Heinrich-Hertz-Straße 1  
44227 Dortmund, Germany  
Fax: +49 (0) 231/7549 111  
E-mail: [hauptversammlung@elmos.com](mailto:hauptversammlung@elmos.com)

Otherwise addressed countermotions will not be made accessible. Subject to Section 126 (2) and (3) AktG, shareholders' countermotions to be made accessible will be released on the Internet at [www.elmos.com/english/investor-press/annual-general-meeting](http://www.elmos.com/english/investor-press/annual-general-meeting) together with the shareholder's name and the explanatory statement as well as any corresponding statements by the administration.

In accordance with Section 127 AktG, these provisions apply analogously to a shareholder's proposal for the election of Supervisory Board members or auditors. Such proposals do not require explanatory statements, however. In addition to the reasons named in Section 126 (2) AktG, the Management Board does not have to make an election proposal accessible if the proposal does not contain the candidate's name, actual occupation, and place of residence. Proposals for the election of Supervisory Board members do not have to be made accessible either if they do not contain information on the Supervisory Board candidates' memberships in other statutory supervisory boards pursuant to Section 125 (1) sentence 5 AktG.

Even if countermotions or election proposals are submitted to the Company in advance, they will be regarded in the Annual General Meeting only if they are proposed or submitted orally in the General Meeting again. The shareholders' rights to propose countermotions or submit election proposals at the General Meeting even without prior submission to the Company remain unaffected.

## *3. Requests for information*

In accordance with Section 131 (1) AktG (Stock Corporation Act), the Management Board must give information on the Company's matters upon any shareholder's request at the General Meeting insofar as

such information is necessary for the proper assessment of an item on the agenda and no right to withhold information applies. The Management Board's duty to provide information also includes the legal and business relationships Elmos Semiconductor Aktiengesellschaft maintains with its affiliates. The duty to provide information furthermore includes the situation of the Elmos Semiconductor Group and the subsidiaries included in the consolidated financial statements of Elmos Semiconductor Aktiengesellschaft.

#### *4. Further information*

More detailed explanations of the shareholders' rights in accordance with Sections 122 (2), 126 (1), 127, and 131 (1) AktG (Stock Corporation Act) are available on the Internet at [www.elmos.com/english/investor-press/annual-general-meeting](http://www.elmos.com/english/investor-press/annual-general-meeting).

#### **RELEASE OF THE INVITATION TO THE ANNUAL GENERAL MEETING AND OTHER DOCUMENTS RELATING TO THE ANNUAL GENERAL MEETING**

The information to be made accessible on the Company's website pursuant to Section 124a AktG (Stock Corporation Act), particularly the Annual General Meeting convening notice, the documents to be made available to the shareholders at the General Meeting, shareholders' motions, and further information, is available on the

Internet at [www.elmos.com/english/investor-press/annual-general-meeting](http://www.elmos.com/english/investor-press/annual-general-meeting).

Voting results are announced after the Annual General Meeting at the same Internet address.

The convening of the Annual General Meeting is announced in the Federal Gazette of March 24, 2016 and transmitted for publication to media outlets of which it can be expected that they distribute the information throughout the entire European Union.

#### **INTERNET BROADCAST OF THE ANNUAL GENERAL MEETING**

All shareholders of Elmos Semiconductor Aktiengesellschaft and the interested public may follow the entire length of the Annual General Meeting live on the Internet ([www.elmos.com](http://www.elmos.com)) on May 11, 2016 starting at 10:00 a.m., by order of the chairman of the Annual General Meeting. Unrestricted online access to the live webcast will be made available at [www.elmos.com/english/investor-press/annual-general-meeting](http://www.elmos.com/english/investor-press/annual-general-meeting).

Dortmund, March 2016

Elmos Semiconductor Aktiengesellschaft  
The Management Board

## INFORMATION

### **Admission**

The doors to the Annual General Meeting will open on May 11, 2016 at 9:00 a.m.

### **Parking**

Parking spaces are available for our guests at Spielbank Hohensyburg during the Annual General Meeting. We kindly ask you to show your parking ticket upon registration so that we can exchange it for a parking voucher that provides for free parking.

### **Bus transfer from/to Dortmund bus terminal**

At the Dortmund bus terminal, free bus transfer to our Annual General Meeting at Spielbank Hohensyburg is available at 9:00 a.m., provided by the company TRD-Reisen. The bus departs from Spielbank Hohensyburg about one hour after the end of the General Meeting to return to the Dortmund bus terminal.

## DIRECTIONS

On highway A1 from Cologne, take the exit “Hagen-Nord”. Follow the signposts showing the way to Spielbank Hohensyburg from there.

Coming from either A44 or A2, follow the signs to the city, “Dortmund-Zentrum”. Take southbound B54 from the city to Spielbank Hohensyburg.

On highway A45, take the exit “Dortmund-Süd” in the direction of Hohensyburg. Follow the signposts showing the way to Spielbank Hohensyburg after the exit.



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