
**Articles of Association of
Knorr-Bremse Aktiengesellschaft**

I. General Provisions

Article 1

Corporate Name, Registered Office

- (1) The corporate name of the company is Knorr-Bremse Aktiengesellschaft.
- (2) The registered office of the company is in Munich.

Article 2

Object of the Company

- (1) The object of the company is the management of a group of companies that operates in the areas of mechanical engineering, electronics and hydraulics as well as in related areas. These include, in particular, research on, and the development, production and sale of, braking systems and other control systems for rail vehicles, commercial vehicles and other vehicles, railway door systems and platform screen door systems, HVAC systems, power converters, other electronic components, torsional vibration dampers for combustion engines for motor vehicles and vessels and other equipment for rail and commercial vehicle transport as well as components, add-on parts and accessories for the above-named products.
- (2) The company may also itself conduct operations in the areas referred to in para. 1.
- (3) The company is entitled to perform all acts and take all measures and conduct all kinds of transactions that are related to the object of the company as specified in paras. (1) and (2) above or that it deems appropriate in order to directly or indirectly further said object.
- (4) The company may establish, operate, acquire or participate in other enterprises in Germany and abroad, in particular enterprises the business purpose of which includes the areas referred to in para. (1) in whole or in part, as well as manage such enterprises or limit itself to managing the participations in such enterprises. The company may have all or any of its operations and participations managed by, or may transfer or outsource all or any of its operations and participations to, affiliated companies, and it may conclude enterprise agreements. The company may also establish branch offices and permanent establishments in Germany and abroad.
- (5) The company may limit its activity to some of the areas designated in paras. (1) and (2).

Article 3 Fiscal Year

The fiscal year of the company commences on January 1 and ends on December 31 of each calendar year.

Article 4 Announcements and Transmission of Information

- (1) Announcements by the company are published in the Federal Gazette (*Bundesanzeiger*).
- (2) To the extent permitted by law, the company is entitled to transmit information by way of remote data transmission to the shareholders and to other holders of securities of the company.

II. Share Capital and Shares

Article 5 Share Capital and Shares

- (1) The share capital of the company amounts to EUR 161,200,000.00 (in words: one hundred sixty-one million two hundred thousand euros).
- (2) The share capital is divided into 161,200,000 no-par value shares.

The shares are bearer shares.

- (3) A shareholder's right to the issuance of share certificates representing its respective shares is excluded to the extent legally permitted and unless such issuance is required in accordance with the rules applicable at a stock exchange where the shares are admitted to trading. The company is entitled to issue share certificates representing individual shares (*Einzelurkunden*) or multiples of shares (*Sammelurkunden*). Also, the right of a shareholder to have profit participation and renewal certificates issued is excluded.
- (4) The form and content of share certificates as well as of any profit participation and renewal certificates will be determined by the Executive Board. The same applies to bonds and interest coupons.

Article 6 **Authorized Capital**

- (1) The Executive Board is authorized, with the consent of the Supervisory Board, to increase the company's share capital in the period ending May 28, 2023, on one or several occasions, by a maximum amount of EUR 40,300,000.00, by issuing up to 40,300,000 new no-par value bearer shares against cash contributions and/or contributions in kind (**Authorized Capital 2018**).
- (2) As a matter of principle, the new shares must be offered to the shareholders for subscription; they may also be acquired by credit institutions or enterprises within the meaning of § 186 (5) sentence 1 of the German Stock Corporation Act (*Aktiengesetz*, "AktG") subject to the obligation to offer the shares to the shareholders for subscription.
- (3) The Executive Board is authorized, subject to the approval of the Supervisory Board, to exclude the shareholders' subscription rights in whole or in part,
 - (i) in order to realize fractional shares under exclusion of the subscription right;
 - (ii) in the case of capital increases against contributions in kind, in particular in the context of mergers or for the purpose of (also indirect) acquisitions of enterprises, parts of enterprises, participations in other enterprises or of other assets or claims for the acquisition of assets or receivables;
 - (iii) in the case of capital increases against contributions in cash pursuant to Sec. 186 (3) sentence 4 AktG, if the issue price of the new shares is not substantially below the stock exchange price of the company's shares already listed on the stock exchange at the time of the final determination of the issue price, which should occur as close as possible to the placement date of the shares, and the notional amount of the share capital attributable to the new shares does not exceed 10% of the share capital of the company, neither at the time this authorization becomes effective nor at the time it is exercised. In this context, the pro-rata amount of the share capital attributable to shares that are sold under exclusion of subscription rights during the term of the Authorized Capital 2018 on the basis of an authorization regarding the sale of treasury shares pursuant to Secs. 71 (1) no. 8 sentence 5, 186 (3) sentence 4 AktG will also count towards the limit of 10% of the share capital. In addition, the pro-rata amount of the share capital attributable to shares of the company issued during the term of the Authorized Capital 2018 on the basis of other authorizations regarding the issue of shares of the company under exclusion of subscription rights

of the shareholders in direct or analogous application of Sec. 186 (3) sentence 4 AktG will also count towards this limit. Moreover, the pro-rata amount of the share capital attributable to shares which may or must be issued to satisfy claims under bonds with conversion or option rights or conversion or option obligations will also count towards this limit, provided that such bonds are issued during the term of the Authorized Capital 2018 under exclusion of subscription rights of the shareholders in analogous application of Sec. 186 (3) sentence 4 AktG;

- (iv) and (a) to the extent necessary for fulfilling obligations or rights to acquire Knorr-Bremse shares under or in connection with bonds with warrants and/or convertible bonds and/or profit participation rights with option and/or conversion rights and/or obligations issued by the company or its group companies, as well as (b) to the extent required to protect against dilution, in order to grant to holders or creditors, respectively, of the bonds with warrants and/or convertible bonds and/or profit participation rights with option and/or conversion rights and/or obligations (or any combination of these instruments, as the case may be) issued by the company or its group companies subscription rights to company shares in the amount in which they would be entitled to receive shares upon exercising the option or conversion rights or after fulfilling any option or conversion obligations as shareholders.
- (4) The Executive Board is authorized, with the consent of the Supervisory Board, to determine the further details of the capital increases from the Authorized Capital 2018 and their implementation, in particular the further content of the rights attached to the shares and the conditions for the share issue.
- (5) The Supervisory Board is authorized to amend the wording of Article 6 of the Articles of Association to reflect the respective use of the Authorized Capital 2018 as well as upon expiry of the authorization period.

Article 7

Conditional Capital

- (1) The company's share capital is conditionally increased by up to EUR 16,120,000.00 by issuing up to 16,120,000 new no-par value bearer shares (**Conditional Capital 2018**). The conditional capital increase is only implemented to the extent that, under convertible bonds or bonds with warrants, profit participation rights or profit participation bonds (or any combination of these instruments) - each with conversion or option rights or conversion or option obligations - issued in the period ending May 28, 2023, by Knorr Bremse AG or any group companies of Knorr Bremse AG within the meaning of Sec. 18 AktG in accordance with the authorization resolved by the

Shareholders' Meeting of May 29, 2018, bondholders exercise conversion or option rights or fulfill their obligation to exercise conversion or option rights, or to the extent that the company exercises its right to grant to the holders of the respective notes no-par value shares of the company instead of paying the cash amount due in whole or in part upon maturity of the bonds, and unless other forms of performance have been chosen. The new shares will be issued at the conversion or option price to be determined in each case in accordance with the above-mentioned authorization. The new shares so issued carry dividend rights from the commencement of the fiscal year in which they are created; as far as legally permissible, the Executive Board, with the approval of the Supervisory Board, may – in derogation hereof – determine that the new shares will carry dividend rights from the commencement of the fiscal year for which, at the time of the exercise of the conversion or option rights or the fulfilment of the conversion or option obligations, no resolution has yet been adopted by the Shareholders' Meeting regarding the appropriation of unappropriated retained earnings.

- (2) The Executive Board is authorized, subject to Supervisory Board approval, to determine the further details concerning the implementation of the conditional capital increase.

III. Executive Board

Article 8

Composition and Rules of Procedure

- (1) The Executive Board of the company consists of at least two members. Otherwise, the Supervisory Board will determine the number of members of the Executive Board. The Supervisory Board may appoint a chairperson, as well as a deputy chairperson, of the Executive Board.
- (2) In case the Supervisory Board does not adopt rules of procedure for the Executive Board, the Executive Board may itself adopt rules of procedure, which are subject to the approval of the Supervisory Board, by unanimous resolution of all members of the Executive Board.

Article 9

Management and Representation

- (1) The Executive Board is responsible for the management of the company. The members of the Executive Board are obliged to comply with the restrictions determined in accordance with statutory provisions by the Shareholders' Meeting, these Articles of

Association, the Supervisory Board or the rules of procedure with regard to the members' powers of management.

- (2) The company is represented by two members of the Executive Board or by one member of the Executive Board acting jointly with a holder of a registered signing authority (*Prokurist*).
- (3) The Supervisory Board may determine that individual or all members of the Executive Board are authorized to enter into legal transactions as a representative of the company and as a representative of a third party (exemption from the limitations on multiple representation of Sec. 181 2nd alt. of the German Civil Code (*Bürgerliches Gesetzbuch*, "BGB")). Sec. 112 AktG will remain unaffected. In all other respects, the company is represented by a holder of a registered signing authority or other authorized signatories in accordance with the more detailed provisions established by the Executive Board.

IV. Supervisory Board

Article 10

Composition, Term of Office and Resignation from Office

- (1) The Supervisory Board is comprised of twelve members, with six of these members being elected by the Shareholders' Meeting and six members being elected pursuant to the German Co-Determination Act (*Mitbestimmungsgesetz*, "MitbestG").
- (2) Unless a different term of office is determined upon their election, the members of the Supervisory Board are elected for the period ending at the close of the Shareholders' Meeting that resolves on the approval of the Supervisory Board members' actions for the fourth fiscal year following the commencement of their term of office. The fiscal year in which their term of office commences is not counted. If a Supervisory Board member resigns from office before the end of his/her term, a substitute will be elected for the remainder of such leaving member's term of office. The same applies in the event an election is contested and must be held again.
- (3) The Shareholders' Meeting may simultaneously appoint substitute members for the Supervisory Board members to be elected by it, who will replace, in the order to be determined at the time of the election, Supervisory Board members representing the shareholders who have resigned early or whose election has been successfully contested. If a substitute member replaces a leaving member of the Supervisory Board, his/her term expires at the end of the next Shareholders' Meeting at which a substitute Supervisory

Board member is elected in accordance with the above para. (2); but no later than upon expiry of the term of office of the member who has left the Supervisory Board. If the substitute member who left following the election of a substitute member had been appointed for more than one Supervisory Board member, his/her position as substitute member will be restored. The election of substitute members for the members of the Supervisory Board representing the employees is governed by the MitbestG.

- (4) The members and substitute members of the Supervisory Board may resign their office by giving four weeks' written notice to the chairperson of the Supervisory Board or, in the event that the Supervisory Board's chairperson resigns, to his/her deputy, unless the member resigns for good cause which is possible with immediate effect. The chairperson of the Supervisory Board or – in the event that the Supervisory Board's chairperson resigns – his/her deputies may consent to a shortening of the notice period or may waive observance of the notice period.

Article 11

Chairperson and Deputy Chairpersons

- (1) The Supervisory Board will elect in accordance with the MitbestG a chairperson and two deputy chairpersons from among its members. The election will take place at a meeting which is held immediately subsequent to the Shareholders' Meeting at which the Supervisory Board members representing the shareholders were elected; no separate convening notice is required for this meeting.
- (2) The chairperson and his/her deputies remain in such role for the term for which they are elected members of the Supervisory Board unless a shorter term is determined at the time of their election.
- (3) If the chairperson or a deputy chairperson resigns from office before the end of his/her term, the Supervisory Board will elect a substitute from among its members for the remaining term of office of the leaving chairperson or deputy chairperson.
- (4) The chairperson or a deputy chairperson may be removed for good cause only. Permanent inability of the chairperson or a deputy chairperson to discharge the duties of office is deemed to constitute good cause. The removal of the chairperson or a deputy chairperson is subject to the same provisions of the MitbestG that govern their election.
- (5) The deputy chairpersons have the rights and duties of the chairperson if and when the chairperson is unavailable with the exception, however, of the chairperson's casting vote pursuant to the MitbestG or under these Articles of Association, and unless otherwise

provided for by law, these Articles of Association or the rules of procedure of the Supervisory Board.

- (6) If the chairperson and his/her deputies are unable to discharge their duties, the most senior or, in the case of equal seniority, the oldest Supervisory Board member available must temporarily assume these duties until the chairperson or a deputy chairperson is available again. He/she may not use the chairperson's casting vote.

Article 12

Declarations by the Supervisory Board

- (1) Declarations by the Supervisory Board and its committees may be made by the chairperson in the name of the Supervisory Board.
- (2) The chairperson is authorized to receive declarations on behalf of the Supervisory Board.

Article 13

Duties and Powers

- (1) The Supervisory Board has all duties and rights assigned to it by law and by these Articles of Association.
- (2) The Supervisory Board has to determine in the rules of procedure for the Executive Board or for the Supervisory Board or by resolution that specific transactions or types of transactions may be entered into only with the consent of the Supervisory Board.
- (3) The Supervisory Board may grant revocable consent with respect to a certain type of transactions either in general or in the event that the individual transaction complies with certain requirements in advance.
- (4) The Supervisory Board is authorized to resolve amendments of the Articles of Association that only relate to its wording.

Article 14

Rules of Procedure

The Supervisory Board will adopt its own rules of procedure which will be in accordance with mandatory law and the provisions of these Articles of Association.

Article 15
Meetings, Resolutions and Minutes of Meeting

- (1) The meetings of the Supervisory Board will be convened by the chairperson by giving not less than fourteen days' notice; when calculating the notice period, the day the convening notice is sent and the day the meeting is held will not be taken into account. The notice period may be shortened in cases of urgency. Notice of meetings may be given in writing, orally, by telephone, telefax, email or by any other customary means of communication. In all other respects, statutory provisions as well as the provisions of the rules of procedure for the Supervisory Board apply regarding the convening of Supervisory Board meetings.
- (2) The meetings of the Supervisory Board are chaired by the chairperson. The Supervisory Board may provide for more detailed provisions in this respect in its rules of procedure.
- (3) Upon instruction by the chairperson or with the consent of all Supervisory Board members, meetings may also be held by conference call or by means of electronic communication (in particular, by videoconference) with individual members of the Supervisory Board participating by telephone or by other means of electronic communication (in particular, by video transmission). The Supervisory Board may provide for more detailed provisions in this respect in its rules of procedure.
- (4) Supervisory board resolutions are generally passed at meetings. Absent Supervisory Board members may also participate in the passing of Supervisory Board resolutions by submitting their votes in writing through another Supervisory Board member. Resolutions on agenda items that were not included in the convening notice and that were not notified by the third day prior to the meeting either, are only permitted if no objection is raised by a member of the Supervisory Board. This notice period may be shortened in cases of urgency. Absent members must be given the opportunity to object to the resolution, or to cast their vote, in writing, orally, by telephone, telefax, email or by any other customary means of communication within a reasonable period to be determined by the chairperson of the Supervisory Board. The resolution will only become effective if none of the absent members of the Supervisory Board has objected to the resolution within the above period. Supervisory board members who participate by telephone or by means of electronic communication are deemed to be present at the meeting.
- (5) Resolutions may also be passed outside meetings, either in writing, orally, by telephone, telefax, email or by any other customary means of communication or by way of a combination of these means, and by a combination of a meeting and a resolution outside

a meeting, if so ordered by the chairperson of the Supervisory Board by giving reasonable notice or if all Supervisory Board members participate in the vote on the resolution. Members who abstained from voting in the passing of a resolution are deemed to participate in the passing of the resolution.

- (6) The Supervisory Board has a quorum if at least half of the total number of members of whom it is to consist participates in the passing of a resolution. Supervisory board members who are absent and do not participate by telephone or by means of electronic communication (in particular, by videoconference), but who cast their vote in accordance with para. (4) or para. (5), as well as members who abstain from voting in the passing of a resolution are deemed to participate in the passing of the resolution.
- (7) Unless otherwise provided by mandatory law, the resolutions of the Supervisory Board are passed with a simple majority of the votes cast. Abstentions will not be deemed votes cast. In the event of a Supervisory Board vote being tied, the chairperson of the Supervisory Board has the casting vote if the stalemate continues after a second vote on the same subject matter. Sec. 108 (3) AktG must also be applied to the casting vote.
- (8) The chairperson may cancel or postpone a convened meeting according to his/her best judgment (*pflichtgemäßes Ermessen*).
- (9) Minutes must be prepared of the Supervisory Board's resolutions and meetings. These minutes must be signed by the person appointed to chair the respective meeting or in the case of para. (5) by the chairperson of the Supervisory Board. More detailed provisions in this respect are defined in the rules of procedure of the Supervisory Board.

Article 16

Committees of the Supervisory Board

- (1) The Supervisory Board may form committees from among its members and assign certain duties and, to the extent permitted by law, decision-making powers to them.
- (2) The Supervisory Board will form, in any event, a committee to be formed pursuant to Sec. 27 (3) MitbestG (**Mediation Committee**) immediately after the election of the chairperson of the Supervisory Board and his/her deputies. The Mediation Committee fulfils the duty set out in Sec. 31 (3) sentence 1 MitbestG.
- (3) In the event of a tie in any vote of a committee, the chairperson of the Supervisory Board has the casting vote in the second vote on the same subject matter, provided that he/she also acts as chairperson of the committee; this provision does not apply in the event of a

tie in a vote of the committee formed pursuant to Sec. 27 (3) MitbestG (Mediation Committee). This applies with the prerequisite that the committee is composed of an equal number of shareholder and employee representatives on the Supervisory Board. The casting vote may also be cast in writing.

- (4) In all other respects, the provisions set out under Article 15 apply accordingly to committee procedures unless the Supervisory Board determines otherwise in the rules of procedure or when forming the committee.

Article 17 **Duty of Confidentiality**

- (1) Each Supervisory Board member is obliged to maintain secrecy regarding any confidential information and secrets of the company, i.e. trade and business secrets, of which he/she became aware in the process of fulfilling his/her duties as a member of the Supervisory Board, and must not use or exploit such information and secrets for any other purposes.
- (2) Such obligation survives termination of the member's appointment as Supervisory Board member. Upon expiry of the member's term of office, all documents have to be returned to the company.
- (3) In the event that a member of the Supervisory Board intends to disclose to third parties information which cannot be guaranteed not to be confidential or relating to secrets of the company, the member is obliged to notify the chairperson of the Supervisory Board in advance and give him/her the opportunity to comment.

Article 18 **Compensation of the Supervisory Board**

- (1) The members of the Supervisory Board, except for the chairperson and the deputy chairpersons, receive a basic compensation of EUR 80,000.00 for the relevant fiscal year of the company; the chairperson of the Supervisory Board receives a basic compensation of EUR 250,000.00 for the relevant fiscal year of the company, and each of the deputy chairpersons receives a basic compensation of EUR 120,000.00 for the relevant fiscal year of the company. For their service on the Supervisory Board committees, compensation is paid as follows:
 - (i) EUR 60,000.00 to the chairperson of the executive committee and EUR 20,000.00 to every other member of the executive committee;

- (ii) EUR 60,000.00 to the chairperson of the audit committee and EUR 20,000.00 to every other member of the audit committee.
- (2) Members of the Supervisory Board who have not been a member of the Supervisory Board or of a committee, or who have not acted as chairperson, for a full fiscal year receive compensation *pro rata temporis*, with each part of a month being rounded up to a full month.
- (3) Compensation is payable after the close of the Shareholders' Meeting at which the financial statements for the preceding fiscal year are submitted or which resolves on the adoption thereof.
- (4) D&O liability insurance will be taken out for the members of the Supervisory Board of the Knorr-Bremse Group, which will be maintained by the company in its own best interest and will provide for an adequate level of cover. The premiums for this insurance policy will be borne by the company.
- (5) The company will reimburse the members of the Supervisory Board for reasonable expenses incurred by them in the exercise of their office.
- (6) VAT will be reimbursed by the company to the extent that the members of the Supervisory Board are entitled to separately invoice VAT to the company and exercise such right.

Article 19
Honorary Chairperson

The Supervisory Board may appoint individuals who have rendered outstanding services to the company as honorary chairpersons of the Supervisory Board.

V. Shareholders' Meeting

Article 20
Venue and Convening

- (1) The Shareholders' Meeting will take place at the company's registered office or in any other German city with more than 100,000 inhabitants.
- (2) Subject to the statutory rights of the Supervisory Board and a shareholder minority to

convene a meeting, the Shareholders' Meeting will be convened by the Executive Board.

- (3) Unless a different notice period is required by applicable law, the Shareholders' Meeting must be convened not less than thirty days prior to the day of the meeting. When calculating such notice period, the day the meeting is convened will not be taken into account. The minimum period is extended by the days of the registration period set forth in Article 21 para. (2).

Article 21 Participation and Voting Rights

- (1) Shareholders are entitled to participate and to exercise their voting rights in the Shareholders' Meeting only if they have registered their participation with the company prior to such meeting and if they have submitted a proof of their entitlement to attend. Such entitlement must be proven in the form of a confirmation of the shareholding issued by the depository bank at the beginning of the twenty-first day prior to the meeting.
- (2) The registration and the proof of entitlement must be received by the company not less than six days before the Shareholders' Meeting at the address stated for this purpose in the convening notice in German or English in text form (Sec. 126b of the German Civil Code (*Bürgerliches Gesetzbuch*, "BGB") or by any other means of electronic communication to be specified by the company. The convening notice may provide for a shorter period of days. The day of the Shareholders' Meeting and the day of receipt of the registration are not counted for this purpose.
- (3) The voting right may be exercised by proxy. The granting of proxy, the revocation of proxy as well as the proof of authorization to be submitted to the company require text form (Sec. 126b BGB), unless the convening notice provides for a simplified procedure. The details concerning the granting of proxy, the revocation of proxy as well as the proof of authorization to be submitted to the company will be announced at the time the Shareholders' Meeting is convened. Sec. 135 AktG remains unaffected.
- (4) The Executive Board is entitled to provide that the shareholders may attend an Shareholders' Meeting without being personally present and without appointing a proxy, and exercise some or all of their rights in whole or in part by means of electronic communication (electronic participation). Should the Executive Board act on this authorization, it must specify the details of this procedure at the time of convening the Shareholders' Meeting. Shareholders who participate in the Shareholders' Meeting in accordance with sentence 1 are not entitled to raise objections to and/or challenge the

resolutions of the Shareholders' Meeting.

- (5) The Executive Board is entitled to provide that the shareholders may cast their votes, without having to participate in the Shareholders' Meeting, in writing or by way of electronic communication (postal vote). Should the Executive Board act on this authorization, it must specify the details of this procedure at the time of convening the Shareholders' Meeting.

Article 22

Chairing and Conducting the Shareholders' Meeting

- (1) The Shareholders' Meeting is chaired by the chairperson of the Supervisory Board or by another person designated as the chairperson by the Supervisory Board. In the event that none of these persons takes the chair, the chairperson will be elected by the shareholder representatives present.
- (2) The chairperson chairs the meeting. He/She determines the sequence in which items on the agenda are dealt with, as well as the type, form and sequence of voting.
- (3) The Executive Board is authorized to partially or fully permit image and sound transmission of the Shareholders' Meeting in a manner to be determined by it.
- (4) The chairperson of the Shareholders' Meeting may determine the sequence of statements made and is authorized to limit the questioning and speaking right of the shareholders in an adequate fashion. In particular, he/she is authorized, already at the beginning or during the course of the Shareholders' Meeting, to set a reasonable time limit for the entire Shareholders' Meeting or for the comments on the specific agenda items as well as for the time available for speaking and asking questions in general or for each individual requesting to speak or ask questions; this includes the option to close the list of requests to speak or ask questions early and to order the end of the debate, if necessary.

Article 23

Passing of Resolutions

- (1) At the Shareholders' Meeting, each share grants one vote.
- (2) Unless otherwise provided by mandatory law or by these Articles of Association, the resolutions of the Shareholders' Meeting are passed by a simple majority of the votes cast and, where a majority of capital is required, with a simple majority of the share capital represented at the time of the passing of the resolutions. In the event of a tie, the proposal

is deemed to have been rejected. This does not apply in the case of elections.

VI. Financial Statements and Appropriation of Retained Earnings

Article 24

Financial Statements and Consolidated Financial Statements

The Executive Board must, within the first three months of the fiscal year, prepare the financial statements and the management report for the previous fiscal year as well as, if required by law, the consolidated financial statements and the consolidated management report, and submit them without undue delay to the Supervisory Board and to the auditor for review. At the same time, the Executive Board has to submit to the Supervisory Board its proposal on the appropriation of unappropriated retained earnings which the Executive Board is planning to present to the Shareholders' Meeting.

Article 25

Appropriation of Retained Earnings and Annual Shareholders' Meeting

- (1) Each year, the Shareholders' Meeting resolves within the first eight months of each fiscal year on the allocation of unappropriated retained earnings, on the approval of the acts of the Executive Board and Supervisory Board members and on the appointment of the auditor (Annual Shareholders' Meeting), as well as, in the cases provided for by applicable law, on the adoption of the financial statements.
- (2) The shareholders' shares in the earnings are determined based on their shares in the share capital.
- (3) In the event of an increase in the share capital, the profit participation granted by the new shares may be determined in deviation from Sec. 60 (2) AktG.
- (4) The Shareholders' Meeting may resolve on an allocation of unappropriated retained earnings by way of a distribution in kind in addition to or instead of a distribution in cash. In its resolution on the allocation of unappropriated retained earnings, the Shareholders' Meeting may decide that amounts be transferred to retained earnings or be brought forward as retained earnings.
- (5) After the close of the fiscal year, the Executive Board may, within the limits of Sec. 59 AktG and with the consent of the Supervisory Board, distribute to the shareholders an

advance dividend payment.
