

# **KHD Humboldt Wedag International AG**

## **Cologne**

## **Articles of Association**

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## **I. General Provisions**

### **Section 1 Name, domicile and duration**

- (1) The name of the Company is:

KHD Humboldt Wedag International AG.

- (2) The Company is domiciled in Cologne.

- (3) The duration of the Company is not limited in time.

### **Section 2 Object of the Company**

The object of the Company is the acquisition and disposal of shareholdings in corporations and partnerships, in particular real estate and industry investments, and the management of such own shareholdings.

## **II. Capital Stock and Shares**

### **Section 3 Capital stock**

The capital stock of the Company is € 49,703,573 (in words: forty-nine million seven hundred and three thousand five hundred and seventy-three) and divided into 49,703,573 no-par value common shares.

### **Section 4 Contingent capital**

The capital stock of the Company has been increased by up to € 69,204.00 subject to a contingency according to Section 192 para. 2 no. 1 AktG (Stock Corporation Act), to be executed by the issue of up to 34,602 new bearer shares. The contingent capital increase is earmarked for granting conversion rights and/or establishing conversion obligations in compliance with the relevant conversion conditions for the holders of the convertible bonds issued by the Company before 29 August 2006 pursuant to the resolution adopted by the General Meeting on 29 August 2001 and for granting option rights pursuant to the relevant option conditions to the holders of the option bonds and warrants issued by the Company before 29 August 2006 pursuant to the resolution adopted by the General Meeting on 29 August 2001.

The shares are to be issued at the conversion or option price (issue price) to be determined pursuant to the resolution adopted by the General Meeting on 29 August 2001 and subscription ratio. The contingent capital is to be issued only to the extent that the holders of the forenamed convertible bonds or option warrants exercise their conversion or option rights or the holders of bonds obliged to convert fulfil their conversion obligations. The new shares of the Company shall participate in the profits from the beginning of the financial year in which they are issued as a consequence of the exercise of conversion or option rights or the fulfilment of conversion obligations.

## **Section 5** **Authorized capital**

- (1) The Management Board is authorized with the approval of the Supervisory Board to increase the capital stock of the Company once or in partial amounts in the period from 23 March 2010 up to and including 22 March 2015 up to a total amount of € 10,255 by issuing up to 10,255 new no-par value bearer shares against cash and/or contributions in kind. In principle, the shareholders shall be granted subscription rights. The statutory subscription rights can also be granted if the new shares are underwritten by a banking syndicate subject to the obligation that it offers them indirectly to the shareholders for subscription pursuant to Section 186 para. 5 AktG. The Management Board is authorized with the approval of the Supervisory Board to exclude the statutory subscription rights of the shareholders in the following cases:
  - (i) if the capital increase is against cash contributions and the proportion of the capital stock allocated to the new shares, for which the subscription right has been excluded, does not exceed 10% of the capital stock, either with respect to the date on which the authorization becomes effective or the date on which such authorization is exercised, and the issue price of the new shares is not significantly lower than the stock market price of the shares already quoted on the stock market at the time of the final determination of the issuing price that are of the same type and that offer the same conditions in terms of Section 203 para. 1 and 2, 186 para. 3 sentence 4 AktG; the upper limit of 10% of the capital stock includes shares, which were issued or which are to be issued to satisfy option or conversion rights, if these bonds were issued in accordance with Section 186 para. 3 sentence 4 AktG excluding subscription rights; the upper limit of 10% of the capital stock also includes those own shares of the Company, which are sold during the term of this authorized capital excluding the shareholders' subscription rights pursuant to Section 71 para. 1 no. 8 sentence 5, 186 para. 3 sentence 4 AktG,
  - (ii) in the case of capital increases against contributions in kind to grant shares in order to acquire a company, any parts of a company or participations in companies as well as other assets,
  - (iii) for residual amounts,
  - (iv) if a third party, which is not a bank in terms of Section 186 para. 5 AktG, subscribes the new shares and ensures that the shareholders are allowed an indirect subscription right.
- (2) The Management Board is authorized with the approval of the Supervisory Board to stipulate the further details of the capital increase as well as its execution. The Supervisory Board is authorized to amend the Articles of Association in accordance with the corresponding utilization of the authorized capital.

## **Section 6 Shares**

- (1) The shares are bearer shares. This shall also apply in case of capital increases save as otherwise provided by resolution.
- (2) The issue, form and content of the share certificates and dividend and renewal coupons as well as of bonds and interest coupons shall be determined by the Management Board with the consent of the Supervisory Board.
- (3) The Company is entitled to issue share certificates in respect of several shares (global certificates). The right of shareholders to evidencing of their shares is ruled out; this also applies if issued share certificates are submitted or declared null and void.

## **III. Management Board**

### **Section 7 Composition of Management Board**

- (1) The Management Board of the Company shall comprise one or several persons. The number of members shall be determined by the Supervisory Board. Even if the capital stock exceeds three (3) million euros, the Supervisory Board can determine that the Management Board shall comprise only one person.
- (2) Unless the Supervisory Board determines a shorter period when appointing the members of the Management Board, the members of the Management Board shall be appointed for five years.
- (3) The Supervisory Board can appoint one member of the Management Board as chairman and another as his deputy.

### **Section 8 Rules of procedure for Management Board**

- (1) The Management Board can adopt by unanimous resolution rules of procedure unless the Supervisory Board issues rules of procedure for the Management Board.
- (2) The rules of procedure for the Management Board have to stipulate that certain types of transaction, in particular those that substantially change the Company's net assets, financial position or results of operations or its exposure to risk and those concerning the establishment, dissolution, acquisition or disposal of corporate shareholdings or other transactions exceeding a limit to be stipulated in the rules of procedure by the Supervisory Board, can be executed only with the consent of the Supervisory Board.

## **Section 9**

### **Representation of the Company**

- (1) If only one member is appointed to the Management Board, he shall represent the Company alone. If several members are appointed to the Management Board, the Company shall be represented collectively by two members of the Management Board or one member of the Management Board together with one *Prokurist* (holder of a special power of attorney).
- (2) The Supervisory Board can empower individual members of the Management Board to represent the Company alone.
- (3) The Supervisory Board can generally or for an individual case authorize individual members of the Management Board to represent the Company without restriction in the execution of legal transactions with themselves as representatives of a third party.

## **IV.**

### **Supervisory Board**

### **Section 10**

#### **Composition, tenure and retirement**

- (1) The Supervisory Board consists of four members.
- (2) Unless the General Meeting determines a shorter period for individual members representing the shareholders or for all members of the Supervisory Board when electing same, the members of the Supervisory Board shall be appointed for the period until the end of the General Meeting that decides on the discharge of the Supervisory Board members for the fourth financial year after the beginning of the term in office. The financial year during which the term in office begins shall not be taken into account.
- (3) A substitute for each Supervisory Board member can be elected at the same time. If a substitute takes the place of a member retiring prematurely, his tenure shall expire at the end of the General Meeting that votes in a by-election or no later than at the end of the term of office of the retired member. By-elections elect a successor for the remaining term of office of the retired member.
- (4) Each member of the Supervisory Board can resign from office effective the end of a month by giving written notice of one month to the Management Board, including without good cause.

### **Section 11**

#### **Chairman and vice-chairman**

- (1) Immediately after the General Meeting electing the Supervisory Board members, the Supervisory Board shall elect a chairman and a vice-chairman from among its members for the duration of their terms of office in a meeting for which a separate invitation is not required. The meeting is to be opened by the eldest member of the Supervisory Board present, who shall have the chairman elected. The same applies *mutatis mutandis* if the chairman or vice-chairman retires from the Supervisory Board at the end of a General Meeting because of expiry of tenure.
- (2) If the chairman or vice-chairman retires before the end of the term of office, the Supervisory Board has to hold an election to appoint a successor for the remaining tenure without undue delay.

- (3) The chairman and vice-chairman shall remain in office until a new chairman or vice-chairman is elected, but no longer than the duration of their membership of the Supervisory Board.

## **Section 12**

### **Resolutions of the Supervisory Board**

- (1) The Supervisory Board is quorate if invitations have been properly sent to the addresses or fax numbers of all its members most recently reported to the chairman and at least three members vote on the resolution. Absent members of the Supervisory Board whose votes are cast in writing by a member attending the meeting in person or by a proxy taking part according to Paragraph (2) shall vote on the resolution.
- (2) The Management Board can attend the meetings of the Supervisory Board and its committees in an advisory capacity unless otherwise provided by resolution of the Supervisory Board. Furthermore, non-members of the Supervisory Board can attend in place of members who are unable to attend authorizing same to do so in writing.
- (3) Resolutions of the Supervisory Board shall be adopted by a simple majority of the votes cast save as otherwise mandatorily stipulated by law. Abstentions are not to be counted when determining the outcome of the vote. In case of an equality of votes, the vote of the chairman of the Supervisory Board or, in case he does not vote, his deputy shall prevail, including in case of elections.
- (4) Resolutions can be adopted by the Supervisory Board and its committees, if any, and voting can take place in writing, by telephone or in other similar form (e.g. by fax, videoconference or electronic transfer, including e-mail).
- (5) Pursuant to the mandatory legal regulations and the provisions of the present Articles of Association, the Supervisory Board shall adopt rules of procedure. The rules of procedure for the Supervisory Board have to stipulate that certain types of transaction, in particular those that substantially change the Company's net assets, financial position or results of operations or its exposure to risk and those concerning the establishment, dissolution, acquisition or disposal of corporate shareholdings or other transactions exceeding a limit to be stipulated by the Supervisory Board can be executed only with its consent. The Supervisory Board can in advance revocably authorize a certain group of transactions either generally or subject to the individual transaction complying with certain conditions.

## **Section 13**

### **Remuneration of the Supervisory Board**

- (1) The members of the Supervisory Board shall receive, in addition to the reimbursement of their expenses, a fixed total remuneration amounting to € 180,000.00. The Supervisory Board shall decide by a resolution how this total remuneration shall be divided between the individual members of the Supervisory Board, including those who have retired or those who have been newly elected or appointed during the year, and also taking into account the duties of the individual members in their capacity as chairmen or vice chairman of the Supervisory Board.
- (2) The Company shall reimburse the value-added tax payable on the remuneration to each member of the Supervisory Board entitled separately to invoice the Company for the value-added tax and exercising such right.

## **General Meeting**

### **Section 14 Ordinary and extraordinary General Meetings**

- (1) The ordinary General Meeting shall take place within the first eight months of each financial year. The whole General Meeting can be transmitted in image and sound if the Management Board and Supervisory Board adopt resolutions to this effect in an individual case and announce the transmission when convening the General Meeting.
- (2) It shall vote, in particular, on the discharge of the members of the Management and Supervisory Boards, the appropriation of net retained profit, the election of the auditor and, in the instances envisaged by law, on the adoption of the annual financial statements.
- (3) Extraordinary General Meetings are to be convened in the instances envisaged by law and when required in the interests of the Company.
- (4) In consultation with the chairman of the meeting, members of the Supervisory Board are exceptionally allowed to take part in the General Meeting by way of audio-visual transmission in case they are resident abroad or would have to undertake a major journey to the place of the General Meeting for other reasons.

### **Section 15 Convention of General Meeting**

- (1) The General Meeting shall be called by the Management Board or, in the instances envisaged by law, by persons entitled. The invitation convening the meeting must indicate an address at which counter-motions can be submitted within the statutory time limit. An announcement is to be made at the same time as the invitation is issued indicating if and in what form sound and images of the General Meeting are to be transmitted.
- (2) The General Meeting is to be convened at least 30 days prior to the day by which the shareholders have to register for the meeting (Section 16 para. 1). The day the General Meeting is convened is not to be taken into account in calculating the period.
- (3) The General Meeting shall be held at the domicile of the Company or one of its affiliates or in a city in the Federal Republic of Germany hosting a German stock exchange.
- (4) The reports and documents, including the annual report, required by law are to be made available within the statutory time limits and sent to the shareholders on request. The Management Board is entitled but not obliged to publish information on the Company's website before the General Meeting. If applicable, this information must be made available at least seven days before the beginning of the General Meeting and until the end of the General Meeting and should be continuously accessible during the meeting.
- (5) All domestic and foreign financial service providers, shareholders and shareholders' associations shall be notified of the convention of the General Meeting, on request even by electronic means.

## **Section 16**

### **Requirement for the participation and the exercise of the voting right**

- (1) Shareholders who have registered in due time and provided evidence of their shareholding shall be entitled to attend the General Meeting and to exercise their voting rights at the General Meeting.
- (2) The registration must be received by the Company at the address specified for this purpose in the convening notice at least six days before the General Meeting. The convening notice may provide for a shorter period, to be measured in days. The day of the General Meeting and the day of receipt shall not be counted.
- (3) The registration must be made in text form (Section 126b BGB) or by another electronic means to be determined in more detail by the Company, in German or English.
- (4) The shareholding must be evidenced by a proof of the ultimate intermediary in text form in the German or English language; a proof of the shareholding by the ultimate intermediary in accordance with the requirements of Section 67c para. 3 AktG shall be sufficient. The special proof of shareholding shall refer to the beginning of the twenty-first day prior to the General Meeting ("record date") and must be received by the Company at the address specified for this purpose in the convening notice at least six days prior to the General Meeting. The convening notice may provide for a shorter period, to be measured in days.
- (5) The voting right may be exercised by proxy. The granting of the proxy, its revocation and the proof of the authorization vis-à-vis the Company must be in text form (Section 126b BGB), provided that no simplifications are stipulated in the convening notice. The details for the granting of proxies, their revocation and their proof vis-à-vis the Company shall be announced with the convening of the General Meeting. Section 135 of the German Stock Corporation Act (AktG) shall remain unaffected.
- (6) The Management Board is authorized to provide that shareholders may cast their votes without attending the General Meeting in writing or by means of electronic communication (postal vote). The Management Board is also authorized to make provisions regarding the scope and procedure for exercising the right according to sentence 1.
- (7) The Management Board is authorized to provide that shareholders may participate in the General Meeting without being present at its location and without a proxy and exercise all or some of their rights in whole or in part by means of electronic communication (online participation). The Management Board is also authorized to make provisions on the scope and procedure of participation and exercise of rights pursuant to sentence 1."

## **Section 17**

### **Chairing the Meeting**

- (1) The General Meeting shall be chaired by the chairman of the Supervisory Board or, in the event of his being prevented from attending to his duties, by another member of the Supervisory Board nominated by him. If the chairman of the Supervisory Board is being prevented from chairing the meeting and has not nominated a deputy, the General Meeting shall be chaired by the vice-chairman of the Supervisory Board. If none of the forenamed is present or willing to chair the meeting, the shareholder or shareholders' representative representing the largest number of votes shall open the meeting and preside over an election to appoint a chairman.



- (2) The chairman shall preside over the deliberations and determine the order in which the agenda items are discussed and the manner and form of voting. If announced in the invitation to the General Meeting, the chairman of the meeting can allow the General Meeting to be transmitted and attended, votes to be cast or other shareholders' participation rights to be exercised in each case either directly or by proxy by the use of electronic or other media insofar as legally permissible.
- (3) Save as otherwise stipulated by the chairman, the YES votes shall be determined by deducting the NO votes and abstentions from the votes represented by the shareholders holding voting rights and present or represented by proxy at the vote.
- (4) The chairman of the meeting shall be entitled to reasonably limit the right to speak and to ask questions for the entire duration of the meeting, for individual items on the agenda or for individual speakers.

### **Section 18** **Voting rights and resolutions**

- (1) Each no-par value common share shall carry one vote. The voting right is conferred as soon as the statutory minimum contribution to the capital stock is paid up.
- (2) Resolutions of the General Meeting shall be adopted by a simple majority of the votes cast unless the law stipulates otherwise. If the law requires a majority of the capital stock represented for resolutions to be adopted, the simple majority of the capital stock represented shall suffice alongside a simple majority of the votes cast unless the law mandatorily requires a larger majority.
- (3) The reduction in the number of votes and/or capital majorities required contained in the preceding paragraph applies to all cases in which other vote and/or capital majorities can be determined by law in compliance with the Articles of Association, in particular for - but not restricted to
  - i) amending the Articles of Association except for a revision of the object of the Company;
  - ii) capital increases excepting the issue of non-voting preference shares;
  - iii) the issue of convertible and income bonds and the granting of participatory notes;
  - iv) a capital reduction; and
  - v) the dismissal of Supervisory Board members.

## **VI.**

### **Financial Year, Determination and Appropriation of Net Retained Profit**

#### **Section 19** **Determination and appropriation of profit**

- (1) The financial year coincides with the calendar year.
- (2) The annual financial statements and management report are to be prepared, audited and adopted in compliance with the statutory provisions.

- (3) The Management Board is entitled with the consent of the Supervisory Board to allocate the entire net income for the year to the other revenue reserves if permitted by Section 58 para. 2 AktG.
- (4) The General Meeting shall vote on the appropriation of the net retained profit. It can decide in favor of a distribution in kind either instead of or in addition to a cash distribution.
- (5) In case of a capital increase, differing profit participation rights can be granted for the new shares in compliance with Section 60 para. 3 AktG.

## **VII.**

### **Closing Provisions**

#### **Section 20**

#### **Amendments of Articles of Association**

The Supervisory Board is authorized to adopt resolutions amending only the wording of the Articles of Association, in particular including amendments concerning the capital stock according to the extent of contingent and authorized capital issued in case of capital increases, and arising from capital decreases, in particular by calling in own shares.

#### **Section 21**

#### **Announcements**

The announcements of the Company required by AktG or the Articles of Association are made exclusively by publication in the electronic *Bundesanzeiger* (Federal Gazette) for the Federal Republic of Germany.

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