

# Articles of Association of Pfleiderer AG

Status: June 13, 2006



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Full text of the Articles of Association lodged at the Commercial Register of the Local Court (Amtsgericht) Nuremberg number HRB 14555, registered number of Pfeiderer Aktiengesellschaft, registered offices at 92318 Neumarkt, Germany (Version as of the Annual General Meeting of June 13, 2006, this version yet to be lodged with the Commercial Register)

## I. General Terms

**Article 1** (1) The Company bears the name Pfeiderer Aktiengesellschaft.

(2) The Company has its registered offices in Neumarkt, Germany.

**Article 2** (1) The objective of the Company is to control a group of companies which in particular are active in the fields of products and systems for furniture and buildings, in particular carriers, surface materials and floorings. The Company's activities include the development, manufacture and distribution of such products, the trade in raw, ancillary and pre-products, unfinished and finished products and goods, as well as the generation of energy.

(2) The Company is entitled to participate in all transactions or measures connected with its objectives or such as are suited to serve them directly or indirectly. The Company is entitled to operate directly in the fields mentioned in (1) above.

(3) The Company is entitled to form, acquire or participate in other companies, especially those whose objectives comply partly or completely with those objectives mentioned in (1) above. Under its direction, the Company is entitled to operate those companies in which it participates directly, or it may limit itself to their administration.

**Article 3** Official notifications made by the Company are published in the electronic Federal Bulletin.

## II. Registered Capital and Shares

- Article 4**
- (1) The Company has registered capital of 136,514,816 euros. The registered capital is divided into 53,326,100 non-par value shares.
  - (2) Following partial use of the authorization until June 30, 2006 to increase the Company's registered capital in one or more instalments by a total amount of 51,200,000 euros by issuing new shares in exchange for cash and/or non-cash contributions subject to approval by the Supervisory Board, the Board of Management is now only authorized until June 30, 2006 to increase registered capital by a total of 23,958,784 euros. Shareholders shall be granted subscription rights. However, subject to approval by the Supervisory Board, the Board of Management may exclude subscription rights in order to eliminate fractional amounts, or where necessary to satisfy holders of options or convertible bonds issued by the Company or its subsidiaries to the extent necessary in order to satisfy such rights to shares are exercised or would exist when satisfying obligatory conversion rights. Subject to approval by the Supervisory Board, the Board of Management is also authorized to exclude subscription rights when the capital increase does not exceed 10% of registered capital and the issue price is not significantly lower than the price quoted on the stock exchange; where this authorization is used on several occasions, the aggregate sum of the capital increases may not exceed 10% of registered capital.
  - (3) Share capital shall be conditionally increased by up to 20,480,000.00 euros by the issue of up to 8,000,000 new shares (conditional capital) The conditional increase in capital shall only be performed when
    - a) holders or creditors of options or convertible bonds make use of their conversion rights on options or convertible bonds issued up until June 12, 2011 by Pfeleiderer Aktiengesellschaft or one of its direct or indirect subsidiaries in accordance with the authorization resolved by the General Meeting on June 13, 2006 or
    - b) holders or creditors obliged to convert bonds issued up until June 12, 2011 by Pfeleiderer Aktiengesellschaft or one of its direct or indirect subsidiaries in accordance with the authorization resolved by the General Meeting on June 13, 2006 fulfil their obligation to convert such bonds.

The new shares shall participate in profits from the start of the fiscal year in which they are created as a result of the exercise of warrants or conversion rights or to satisfy the mandatory conversion of bonds.

- (4) The Company's share capital shall be increased by up to 1,989,836.80 euros (conditional capital). Conditional capital shall be used to issue up to 777,280 no-par value Company shares to cover stock options as authorized until June 30, 2006 as well as under the terms of the Pfeleiderer Stock Option Plan 2001 where holders of stock options exercise such rights to claim Company shares and the Company fulfil such claims neither through treasury stock or by way of cash compensation. Such new no-par shares shall participate in profits from the beginning of the fiscal year in which they are issued.

- (5) The Company's share capital shall be increased by up to 11,661,644.80 euros (conditional capital). The conditional capital increase of up to 4,555,330 new no-par value shares shall only be taken up in accordance with the authorization granted until May 31, 2011 and to the extent by which stock options have been granted under the terms of the Pfleiderer Stock Option Plan 2006, the holders of such stock options exercise such rights to claim Company shares and the Company does not fulfil such claims by issuing treasury stock or by way of cash compensation. Such new no-par shares shall participate in profits from the beginning of the fiscal year in which they are issued.

- Article 5**
- (1) The shares shall be issued as registered shares. To enable the Company to register shares in its shareholders' registry, shareholders who are natural persons shall inform the Company of their name, address and date of birth. In the case of legal entities, partnerships, individual traders or similar, such shareholders shall inform the Company of the name under which they trade or operate, the address of the company and its registered office, and in all cases the number of shares received and the electronic postal address, as is the case (email address).
  - (2) Where a resolution to increase capital does not define whether new shares are bearer shares or registered shares they shall be registered shares.
  - (3) Documentation of the shares and the form that dividend and renewal coupons take shall be determined by the Board of Management subject to approval by the Supervisory Board. The same shall apply to bonds and interest-bearing papers. Collective warrants can be issued. Shareholders cannot demand the issue of share certificates where stock exchange rules where shares are listed do not stipulate such certification.

## III. Board of Management

- Article 6**
- (1) The Board of Management shall comprise of at least two members.
  - (2) Apart from that, the Supervisory Board shall determine the number of members of the Board of Management.

- Article 7**
- (1) The members of the Board of Management shall manage the Company's business in accordance with the law, the Company's Articles of Association and any rules of procedure that apply to the Board of Management (standing orders).
  - (2) The Company is legally represented by two members of the Board of Management, or by one member of the Board of Management together with a person granted powers of commercial attorney ("Prokura") by the Company.

## IV. Supervisory Board

- Article 8**
- (1) The Supervisory Board shall consist of twelve members. Six members are selected from among the Company's employees.
  - (2) Members of the Supervisory Board are elected for a term of office ending on completion of the General Meeting in which they are approved for the fourth fiscal year following commencement of office. The fiscal year in which office is first taken up does not count in this term. Reelection of members is permitted. The General Meeting is entitled to stipulate a shorter term of office. Where a replacement has been nominated to replace a member before the latter's term of office has expired, the replacement's term of office shall last up to the termination date applicable to the member being replaced where no other period is laid down on nomination.
  - (3) Every member of the Supervisory Board can resign from office without stating grounds. Resignation must be made giving one month's notice in writing to the Chairman of the Supervisory Board or the Board of Management.
- Article 9**
- (1) The Supervisory Board shall meet after the General Meeting in which members of the Supervisory Board are newly elected. No particular invitation to attend the Supervisory Board meeting is required. In this meeting, the Supervisory Board shall elect a Chairman and one or more deputies from its midst who shall hold such office for the duration of their respective terms of office as members of the Supervisory Board.
  - (2) Should the Chairman of the Supervisory Board or a deputy terminate duties before his term of office expires, the Supervisory Board shall conduct new elections as soon as possible to elect a replacement for the remaining term of office of the person to be replaced.
- Article 10**
- (1) Supervisory Board meetings are convened by the Chairman at 14 days notice in writing. The date of sending off the invitation and the day of the meeting itself do not count when calculating the notice period. In urgent cases, the Chairman is entitled to shorten the notice period and convene the meeting orally, by telephone, email, telegraphically or by telefax.
  - (2) The items on the agenda shall be made known when convening the meeting.
- Article 11**
- (1) Resolutions of the Supervisory Board shall be taken during its meetings. At the instruction of the Chairman of the Supervisory Board, voting on resolutions can be taken outside the meetings in writing, telegraphically (telefax or email) or by telephone (telephone or video conference). The following rules shall apply correspondingly when voting is made outside of meetings.

- (2) The Supervisory Board has a quorum after all members have been invited to attend and when at least half of its membership takes part in the voting, either in person or when votes are cast in writing. A member of the Supervisory Board is deemed to take part in voting on a resolution when that member subsequently abstains from voting. Generally, meetings of the Supervisory Board call for the personal presence of its members; however, meetings, including the adoption of resolutions, may also be held by way of telephone or video conference.
- (3) Items on the agenda which have not been properly announced beforehand may only be resolved when no member of the Supervisory Board objects. In such cases, absent members of the Supervisory Board must be given an opportunity to object to the resolution, or to enter a written vote within a reasonable period of time to be set by the Chairman. The resolution shall only take effect when none of the absent members of the Supervisory Board have objected within the period of time set by the Chairman.
- (4) The Chairman shall determine the order in which items on the agenda are dealt with, as well as the manner and form of voting.
- (5) Where not otherwise legally stipulate, resolutions by the Supervisory Board shall be adopted through simple majority of votes cast. Abstention is not considered to be a vote cast.
- (6) Where not all members of the Supervisory Board participate in voting personally or in writing, voting on a resolution shall be postponed on application by at least two of those members of the Supervisory Board present. Following postponement, where no extraordinary meeting of the Supervisory Board is convened or where voting is not performed in accordance with no. 1 sentence 2, the resolution shall be put forward again for voting during the next scheduled meeting. When a resolution has been put forward again for voting, a renewed minority demand for postponement is not permitted.
- (7) No. 6 above shall not apply when the same number of shareholder representatives and employee representatives take part in voting on a resolution.

## Article 12

- (1) Apart from any committee that must be formed in accordance with Sec. 27(3) of the German Co-Determination Act, the Supervisory Board is entitled to set up additional committees from its midst, define their duties and regulate their powers. Where legally permissible, prerogatives of decision-making pertaining to the Supervisory Board may be conferred on committees.
- (2) Where the Supervisory Board does not nominate a chairman, each committee can elect a chairman from its midst.
- (3) Article 10 and Article 11 nos. 1, 4 and 5 shall apply correspondingly to procedures in the committees. Where voting in a committee results in stalemate, when stalemate reoccurs after a renewed vote taken on the same matter, the chairman of the committee shall have a casting vote.

- Article 13** (1) The Supervisory Board shall set up its own rules of procedure in accordance with statute and the Company's Articles of Association.
- (2) Statements of intent on behalf of the Supervisory Board and its committees shall be made by the Chairman on behalf of the Supervisory Board.

**Article 14** Members of the Supervisory Board must maintain secrecy with regard to confidential reports and meetings as well as about any of the Company's trade secrets about which they may have become aware during the course of their duties. This obligation of confidentiality shall continue to apply to a member of the Supervisory Board after he/she leaves office.

- Article 15** (1) Every member of the Supervisory Board shall receive
- a) an annual fixed fee of 21,000.– euros, payable at the end of the financial year;
  - b) an attendance fee of 750.– euros for each meeting of the Supervisory Board or one of its committees attended; attendance at meetings of a mediation committee formed under Sec. 27 (3) of the German Co-Determination Act shall not be remunerated;
  - c) an annual performance-related bonus of 150.– euros for every Cent by which dividend per share exceeds 11 Cents as resolved by the General Meeting when distributing profits, but no more than the amount of the fixed fee, payable after a resolution has been adopted to distribute profits.
- (2) The fixed fee and the performance-related bonus are double the amount stated in no. 1 above for the Chairman of the Supervisory Board. Every deputy to the Chairman and all chairmen of committees formed by the Supervisory Board shall receive 1.5 times the fee stated in no. 1 above and those members of the Supervisory Board elected to committees shall receive 1.25 times the fee stated in no. 1 above. Membership in a mediation committee formed under Sec. 27 (3) of the German Co-Determination Act does not count. Where a member of the Supervisory Board performs several of the above stated functions simultaneously, his fee shall be based solely on that function which carries the highest remuneration.
- (3) Members of the Supervisory Board shall also be reimbursed for expenses incurred in the performance of their duties. Value-added tax payable by members of the Supervisory Board from their fees shall be reimbursed by the Company.
- (4) Members of the Supervisory Board shall be indemnified by the Company for claims made by third parties to such extent as is legally permissible. The Company shall hold third party group insurance covering officers of the Company and its employees.

**Article 16** The Supervisory Board is entitled to make semantic changes to the Articles of Association.

# V. General Meeting

**Article 17** General Meetings are normally held at the Company's registered offices. They can also be convened at a place where a German stock exchange is located. The General Meeting is convened by the Board of Management or the Supervisory Board by notifying the shareholders.

- Article 18**
- (1) The General Meeting must be convened at least thirty days before the end of the day on which shareholders must register to take part in the Meeting.
  - (2) Shareholders listed in the shareholders' registry who have registered in good time are entitled to take part and vote in the Meeting.
  - (3) In order to be eligible to attend the Meeting, shareholders must register at the Company's registered offices or a site stipulated when the Meeting is convened. Registration must be made in writing, telegraphically or electronically in a manner determined by the Company, and must be received at the latest seven days before the General Meeting. The Board of Management is entitled to convene the General Meeting at shorter notice.
  - (4) Details on how to register will be notified in the Company's official publication together with the invitation to the General Meeting.
  - (5) The General Meeting can be broadcast in part or in full in sound and image. Broadcasts can also take a form in which the general public has unlimited access. The form of the broadcast will be notified on convening the Meeting.

**Article 19** The Annual General Meeting shall take place within the first eight months of the financial year.

- Article 20**
- (1) The Chairman of the Supervisory Board or a member of the Supervisory Board nominated by him shall chair the General Meeting. Where neither the Chairman of the Supervisory Board, nor a member of the Supervisory Board nominated by him, take the chair, the chairman shall be elected by the Supervisory Board.
  - (2) The Chairman controls the General Meeting, determines the sequence in which items are dealt with, as well as the sequence and manner of voting. The Chairman is authorized to reasonably restrict the time given to shareholders to pose questions and address the Meeting, in particular the amount of time granted to discuss individual items, ask questions and to speak.

- Article 21** (1) Each non-par value share entitles to one vote.
- (2) Where proxies nominated by the Company exercise voting rights, power of attorney can be granted in writing, by telefax, electronically or in a manner defined by the Company. Details on the nomination of proxies will be made known in the Company's official publication when convening the Meeting.
- (3) Where not otherwise legally stipulated, resolutions by the General Meeting are adopted through simple majority of the votes cast and by capital majority as the simple majority of the Company's equity represented when taking the resolution.

## VI. Financial year, Financial Statements, Appropriation of Profit

**Article 22** The Company's financial year is the calendar year.

**Article 23** The Board of Management shall draw up the financial statements and management report within the first three months and the consolidated financial statements and consolidated management report within the first five months of the financial year and present them to the Supervisory Board and the public auditor.

- Article 24** (1) Balance sheet profit shall be distributed among shareholders where the General Meeting does not stipulate that it be otherwise appropriated.
- (2) Profit sharing among shareholders shall be in ratio to shareholders' subscribed holdings of the Company's registered capital and in ratio to the date from which the subscription has been paid up.
- (3) When issuing new shares, a different profit sharing entitlement may be conferred on new shares.

## VII. Final rules

**Article 25** The cost of formation to be borne by the Company is 2,300 Deutsch Marks.

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