



# Articles of Association of MTU Aero Engines Holding AG

Last revised: April 2008

## First Part: General

### Section 1 Company name, registered office, financial year

- (1) The Company operates under the name of:  
  
MTU Aero Engines Holding AG.
- (2) The Company has its registered office and principal place of business in Munich, Germany.
- (3) The financial year of the Company commences on January 1 each year and ends on December 31 of the same year.

### Section 2 Object of the Company

- (1) The object of the Company is the management of a group of domestic and foreign affiliates operating in the fields of
  - (a) the development, production, maintenance, repair and the sale of gas turbines and their control and monitoring systems including their accessories and spare parts for aircraft and for stationary uses,
  - (b) the development, production, acquisition and sale of other industrial products and
  - (c) the provision of services related to the development, production, maintenance, repair and sale of the aforementioned products.
- (2) The Company may also operate in the aforementioned fields itself or restrict itself to the management of its shareholding.
- (3) The Company may conduct any business and take any action that is suitable for directly or indirectly serving the object of the Company. In this context the Company may set up, take over and participate in other enterprises. The Company may set up branches at home or abroad under the same or a different company name.

### Section 3 Official notices and investor information

- (1) Official notices issued by the Company shall be published in the electronic federal gazette [Bundesanzeiger].
- (2) The Company is entitled to distribute information to its shareholders by way of remote data transmission.

## Second Part: Capital Stock and Shares

### Section 4 Capital stock

- (1) The capital stock of the Company amounts to € 52,000,000.00 (in words: fifty-two million euros) and is divided into 52,000,000 non-par shares. The shares are registered shares. An amount of € 40,000,000.00 (in words: forty million euros) of the capital stock was provided as a non-cash contribution through the transformation of the previous MTU Aero Engines Erste Holding GmbH into MTU Aero Engines Holding AG according to Section 190 ff. of the German Transformation of Companies Act (UmwG).
- (2) When new shares are issued, the commencement of profit participation may be agreed in deviation to Section 60 of the German Stock Corporation Act (AktG).
- (3) The Board of Management shall determine, with the consent of the Supervisory Board, the type of share certificates, profit participation certificates and renewal coupons.
- (4) The right of shareholders to have share certificates issued for their shares is excluded.
- (5) The Company's Board of Management is authorized, with the consent of the Supervisory Board, to increase the capital stock up to May 29, 2010 by an amount of up to € 5,500,000.00 (in words: five million five hundred thousand euros) by issuing new registered non-par shares against cash contributions on one or more occasions (Authorized Capital I 2005).

Shareholders shall be granted a subscription right. However, the Board of Management is authorized, with the consent of the Supervisory Board, to exclude fractional amounts from the subscription rights of shareholders and to also exclude these subscription rights, with the consent of the Supervisory Board, insofar as this is

necessary to grant holders of conversion rights or warrants to registered non-par shares of MTU Aero Engines Holding AG subscription rights to the extent to which they would be entitled after exercising their conversion rights or warrants. Furthermore, the Board of Management is entitled, with the consent of the Supervisory Board, to exclude the subscription rights of shareholders if the issue price is not significantly lower than the stock market price. However, this authorization shall apply only subject to the condition that the shares issued excluding subscription rights according to Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) do not exceed a total of 10% of the capital stock at the time when the authorization becomes effective. This limit of 10% of the capital stock shall include, since the authorization became effective, any warrant and conversion rights granted to shares of the Company, excluding shareholder subscription rights, according to Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) as well as any treasury shares sold, excluding subscription rights, according to Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG).

The Board of Management is authorized, with the consent of the Supervisory Board, to determine all other rights of the shares and the terms of issue.

The Supervisory Board is authorized to revise the wording of the Articles of Association after completely or partially increasing the capital stock from the Authorized Capital I 2005 or after the expiry of the authorization period according to the extent of the capital increase from the Authorized Capital I 2005.

- (6) The Board of Management is authorized, with the consent of the Supervisory Board, to increase the capital stock of the Company up to May 29, 2010 by an amount totaling € 19,250,000.00 (in words: nineteen million two hundred and fifty thousand euros) by issuing new registered non-par shares against cash and/or non-cash contributions on one or more occasions (Authorized Capital II 2005).

In case of shares issued against non-cash contributions for the purpose of the (also indirect) acquisition of companies, parts of companies or holdings in companies, the Board of Management is authorized, with the consent of the Supervisory Board, to exclude the subscription rights of shareholders. In addition, the Board of Management is authorized, with the consent of the Supervisory Board, to also exclude these subscription rights insofar as this is necessary to grant the holders of conversion rights or warrants to registered non-par shares of MTU Aero Engines Holding AG subscription rights to the extent they would be entitled after exercising their conversion rights or warrants.

In other respects, shareholders shall be granted a subscription right. However, the Board of Management is authorized, with the consent of the Supervisory Board, to exclude fractional amounts from such subscription rights of shareholders.

Furthermore, the Board of Management is entitled, with the consent of the Supervisory Board, to determine all other rights of the shares and the terms of issue.

The Supervisory Board is authorized to revise the wording of the Articles of Association after completely or partially increasing the capital stock from the Authorized Capital II 2005 or after the expiry of the authorization period to reflect the extent of capital increase from the Authorized Capital II 2005.

- (7) The capital stock of the Company is conditionally increased by up to € 19,250,000.00 (in words: nineteen million two hundred and fifty thousand euros) by issuing up to 19,250,000 new registered non-par shares.
- The conditional capital increase serves to grant shares to the holders or creditors of convertible bonds or warrants which were issued based on the authorization resolved by the ordinary General Meeting of May 30, 2005 (taking account of the clarification on May 31, 2005). The issue is carried out at the conversion or warrant price to be specified according to this authorization.
- The conditional capital increase shall be carried out only insofar as the holders or creditors of conversion rights or warrants which are attached to convertible bonds or bonds with warrants issued by the Company or by a direct or indirect affiliate based on the authorization resolved by the Extraordinary Shareholders' Meeting of May 30, 2005 (taking account of the clarification effected on May 31, 2005) exercise their conversion rights or warrants by May 29, 2010 or the holders or creditors of the convertible bonds with conversion obligations issued by the Company or by one of its direct or indirect affiliates fulfill their conversion obligations based on the authorization resolved by the Extraordinary Shareholders' Meeting of May 30, 2005 (taking account of the clarification effected on May 31, 2005) by May 29, 2010 and insofar as treasury shares are not used to cover this. Shares issued in such manner shall participate in the profits from the beginning of the financial year in which they arise through the exercise of convertible rights or warrants or due to the fulfillment of conversion obligations.

The Supervisory Board is authorized to revise the Articles of Association to reflect the increase in capital stock after complete or partial implementation of the conditional capital increase, according to the extent of the capital increase from the contingent capital.

## Third Part: Board of Management

### Section 5 Composition of the Board of Management

- (1) The Board of Management shall consist of at least two members. If there are to be more than two, the Supervisory Board shall decide how many members the Board of Management is to have. The Supervisory Board may appoint deputy members of the Management Board.
- (2) The Board of Management shall elect a spokesman from its midst, unless the Supervisory Board appoints a member of the Board of Management as the chairman of the Board of Management.
- (3) The Supervisory Board shall issue the Rules of Procedure for the Board of Management and the list of transactions subject to approval.

### Section 6 Power of representation

- (1) The Company shall be represented by
  - two members of the Board of Management or
  - by one member of the Board of Management jointly with an employee vested with full commercial power of attorney.
- (2) The Supervisory Board may exempt all or individual members of the Board of Management, and employees vested with full commercial power of attorney authorized to legally represent the Company jointly with a member of the Board of Management, from the provisions of Section 181 2nd alternative of the German Civil Code (BGB) prohibiting multiple office-holding; Section 112 of the German Stock Corporation Act (AktG) remains unaffected.

## Fourth Part: The Supervisory Board

### Section 7 Composition of the Supervisory Board

- (1) The Supervisory Board shall consist of twelve members, six of whom are elected by the General Meeting and six of whom are elected by the employees according to the German Codetermination Act of 1976. Not more than two former members of the Company's Board of Management shall be members of the Supervisory Board.
- (2) Unless the General Meeting resolves a shorter period at the time of their election, members of the Supervisory Board, including substitutes where applicable, are appointed for a term of office up to the end of the General Meeting that decides on the formal approval of the actions for the fourth financial year after the beginning of their term of office, not counting the year in which the term commences.
- (3) If a successor is elected to take the place of a member of the Supervisory Board leaving office prior to the end of his or her term, the successor's term of office expires on the date on which the departing member would have normally relinquished office, unless determined otherwise by the General Meeting.
- (4) Upon electing a member of the Supervisory Board, a substitute member may be simultaneously appointed who replaces the member on the Supervisory Board if the latter leaves office before the end of his term and a successor has not been appointed. The office of a member of the Supervisory Board replacing another member elected by the shareholders ends as soon as a successor has been appointed for the member who has left office but no later than upon the expiry of the term of office of the member who left office.
- (5) Each member or substitute member of the Supervisory Board may resign from office even without good cause by sending a written declaration to the chairman of the Supervisory Board or to the Board of Management with effect for the end of the calendar month following such declaration. The chairman of the Supervisory Board – or in the event that the chairman resigns from office, his or her deputy – may approve that the term of resignation is shortened or that the observance of the notice period is waived.
- (6) The term of office of a member of the Supervisory Board shall expire at the latest at the end of the Annual General Meeting after the member has reached the age of 70.

## **Section 8 The chairman of the Supervisory Board and his deputy**

- (1) The Supervisory Board shall elect a chairman and a deputy chairman for the term of office specified in Section 7 (2) of these Articles of Association subject to Section 27 (1) and (2) of the German Codetermination Act of 1976. The election shall be carried out following the General Meeting at which the Supervisory Board members of the shareholders to be elected by the General Meeting have been appointed at a meeting that is not required to be specially convened. If the chairman or his deputy leaves office before the expiry of his term of office, the Supervisory Board shall conduct a new election for the remaining period of office of the member who has left.
- (2) Declarations of intent of the Supervisory Board and its committees are issued on behalf of the Supervisory Board by its chairman or, if circumstances prevent this, by the deputy chairman.

## **Section 9 Rules of procedure and committees**

- (1) The Supervisory Board shall adopt rules of procedure in compliance with obligatory statutory requirements and the provisions of these Articles of Association.
- (2) Immediately after the election of the chairman and his or her deputy, the Supervisory Board shall set up a committee to perform the task defined in Section 31 (3) of the German Codetermination Act of 1976. This committee shall consist of the chairman, deputy chairman and one each of the employee and shareholder representatives elected by a majority of the votes cast. The Supervisory Board may set up further committees from its midst and define their tasks and powers. Decision-making powers may also be transferred to the committees. The rules of procedure set out in Sections 10 and 11 below apply analogously to the committees. This also applies to the right to a second vote according to Section 11 (4) to which the respective committee chairman is entitled but not his deputy.
- (3) The Supervisory Board and the committees may call on the support of specialist advisors to assist them in the execution of their duties. They may invite experts and other knowledgeable persons to attend their meetings.

## **Section 10 Convocation**

- (1) Meetings of the Supervisory Board shall be convened by the chairman or in his absence by the deputy chairman, in each case with fourteen days' prior notice. This notice can be given verbally, in writing, by fax, by telephone or via modern means of telecommunications (e-mail etc.). The fourteen-day notice period does not include the day on which the invitation is dispatched or the day of the meeting itself. In matters of urgency, the chairman may specify a shorter notice period.
- (2) The invitation shall state the items on the agenda and the proposed resolutions. Additions to the agenda must ordinarily be notified by the seventh day before the meeting, unless justified by exceptional circumstances.
- (3) The chairman of the Supervisory Board or in his absence the deputy chairman may cancel or postpone a previously convened meeting if deemed necessary according to their best judgment.

## **Section 11 Resolutions**

- (1) The Supervisory Board has a quorum if all members have been invited in due form and at least half the members of which it is to consist in total take part in the resolution. A member who abstains from voting is deemed to have taken part in the resolution. The passing of resolutions on an item of the agenda that was not announced in due time is permitted only if no objection is raised by any member of the Supervisory Board present. In such cases, absent members of the Supervisory Board shall be given the opportunity of subsequently objecting to the resolution within a reasonable period to be set by the chairman. The resolution becomes effective only if absent members of the Supervisory Board have not raised any objection within the period specified by the chairman.
- (2) The chairman of the Supervisory Board or, if he is unable to attend, his deputy presides over the meeting. The chairman determines the order in which the items on the agenda are discussed, the voting method and the order of voting. In the case of a tied vote, the chairman decides whether or not the voting procedure shall be repeated at the same meeting.

- (3) Resolutions by the Supervisory Board must be carried by a simple majority of votes, unless otherwise stipulated by the law. This also applies to elections.
- (4) In the event of a vote being tied, and if a second vote held on the same item also results in a tied vote, a third round of votes is cast in which the chairman of the Supervisory Board has two votes. The deputy chairman of the Supervisory Board is not entitled to a second vote.
- (5) An absent member of the Supervisory Board can submit a written vote, handed over by another member of the Supervisory Board. This also applies to the second vote cast by the chairman of the Supervisory Board.
- (6) The normal procedure is for resolutions to be passed in the context of a meeting. In exceptional circumstances, if so requested by the chairman of the Supervisory Board or in his absence by the deputy chairman, or if all members of the Supervisory Board take part in the vote, resolutions may also be passed without convening a meeting, with votes cast in writing, by telex, telephone, fax, or modern means of telecommunication (e.g. telephone and video conferences, e-mail etc.).
- (7) The invalidity of a Supervisory Board resolution can only be asserted by taking legal action within one month after gaining knowledge of the resolution.
- (8) Minutes shall be drawn up of resolutions and meetings of the Supervisory Board and its committees which shall be signed by the chairman of the respective meeting or, if Section 11 paragraph 6 is applicable, by the chairman of the Supervisory Board or in his absence the deputy chairman.

#### **Section 12 Compensation of members of the Supervisory Board**

- (1) Members of the Supervisory Board shall receive a fixed annual compensation payable after the end of the financial year amounting to € 30,000.00 (in words: thirty thousand euros).
- (2) The amount specified in paragraph 1 above is tripled in the case of the chairman of the Supervisory Board and multiplied by one-and-a-half in the case of the deputy chairman.
- (3) In addition to the compensation stated in paragraph 1, members of the Supervisory Board who belong to a committee shall receive an additional € 5,000.00 (in words: five thousand euros) and if they chair the committee, an additional € 10,000 (in words: ten thousand euros). This shall not apply to membership in the committee set up to perform the task named in Section 31 (3) of the German Codetermination Act of 1976, for which no additional compensation is paid.
- (4) Members of the Supervisory Board who only held office or performed the functions named in paragraph 2 for a fraction of the financial year shall receive a proportional amount of the due compensation for each month commenced.
- (5) In addition to their fixed annual compensation, members of the Supervisory Board shall receive an attendance fee of € 3,000.00 (in words: three thousand euros) for each meeting of the Supervisory Board or its committees, subject to an upper limit of € 3,000.00 per calendar day.
- (6) The Company shall reimburse the necessary outlays to members of the Supervisory Board upon presentation of documentation. The applicable VAT shall be reimbursed by the Company insofar as members of the Supervisory Board are entitled to invoice VAT separately and choose to exercise this right.
- (7) The Company shall provide adequate insurance cover for members of the Supervisory Board; in particular, it shall take out a D&O insurance in favor of members of the Supervisory Board.

#### **Section 13 Amendments to the wording of the Articles of Association**

The Supervisory Board is authorized to pass resolutions on amendments to the Articles of Association that only affect their wording.

## Fifth Part: The General Meeting

### Section 14 Convocation of the General Meeting

- (1) The General Meeting shall be held at the registered office of the Company, in a city in Germany with more than 100,000 inhabitants or within a radius of 50 kilometers of the registered office of the Company.
- (2) The General Meeting shall be convened with at least 30 days' notice prior to the end of the registration period according to Section 15 (1). This notice period does not include the date on which the invitations are issued nor the closing date for registration by shareholders.

### Section 15 Right to attend the General Meeting

- (1) Only shareholders who are listed in the Company's share register and whose intention to attend the Annual General Meeting was registered by the Company no later than seven days prior to the date of the meeting – in writing, by fax or by any other means (e.g. online registration) specified in the invitation to the respective General Meeting by the Board of Management – are entitled to take part in the General Meeting and to exercise their voting rights. The Board of Management may specify a later date for registration in the invitation to the respective General Meeting.

### Section 16 Voting rights

- (1) Each share is entitled to one vote at the General Meeting.
- (2) Voting rights may be exercised by proxy. The written form is necessary and sufficient for the proxy.
- (3) If proxies are authorized by the Company, the proxy may be conferred in writing, by fax or by electronic means in a manner to be specified in detail by the Company. Details shall be notified jointly with the invitation to the General Meeting.

### Section 17 Chair of the General Meeting

- (1) The General Meeting shall be chaired by the chairman of the Supervisory Board. If he is unable to attend, he shall appoint another member of the Supervisory Board to perform this task. If the chairman cannot attend and he has not appointed anyone to represent him, the General Meeting shall be chaired by a member of the Supervisory Board elected by the shareholder representatives on the Supervisory Board.
- (2) The chairman leads the discussions and determines the voting method, order of voting and form of voting. He may determine an order in which items are discussed that differs from that announced in the agenda.  
As regards the right of shareholders to speak and ask questions, the chairman may reasonably limit the time shareholders have to do so; in particular, he may reasonably set time limits on the meeting's proceedings, on the discussion of individual items on the agenda or on individual questions and comments of shareholders.

### Section 18 Resolutions of the General Meeting

- (1) Resolutions of the General Meeting are passed by a simple majority of the votes cast, unless other majorities are prescribed as mandatory by law. In cases where the law requires resolutions to be passed by a majority of the votes representing the capital stock, a simple majority suffices, unless other stipulated by the law.
- (2) In the event of a tied vote, a motion shall be considered rejected except in the case of elections.
- (3) If there is no majority on the first ballot of an election, a second ballot shall be held between the two persons who received the highest number of votes. If there is a tied vote in the second ballot, the election shall be decided by drawing lots.

## Sixth Part: Annual Financial Statements, Management Report and Distribution of the Balance Sheet Profit

### **Section 19 Annual financial statements and management report, formal approval of the actions of the Board of Management and the Supervisory Board**

- (1) The Board of Management shall prepare the management report and the annual financial statements as well as the consolidated financial statements and the group management report for the preceding financial year within the statutory periods and immediately thereafter submit them to the auditors and the Supervisory Board. At the same time, the Board of Management shall submit a proposal on the appropriation of the balance sheet profit to the Supervisory Board.
- (2) When the Board of Management and the Supervisory Board are adopting the annual financial statements, they are authorized to transfer in whole or in part to other revenue reserves the net profit for the year that remains after deducting the amounts to be transferred to the statutory reserves and any loss carried forward, provided that the other revenue reserves do not exceed half of the capital stock or would do so after the transfer.

### **Section 20 Appropriation of net profit, General Meeting**

- (1) The General Meeting shall resolve on the formal approval of the actions of the members of the Board of Management and the Supervisory Board, on the distribution of the balance sheet profit and on the election of the auditor (ordinary General Meeting) each year in the first eight months of the financial year.
- (2) The General Meeting may resolve to distribute a dividend in kind instead of, or in addition to, a cash dividend.

### **Section 21 Formation expenses**

- (1) The formation expenses (notarial fees, court fees, etc.) amounting to approximately € 800.00 shall be borne by the shareholder.
- (2) The costs entailed in the transformation and its entry in the commercial register (in particular attorney's, auditor's, notary's and court fees as well as costs for publication) and taxes shall be borne by the Company up to a total amount of € 150,000.00 (in words: one hundred and fifty thousand euros) at the maximum.

–End of the Articles of Association –