

Articles of Association
of the
Auerbach Stiftung
with its head office in Nuremberg

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§ 1

Name, Legal Status, Head office

The Foundation has the name

“Auerbach Stiftung”.

It is a legal, public foundation, governed by civil law with its Head Office in Nuremberg.

§ 2

Purpose of the Foundation

(1) The purposes of the Foundation are

- the social and charitable funding of and provision of funding for individuals
- the promotion of science and research
- the promotion of culture.

(2) The purposes of the Foundation are focused specifically:

a) in the field of social and charitable funding by

- the charitable funding of people, who require aid because of their physical, spiritual or mental state or because of financial need, and more specifically the funding of children and young people in need of help;
- the provision of youth aid and aid for the elderly;
- the provision of development help in the form of technical help, capital help or help with goods;
- the promotion of training and education for children, teenagers and young people, general education and vocational training and further education;

- b) in the field of science and research by
 - the promotion of projects in the fields of science and research and
 - the provision of aid for students;
- c) in the field of cultural funding by
 - the promotion of events, institutions and projects in all fields of art and culture;
 - the funding of the protection of monuments;
 - the funding of local history and care of local history and the active connection between people and their homeland.

- (3) Within the scope of the resources available for carrying out the Foundation's work, the purpose of the Foundation should be achieved by the generation of resources and the passing on of resources, in the form of money or goods, or any other type of support for other corporate entities in compliance with § 58 no. 1 of the German Fiscal Code (AO), where these corporate entities serve to meet the aims set out in article 1. The Foundation is first and foremost active as a funding foundation.

Providing the financial resources of the Foundation are sufficient, the Foundation's bodies can also resolve that the Foundation does not only act in a funding manner but can also achieve its aims operationally, in that the Foundation supports its own institutions for the purpose of achieving its aim or by carrying out its own projects and actively participating and supporting projects in collaboration with associated partners. In this case, the Foundation's bodies can determine the means for realising the Foundation's aims by amending the Articles of Association by applying § 13 articles 1 and 2.

- (4) The Foundation thus pursues exclusively and indirectly, as well as directly, in terms of a funding company pursuant to § 58 no. 1 of the German Fiscal Code (AO), charitable, scientific and cultural aims and objectives for the common good, as covered by the section "tax-privileged purposes" within the German Fiscal Code (AO).

- (5) The aims, set out in paragraph 1 and the measures set out in paragraph 2, which can be achieved are determined and limited by the resources available to the Foundation. The Foundation should successively carry out the work assigned to it according to the growth of the assets of the Foundation and its sources of income. The Foundation's bodies determine, within the scope of what is possible in financial terms, the choice, order and scope of the aims and measures to be achieved, and these must not necessarily be achieved at the same time or in the same manner.
- (6) In order to achieve the above, the Foundation can acquire a share in other, tax-privileged or non-tax-privileged corporate entities or other institutions or set these up or form a partnership with them, within the scope of what is permissible in tax terms.

§ 3

Altruism

The Foundation is unselfishly active and does not primarily pursue a beneficial purpose. It may not benefit a legal entity or a natural person by funding, alien to the purpose of the Foundation, or by unreasonably high levels of support, benefits or payments.

§ 4

Assets of the Foundation

- (1) The Foundation's assets amounted to € 50,000.00 in cash when it was set up. The assets of the Foundation have risen up to one year after recognition of the Foundation by a further € 50,000 in cash to a total of €100,000.00
- (2) The Foundation's assets should be maintained undiminished at this level over time.
- (3) Endowment contributions (contributions to the Foundation's assets) by the Founder or a third party are authorised and expressly welcomed. The Foundation is authorised, but not obliged, to accept endowment contributions from third parties. Contributions without specification of a specific purpose, following a testament of death, and other

contributions, as well as other means, which fiscally do not compulsorily forbid the use of the funds in the near future, can be added to the Foundation's assets.

§ 5

Resources of the Foundation

- (1) The Foundation accomplishes its work
 1. with proceeds from the Foundation's assets,
 2. from contributions, providing these are not specified by the contributors for the purpose of increasing the Foundation's assets; § 4 article 3 clause 3 remains unaffected.

- (2) The Foundation is entitled to raise donations in order to achieve the purpose of the Foundation. Donations are used within the scope of § 2 and what is permitted from a fiscal point of view, according to the purpose specified by the donor. If a purpose is not expressly defined, then the Foundation is entitled to spend the donations as it sees fit in terms of § 2 or to use it to form reserves within the limits of what is fiscally permissible.

- (3) All resources can only be used for purposes defined in the Articles of Association. Any persons benefiting from the Foundation therefore do not have any legitimate claim in terms of work performed by the Foundation because of these Articles of Association. Recipients of funding by the Foundation are obliged to account for the use of the funding.

- (4) The Foundation is entitled to put aside reserves for a purpose, as well as put aside free reserves, within the scope of what is permissible in fiscal terms.

§ 6

Bodies of the Foundation

- (1) The Foundation's body is the Executive Board of the Foundation.

- (2) At the instigation of the Executive Board of the Foundation, a Board of Trustees can be set up as a second body. A Board of Trustees should be set up if the Founder has died and there is no dependant of the Founder in terms of § 58 no. 5 German Fiscal Code (AO) on the Executive Board.

§§ 9 – 11, as well as further provisions within these Articles of Associations, which provide for the rights of the Board of Trustees, also apply to the Board of Trustees. The Executive Board of the Foundation has the right, when the Board of Trustees is first set up, to specify further details and duties and responsibilities for the Board of Trustees and in doing so adapt the Articles of Association by the appropriate application of § 13 article 1. These rulings require the agreement of the Founder during his lifetime, and thereafter the agreement of his wife Hannelore Auerbach.

Notwithstanding this, the Founder can, within his lifetime, agree that a Board of Trustees is set up in compliance with this article. In this case he is entitled to the rights set out in clause 4. The wife of the Founder, Hannelore Auerbach, is also entitled to these same rights when the Founder is dead.

- (3) During his lifetime, the Founder has the right, providing no Board of Trustees has been set up in accordance with article 2, to form an Advisory Board, which would advise the Executive Board of the Foundation on the management of the Foundation. The Founder would specify the details regarding the formation and activities of the Advisory Board, and should this not have been done, then §§ 9 – 11 apply. In doing so, the Founder reserves the right to appoint the members of the Advisory Board himself or to agree or disagree with an appointment by the Executive Board. In the case that a Board of Trustees is formed in accordance with article 2, the Advisory Board should be dissolved, providing it has not been allocated other duties and responsibilities.

- 4) It is not permissible to hold a position on the Executive Board of the Foundation and on the Board of Trustees at the same time; § 7 article 1 clause 5 remains unaffected. The Founder is entitled to be on the Executive Board and also to be a member of the Board of Trustees.

- (5) The members of the Foundation's bodies conduct business on an honorary basis. Necessary expenses can be reimbursed. The detail will be specified by the Executive Board in a guideline, which requires the agreement of the Board of Trustees, if the latter has been set up in accordance with article 2.

The Board of Trustees can decide whether members of the Executive Board can be remunerated for their work either on a full-time or part-time basis. Providing a Board of Trustees has not been set up, the Executive Board can decide on appropriate remuneration for the work carried out by members of the Executive Board; the Founder can disagree with a decision of this nature, with the result that these remain honorary positions. The wife of the Founder, Hannelore Auerbach, is also entitled to these same rights when the Founder is dead.

The Board of Trustees can agree an appropriate one-off payment or salary per session for the material and/or time expended by the members of the Board of Trustees. The Executive Board can also agree a similar ruling for the members of an Advisory Board, should one have been set up, providing the Founder has not specified remuneration himself. The Founder can disagree with decisions of this nature, with the result that the positions remain honorary. The wife of the Founder, Hannelore Auerbach, is also entitled to these same rights when the Founder is dead.

- (6) The Foundation can also employ assistants to carry out work, either on a voluntary or paid basis or to pass this work, either in part or full, onto third parties, either on a paid or voluntary basis.

§ 7
Executive Board

- (1) The Executive Board consists of one to three people.

The Founder determines the number of members of the Executive Board when the Foundation is set up and this is done by the Executive Board thereafter. If a Board of Trustees has been set up in accordance with § 6 article 2, the number of members of the Executive Board is set by the Board of Trustees.

The Executive Board is able to act if at least one member has been appointed; this also applies if further appointed members leave before the end of their term in office, without a successor having been appointed. Should the Executive Board only consist of one member, a Board of Trustees, set up in accordance with § 6 article 2, has to appoint a deputy for the case when the member of the Executive Board is absent or legally or actually prevented from exercising his function.

- (2) The members of the first Executive Board are appointed by the Founder. He will set their term in office, notwithstanding article 4, their authority to represent and manage and exemption from the restrictions of article 22 clause 1 paragraph 1 Bavarian State Law (BayStG) and will appoint the Chairman and Deputy Chairman of the Executive Board. The Founder can also grant exemption from the restrictions of § 181 of the German Civil Code (BGB), should this provision be applicable.

- (3) The members of the Executive Board are appointed thereafter by election by the Executive Board (so-called co-optation). If a Board of Trustees has been set up in accordance with § 6 article 2, the members of the Executive Board are chosen by the Board of Trustees.

- (4) The term of office of members of the Executive Board is three years respectively. Re-election is unrestrictedly permissible. Should a Board of Trustees appoint a full-time member of the Executive Board, it can specify a different term in office for this person

- (5) The appointment of individual or all members of the Executive Board can be cancelled without reason and with immediate effect at any time by the Board of Trustees.

A member of the Executive Board, employed in an honorary capacity, can resign at any time without notice, unless his resignation takes place at an inopportune moment; in this case the resignation then takes place after a notice period of 3 months.

A part-time or full-time member of the Executive Board can announce his resignation giving a notice period of 3 months, unless his service contract provides for a longer notice period for the service provided by the member; this should also be observed if a member of the Executive Board should resign.

- (6) A member of the Executive Board must resign before the end of his term in office once he has reached his 75th birthday, unless the Board of Trustees or the Executive Board has agreed anything different when appointing him.

- (7) A resigning member of the Board remains at the behest of the body responsible for appointing him, even after expiry of the regular term in office, until a successor has been appointed to the position. The new appointment should be made in such a way that a consistent handover is guaranteed at the end of the term in office of the resigning member, and that the resigning member can have input regarding the choice of the successor. Every member of the Executive Board has an obligation to suggest a successor for his position at the beginning of his period of office should he resign from the Executive Board. The appointing body is not tied to the suggested successor.

- (8) If the Executive Board consists of more than one person, the body responsible for making appointments, appoints a Chairman from the members of the Executive Board, as well as a Deputy Chairman, who will represent the Chairman in all matters should he prevented from doing so. If it is decided not to appoint a Chairman, the Executive Board elects a Chairman and Deputy Chairman from within its ranks.

- (9) The Founder has the right to sit on the Executive Board for life and to act as Chairman of the Executive Board. If three member of the Executive Board have been appointed, the Executive Board is then extended to 4 persons for as long as the Founder is a member. The Founder cannot be recalled on the grounds of article 5. He cannot abdicate his office at any time. He has the right, even after resigning from the Executive Board, to request that he be readmitted to the Executive Board at any time. The wife of the Founder, Hannelore Auerbach, is also entitled to these same rights when the Founder is dead.

§ 8

Representation and Management

- (1) The Executive Board represents the Foundation in law, with the exception of the cases outlined in § 10 article 2. It has the position of a legal representative.

If several members have been appointed to the Executive Board, two members of the Executive Board are deemed to represent the Foundation mutually.

The Board of Trustees can grant a member of the Executive Board sole authority of representation. It can also grant exemption from the restrictions of article 22 clause 1 paragraph 1 of the Bavarian State Law (BayStG) in an individual case or generally. The same holds true for exemption from § 181 of the German Civil Code (BGB), should this provision be applicable.

Notwithstanding this, the Founder, should he be a member of the Executive Board, is entitled to represent the Foundation on his own and be exempt from the restrictions of article 2 clause 1 paragraph 1 of the BayStG. The same holds true for his wife Hannelore Auerbach. The same holds true for exemption from § 181 of the German Civil Code (BGB), should this provision be applicable.

- (2) In matters on which a decision from the Board of Trustees is called for, the Executive Board can make urgent arrangements if ensuring the interests of the Foundation cannot tolerate a delay. The Chairman of the Board of Trustees should be informed immediately of this.

- (3) The Executive Board runs the business of the Foundation in accordance with the law of the land, the provisions of the Articles of Association and the guidelines and resolutions of the Board of Trustees.
- (4) Independent of the authority of representation of the members of the Executive Board, the management of the Foundation is incumbent on the Executive Board of the Foundation in its entirety. When appointing the members of the Board, the Board of Trustees can allocate specific tasks to individuals, for which they alone are responsible. The members of the Executive Board in general can also share the portfolio between them. Should a portfolio not be generally divided when a person is appointed, this can be determined at any time by an internal procedural ruling.

Notwithstanding this, the Founder, if he belongs to the Executive Board, is also authorised to manage the Foundation on his own. The same holds true for his wife Hannelore Auerbach.

The Executive Board make decisions with a simply majority of votes cast. If there is a tie vote, the Chairman – and in his absence the Deputy Chairman – has the casting vote.

The Executive Board can make an internal procedural ruling with the approval of the Board of Trustees. Should a ruling not be enacted or a regulation not apply, then the regulations outlined in § 11 or an internal procedural ruling enacted for the Board of Trustees will apply to the management of the business of the Executive Board.

- (5) The Executive Board is dependant on the prior agreement of the Board of Trustees in relation to certain management measures outlined in these Articles of Association. Further measures for the Executive Board can be made dependant on the approval of the Board of Trustees by an internal procedural ruling. Furthermore the Board of Trustees can resolve to make the implementation of individual measures subject to its decision. The power of representation of the Executive Board is not restricted by this obligation for approval.

The provision of business procedures, which require approval, ensures that the Executive Board acts in an active way with a high level of personal responsibility.

§ 9
Board of Trustees

- (1) The Board of Trustees should consist of at least five people and should not have more than 12 members. The number of member of the Board of Trustees is determined by the Executive Board when the Board of Trustees is set up, and if it has been set up in accordance with § 6 article 2 paragraph then this is determined by the Founder. Thereafter the number of members of the Board of Trustees can be set by the Board of Trustees itself.

The Board of Trustees is able to act if it has at least three members and this is also the case if members leave without a successor having been elected.

- (3) The members of the first Board of Trustees are determined by the Executive Board when the Board of Trustees is set up, and if it is set up in accordance with § 6 article 2 paragraph 6 this is determined by the Founder. In doing so, the term of office, notwithstanding article 5, as well as the Chairman and the Deputy Chairman, also have to be determined.
- (4) The members of the Board of Trustees are thereafter appointed by the choice of the Board of Trustees (so-called co-optation).
- (5) The term of office of the Board of Trustees is four years. Re-election is unrestrictedly permissible.
- (6) A member of the Board of Trustees can be asked to stand down early from his post for good cause by a resolution by the Board of Trustees. The resolution requires a majority of 75% of the votes cast; the member in question does not have a voting right.

Members of the Board of Trustees can resign from their post at any time without giving a reason.

- (7) Member of the Board of Trustees should not be older than 75 when they are elected. Members of the Board of Trustees must resign from the Board of Trustees before the end of their term in office on their 78th birthday. In individual cases, the Board of Trustees can resolve with a two-thirds majority to keep a member in office and also to reappoint him.

- (8) Retiring members of the Board of Trustees remain in office, even after their regular term in office has ended, until a successor has been elected, unless the Board of Trustees resolves to reduce the size of the body and thus not make a new appointment. The new appointment of members of the Board of Trustees should be made in such a way that a consistent handover is guaranteed at the end of the term of office of the resigning member and that the resigning member can have input regarding the choice of the successor. Every member of the Board of Trustees has an obligation to suggest a successor for his position at the beginning of his period of office should he resign from the Board of Trustees. The Board of Trustees is not tied to the suggested successor.

- (9) The Board of Trustees elects from within its ranks a Chairman and a Deputy Chairman, who will represent the Chairman in all matters if he is prevented from doing so.

- (10) The Founder has the right to be a member for life of a Board of Trustees, which has been set up in accordance with § 6 article 2 paragraph 6 and to chair the Board of Trustees. If twelve member of the Board of Trustees have been appointed, the Board of Trustees is then extended to 13 persons for as long as the Founder is a member. The Founder cannot be asked to stand down on the grounds of article 6. He cannot abdicate from his office at any time. He has the right, even after having left the Board of Trustees, to ask to be readmitted. The wife of the Founder, Hannelore Auerbach, is also entitled to these same rights when the Founder is dead.

§ 10

Duties and responsibilities of the Board of Trustees

- (1) The Board of Trustees advises, support and supervises the Executive Board on its day-to-day business and makes decisions on important and fundamental issues of the Foundation.

It specifically makes decisions on:

1. Amendments to the Articles of Association pursuant to § 13 article 1 and 2, dissolution of the Foundation and applications for amalgamation or annulment of the Foundation.
2. Auditing the report and statement concerning fulfilment of the Foundation's purpose, auditing the Annual Accounts of the Foundation and adoption of the Annual Accounts.
3. Annual exoneration of the members of the Executive Board following adoption of the Annual Accounts.
4. Appointment and recall of members of the Executive Board, conclusion and termination of service contracts with members of the Executive Board.
5. Other legal business of the Foundation with a member of the Executive Board or legal business with members of the Board of Trustees or affiliated or associated legal persons and other associated entities of members of the Executive Board or the Board of Trustees, as well as other measures of the Foundation which benefit a member of the Executive Board or the Board of Trustees or their associates;
6. Management measures by the Executive Board, which according to these Articles of Association or according to an internal procedural ruling for the Executive Board, require the approval and agreement of the Board of Trustees.

- (2) Notwithstanding §8 article 1 paragraphs 1 and 2, the Chairman of the Board of Trustees represents the Foundation in legal business with the Executive Board of individual members of the Executive Board both, judicially and extrajudicially.

§ 11

Business of the Board of Trustees

- (1) The Board of Trustees is summoned to a meeting by the Chairman when required, but at least once per year. Meetings are called if the good of the Foundation requires this or if a third of the members of the Board of Trustees or the Executive Board require this.
- (2) The Board of Trustees makes its decisions, providing these Articles of Association do not provide otherwise, with a simple majority of the votes cast. Every member of the Board of Trustees can be represented by another member when passing a resolution. If there is a tie vote, the Chairman – and in his absence the Deputy Chairman – has the casting vote.
- (3) The Board of Trustees can pass an internal procedural ruling providing no regulations in these Articles of Association apply to its day-to-day business. If no internal procedural ruling is enacted and no regulation in these Articles of Association applies, then the Chairman of the meeting determines the procedure.

§ 12
Accounting

- (1) The financial year corresponds to the calendar year.

- (2) The Executive Board is required to produce an Annual Financial Statement and a report about fulfilling the Foundations purpose each financial year and to present this to the Board of Trustees for its approval. The Annual Accounts are adopted by the approval of the Board of Trustees.

- (3) The Annual Financial Report consists of a statement of income and expenditure on the part of the Foundation, as well as a schedule of assets. The Board of Trustees or the Executive Board, if a Board of Trustees has not been set up, can resolve that year-end accounts, based on commercial principles, are produced in lieu thereof.

- (4) There is no requirement to produce a budget proposal. If the complexity of the Foundation requires this, the Board of Trustees can resolve that the Executive Board must produce a budget plan, which must be presented to the Board of Trustees for their approval. The Board of Trustees can specify in detail the content and procedure of the budget plan.

- (5) The Board of Trustees can resolve that an auditor or a firm of auditors audits an Annual Financial Statement. The Board of Trustees selects and appoints an auditor.

§ 13

Amendment of the Articles of Association, Dissolution, Annulment and Amalgamation

- (1) Amendment of the Articles of Association is permissible providing these seem necessary to adapt to changed circumstances or for the useful growth and development of the Foundation's activities and those of its bodies by the Founder.

These should not impair or cancel out the Foundation's tax-privileged status.

- (2) Amendments to the purpose of the Foundation according to § 2 article 1, the dissolution or application to amalgamate or break-up of the Foundation are only permissible if it is no longer possible to fulfil the purpose of the Foundation or if circumstances change to such an extent that fulfilling the purpose of the Foundation no longer appears useful. The measures to achieve the purpose of the Foundation pursuant to § 2 article 2 can be developed with caution by amendments to the Articles of Association to meet the needs of changed circumstances and social conditions, in terms of the will of the Founder set out in the Articles of Association and within the scope of the public good of the Foundation.

- 3) Resolutions according to articles 1 and 2 can only be made in a session of the Board of Trustees following a hearing of the Executive Board. If there is no Board of Trustees in place, then the Executive Board will make the decision. It requires the agreement of more than 75% of the members of the Board of Trustees or the Executive Board.

If the acknowledgement of the common public benefit of the Foundation is affected, the decision can only be made once the responsible financial authorities have confirmed the harmlessness of the measure in terms of the tax-privileged status of the Foundation.

The Founder can submit suggestions for resolutions according to articles 1 and 2 to the Foundation's bodies. The Founder has the right of veto over resolutions of this nature even if he is not a member of a body of the Foundation. The Founder's wife Hannelore Auerbach has these same rights after the death of the Founder.

The resolutions only take effect following approval by the governing body (§16).

§ 14
Access to assets

If the Foundation is broken up or dissolved or if its tax-privileged purposes are discontinued, the Executive Board or the Board of Trustees, if one has been set up according to § 6 article 2, decides about the use of the Foundation's assets. The assets should be transferred to another corporate entity, which serves the common good, or a common law corporate entity, which will use them, taking into account the Foundation's purpose, directly and exclusively for the purposes of common good pursued by the Foundation or for the purposes aimed for by the original thinking of the Foundation. A resolution of this nature and the use of the assets is only permissible if the harmlessness of their use, in terms of the tax-privileged status of the Foundation, has previously been confirmed by the responsible financial authorities.

§ 15
Severability clause

Should a provision within these Statutes not be effective or become ineffective, the effectiveness of the other provisions remains unaffected by this. Such provisions should be replaced in such a way, in terms of the purpose and work of the Foundation and taking into account the will of the Founder, that they approach the economic content of the ineffective regulation originally strived for. The same holds true if the Articles of Association contain a loophole or are deemed to be in need of interpretation. The Founder should have a hearing prior to any resolution being made.

§ 16
Supervision of the Foundation

- (1) The Foundation is under the supervision of the government of Central Franconia (Mittelfranken).

- (2) The Supervisory authorities of the Foundation must be immediately informed of amendments to the address, authority to represent the Foundation and composition of the Foundation's governing bodies.

§ 17
Coming into Effect

The Articles of Association come into effect with the recognition of the Foundation by the government of Central Franconia (Mittelfranken).

Tettnang, 30 March 2005

Tjark Auerbach