

**Statute  
of  
*aap* Implantate AG**

**I.**

**General Regulations**

**§ 1 Name, Domicile**

1. The company trades under the name

*aap* Implantate AG.

2. It is domiciled in Berlin.

**§ 2 Object of the Company**

1. The object of the Company is

- to develop, produce and sell implants and medical instruments and
- to provide services in the field of precision metal working and processing,
- to carry out research in the field of medical products of all kinds and to develop, produce and sell them.

2. Within these bounds the Company can set up, acquire or participate in other companies, establish branches and undertake any other measures and legal transactions that are necessary or helpful for achieving and promoting the Company's aims.

**§ 3 Financial Year**

The financial year is the calendar year.

**§ 4 Announcements**

Company announcements will be published solely in the electronic Federal Gazette for the Federal Republic of Germany insofar as the law does not specify anything different.

## II.

### Capital Stock and Shares

#### § 5 Capital Stock

1. The Company's capital stock is € 14,608,587.00.
2. The Company originated by way of a conversion of legal form of AAP Ahrens, Ahrens & Partner GmbH & Co. Betriebs KG, domiciled in Berlin. The capital stock was raised through the assets of the Kommanditgesellschaft (KG) after deduction of liabilities.
3. The capital stock is split into 14,608,587 individual shares.
4. The Management Board is authorized with the Supervisory Board's approval to increase the Company's capital stock in return for contributions in cash or kind on one or more occasions up until March 31, 2005 by up to a total of € 2,380,000.00 and to when doing so to lay down the stock issue conditions. This may include ruling out shareholders' subscription rights,
  - a) to make up residual amounts,
  - b) to issue staff shares to employees of the Company,
  - c) to acquire participating interests in companies or companies or parts of companies in return for offering shares in the Company,
  - d) if a capital increase in return for cash contributions does not exceed 10% of capital stock and if the share issue price is not substantially below the stock market price,
  - e) to cover costs in the case of capital procurement and payment of services.
  - f) to issue shares for purposes of reorganization
5. The Company's capital stock is increased conditionally by up to € 380,000 through the issue of up to 380,000 registered shares with entitlement to dividend from the start of the financial year current in the year of issue (conditional capital). The conditional capital increase is for granting subscription rights to employees and members of the Management Board and the management of the Company or an allied company. In accordance with a resolution of the General Meeting on June 30, 2000, the Management Board is authorized with the Supervisory Board's approval to issue these to employees of the Company and of allied companies and the Supervisory Board is authorized to issue them to the Company's Management Board and to employees and board members of allied companies who are identical persons to the Company's Management Board. The conditional capital increase will be implemented only to the extent to which subscription rights are exercised.

6. Over and above the conditional capital increase of up to € 380,000.00 agreed at the General Meeting of June 30, 2000, the Company's capital stock is increased conditionally by up to € 96,000.00 through the issue of up to 96,000 registered shares with entitlement to dividend from the start of the financial year current in the year of issue (conditional capital II). This conditional capital increase is for granting subscription rights to employees, Management Board members and the management of the Company or of an allied company. In accordance with a resolution of the General Meeting on May 29, 2001, the Management Board is authorized with the Supervisory Board's approval to issue these to employees of the Company and of allied companies and the Supervisory Board is authorized to issue them to the Company's Management Board and to employees and board members of allied companies who are identical persons to the Company's Management Board. The conditional capital increase will be implemented only to the extent to which subscription rights are exercised.

## **§ 6 Shares**

1. Shares are bearer shares.
2. The Management Board with the Supervisory Board's approval will specify the form of share certificates and of dividend and renewal coupons.
3. There is no entitlement to individual share certificates. The Management Board can evidence ownership of a particular shareholder's shares in a global certificate.
4. In the event of an increase in capital, the dividend entitlement of the new shares may be regulated in divergence from § 60 paragraph 2 of the German Stock Corporation Act (AktG).

### **III.**

## **Management Board**

### **§ 7 Composition and Appointment of the Management Board**

1. The Management Board comprises one or more members.
2. The Supervisory Board decides on the number of, appoints and revokes the appointments of Management Board members. The Supervisory Board can appoint a Chairman and a Deputy Chairman of the Board.

### **§ 8 Management, Internal Rules of Procedure**

1. The Management Board conducts the business in accordance with the laws, with this statute and with its code of procedure, the adoption of which requires the Supervisory Board's approval.

2. The Supervisory Board can order in the code of procedure for the Management Board or by resolution that certain kinds of transactions require its approval.

## **§ 9 Representing the Company**

1. If only one Management Board member is appointed, that member will represent the Company alone. If more than one Management Board member is appointed, the Company will be legally represented by two Management Board members or by one Management Board member jointly with an authorized signatory (*Prokurist*).
2. The Supervisory Board can resolve to authorize one Management Board as sole representative even if more than one Management Board member is appointed. Furthermore, it can permit one or all member(s) of the Management Board in particular cases or generally to conclude legal transactions with themselves as representatives of third parties.

## **IV.**

### **Supervisory Board**

## **§ 10 Composition of the Supervisory Board**

1. The Supervisory Board comprises three members.
2. They are elected for a term lasting until the end of the General Meeting that approves their actions during the fourth financial year after the beginning of their term in office, not counting the financial year in which they are elected. Re-election is permissible.
3. At the same time as ordinary Supervisory Board members are elected, replacements for one or more Supervisory Board members can be elected. In the event that a replacement member replaces a departing member, if a new election to fill the place of the departing member is held at the next or next but one General Meeting after he has been replaced the replacement member's term of office ends at the end of that General Meeting. Otherwise it ends on expiry of the departing member's remaining term of office.
4. If a Supervisory Board member is elected to fill the place of a departing member, his term of office will run for the remaining term of office of the departing member. Should a by-election to replace a member who has left the board prematurely results in the departure of a replacement member who has taken over from him, this decision requires a majority of three quarters of the votes cast.
5. Every Supervisory Board member can resign from office by giving one month's notice. Notice of resignation must be given in writing to the Management Board, notifying the Chairman of the Supervisory Board. This does not affect the right to resign for a substantial reason.

## **§ 11 Chairman and Deputy**

1. At the first meeting following its election the Supervisory Board will elect a Chairman and a Deputy Chairman from among its members. They will be elected for the term of office of the elected persons or for a shorter period specified by the Supervisory Board. The Deputy Chairman has the rights and duties of the Chairman of the Supervisory Board when the latter is unavailable.
2. If the Chairman or his Deputy leaves office prematurely, the Supervisory Board must immediately hold a new election for the remaining term of office of the member who has left.

## **§ 12 Meetings**

1. As a rule, the Supervisory Board should meet once in a calendar quarter. A meeting must be convened twice in a calendar half year.
2. Supervisory Board meetings are convened by the Supervisory Board Chairman, who must give written notice 14 days in advance, not counting the day the invitation is sent and the day of the meeting. In urgent cases the Chairman can shorten this time limit appropriately and convene a meeting orally or by telephone, telex, telegraph or other telecommunications media.
3. The notice of the meeting must be accompanied by an agenda. If proper notice has not been given of an agenda item, a decision on it may only be taken if no Supervisory Board raises an objection. In an event of this kind absent Supervisory Board members must be given the opportunity to object to the decision or to cast their vote in writing within a reasonable time limit to be set by the Supervisory Board Chairman. The decision will only take effect if the absent Supervisory Board members have raised no objection or have voted in favor within the set time limit.

## **§ 13 Adoption of Resolutions**

1. As a rule, Supervisory Board resolutions are adopted at meetings. By order of the Supervisory Board Chairman, resolutions can be adopted outside meetings by telephone, letter, telex, telegraph or other telecommunications media if no member objects to this procedure within a reasonable time limit set by the Chairman. Decisions of this kind will be recorded in writing by the Chairman and sent to all members. Paragraphs 2 to 5 below apply accordingly to votes taken outside meetings.
2. Absent Supervisory Board members can take part in Supervisory Board ballots by arranging for other Supervisory Board members to hand in votes cast in writing.
3. Unless there is a mandatory legal provision to the contrary, Supervisory Board resolutions are adopted by simple majority of votes cast. In elections, a proportionate majority will suffice. If there is a tied vote the Supervisory Board Chairman has the casting vote. This also applies to elections. The Chairman will specify the type of ballot and the manner of voting.

4. The Supervisory Board Chairman is authorized on behalf of the Supervisory Board to make the declaration of intent necessary for implementing Supervisory Board resolutions.
5. Written minutes of the Supervisory Board's discussions and resolutions must be made and signed by the Chairman.

#### **§ 14 Code of Procedure**

The Supervisory Board will lay down its own code of procedure within the framework of the law and the company statutes.

#### **§ 15 Committees**

1. The Supervisory Board can within the framework of statutory regulations form sub-committees of its members and delegate tasks and powers to it in its code of procedure or by special resolution.
2. The provisions laid down in § 12 paragraphs 2 and 3, § 13 paragraphs 1, 3, 4 and 6 and in § 14 apply analogously to Supervisory Board committees. In ballots and elections, if there is a tied vote the Chairman of the committee has the casting vote.
3. The Chairman of a committee will make declarations of intent adopted by a Supervisory Board committee on behalf of that committee.

#### **§ 16 Expenses, Remuneration**

In addition to reimbursement of their expenses, Supervisory Board members will receive a remuneration amount to be decided by the General Meeting, plus any value added tax.

#### **§ 17 Amendments to the Statute**

The Supervisory Board is authorized to adopt amendments to the statute that affect its wording only.

### **V.**

#### **General Meeting**

#### **§ 18 Location and Convening of Meeting**

1. The General Meeting is held at the Company's head office or at that of a German stock exchange.

2. The General Meeting is convened by the Management Board or where legally prescribed by the Supervisory Board.
1. 3, Notice of the meeting, accompanied by the agenda, must be given at least one month before expiry of the deposit time limit specified in § 19, not counting the day the notice is issued and the day of deposit.
3. The General Meeting that votes to approve the actions of the Management Board and the Supervisory Board and decides on the application of profits and, insofar as necessary, adoption of the financial statements (ordinary General Meeting) is held within the first eight months of each financial year.

### **§ 19 Attendance at the General Meeting**

1. Only shareholders who deposit their shares with the Company, with a notary, with a bank dealing in securities that is authorized to receive the shares or at another place named in the notice convening the meeting, who leave them there until the end of the General Meeting and who register, so far as paragraph 3 requires registration, are entitled to attend the General Meeting and to exercise voting rights.
2. The shares must be deposited by no later than the fifth working day before the day of the General Meeting.
3. If shares are not deposited with the Company, the deposit receipt must be handed to the Company by no later than the third day before the General Meeting.
4. If no share certificates have been issued, the conditions on which shareholders will be allowed to take part in the General Meeting and to exercise voting rights must be laid down in the notice convening the General Meeting.

### **§ 20 Voting rights**

1. Each share carries the entitlement to one vote.
2. Voting rights begin when the contribution is paid in full.

### **§ 21 Chairing the General Meeting, Picture and Sound Broadcast**

1. The General Meeting is chaired by the Supervisory Board Chairman, or if he is unable to attend by his deputy or by another Supervisory Board member appointed by the Supervisory Board. If no Supervisory Board member chairs the meeting, the General Meeting will elect a chair under the direction of the oldest shareholder present.
2. The chair of the meeting will direct discussions and lay down the order in which agenda items are dealt with as well as the method of voting.

3. By order of the chair, the General Meeting can be broadcast in picture and sound either in extracts or in full. It can also be broadcast in a form to which the general public has unrestricted access. The form of broadcast must be announced along with the invitation to the meeting.

## **§ 22 Adoption of Resolutions**

1. General Meeting resolutions are adopted by a simple majority of votes cast unless mandatory statutory regulations require a larger majority. Abstentions do not count as votes cast.
2. If the first ballot does not result in a simple majority, a run-off will be held between the two individuals with the highest numbers of votes. The run-off will be decided by the highest number of votes. If there is a tied vote, the chair of the meeting will draw lots to decide.

## **VI.**

### **Accounting and Appropriation of Net Profit for the Year**

## **§ 23 Financial Statements**

1. The Management Board must draw up the financial statements (balance sheet, profit and loss statement and notes) and the management report and submit them to the auditor within the statutory time limits. Immediately upon receiving the audit report, the Management Board must present the financial statements, the Management Board's report and the audit report to the Supervisory Board together with a proposal for the appropriation of net profit for the year.
2. The Supervisory Board must check the financial statements, the Management Board's report and the proposal for the appropriation of net profit for the year and report the results of its examination in writing to the General Meeting. It must forward its report to the Management Board within one month of receiving the documents. If after examination the Supervisory Board approves the financial statements, they are then final.
3. Immediately after receiving the Supervisory Board's report the Management Board must convene the ordinary General Meeting. From the date of calling the meeting, the financial statements, the Management Board's report, the Supervisory Board's report and the Management Board's proposal for appropriation of the net profit for the year must be laid out for inspection by shareholders at the Company's business premises.

## **§ 24 Reserves**

1. If the Management Board and the Supervisory Board have finalized the financial statements they can transfer up to half of annual net profit into other revenue reserves. They are further authorized to transfer other amounts up to one quarter of annual net profit in other revenue reserves if other revenue reserves do not amount to more than one half of capital stock or would not amount to more than one half of capital stock after the transfer.
2. If the General Meeting approves the financial statements, one half of annual net profit is to be transferred to other revenue reserves.
3. When calculating the proportion of annual net profit to be placed in other revenue reserves in accordance with paragraph 1 or 2, amounts that have to be placed in statutory reserves and any losses carried forward must first be deducted.

## **§ 25 Appropriation of Net Profit for the Year**

The General Meeting decides on the appropriation of the net profit for the year resulting from the finalized financial statements. It can also specify a different appropriation than that provided for in § 58 sub-section 3 par. 1 of the German Stock Corporation Act (AktG).

## **VII.**

### **Final Provisions**

## **§ 26 Formation Expenses**

The Company will bear the costs of legal and tax advice in connection with its conversion, the costs of the conversion examination and the expert report drawn up for the conversion examination, as well as court and notary's costs including the costs of publication up to a maximum sum of DM 120,000.00 plus statutory value added tax.