

Bylaws of MEDION AG

Part I

GENERAL PROVISIONS

§ 1

Corporate Name and Seat

1. The name of the Company is MEDION AG.
2. The Company shall have its seat [*Sitz*] in Essen.

§ 2

Object of the Company

1. The object of the Company is the procurement and placement of services and the sale of products in the fields of multimedia hardware and software, entertainment and consumer electronics, telecommunications and satellite technology, and other nonfood articles of any kind as well as trading with telecommunications services and trading with digital content.
2. The Company shall be entitled to undertake all measures and transactions suited to promote its object.
3. The Company shall be authorized to establish branch offices in Germany and abroad and acquire or take shares in companies in Germany or abroad whose corporate objects correspond with or are related to that in No. 1 above.

§ 3

Capital Stock and Shares

1. The capital stock shall amount to EUR 48,418,400.00 (in words: forty-eight million four hundred eighteen thousand four hundred euros).

2. The capital stock shall be divided into 48,418,400 no-par-value shares.
3. The shares shall be made out in the name of the bearer. Unless resolved otherwise, this shall also apply in the event of capital increases.
4. The Company shall be entitled to issue dividend and renewal coupons.
5. No claim to have shares represented by certificates shall exist.
6. In the event of a capital increase, the dividend of the new shares may be stipulated in derogation of § 60(2) *AktG* [*Aktiengesetz*, German Stock Corporation Act] (§ 60(3) *AktG*).
7. The Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the Company once or multiple times up until May 17, 2016, although totaling no more than €24,000,000.00 (in words: twenty-four million euro), by issuing new bearer shares against contributions in cash or in kind. In principle, the shareholders must be granted a subscription right in this matter. The subscription right may also be granted indirectly by having the shares taken over by certain banks and/or companies equivalent to these pursuant to section 186 (5) sentence 1 *AktG* specified by the Management Board, with the obligation to offer them to the shareholders for subscription.

The Management Board is authorized, however, with the approval of the Supervisory Board, to disapply the subscription right of shareholders

- aa) in order to exclude fractional amounts from the shareholders' subscription rights.
- bb) if, in the event of a capital increase, the new shares are issued against cash contributions for an issue amount that is not significantly lower than the stock market price of the already listed shares with the same features on the date of the final determination of the issue amount, which should occur as closely in time as possible to the placement of the shares, and the total share capital arithmetically allocated to the issued shares does not exceed 10% of the share capital either on the effective date or on the date that this authorization is exercised. A disapplication of subscription rights is also deemed to exist if shares are sold and/or issued in direct, corresponding, or analogous application of section 186 (3) Sentence 4 *AktG* during the term of this authorization.

cc) if the capital increase is implemented against contributions in kind for the purpose of purchasing companies, portions of companies, shareholdings in companies, or other assets (including receivables).

Nevertheless, the total proportional amount of the share capital allocated to the new shares, for which the subscription right is disappplied based upon this authorization, together with the proportional amount of the share capital that is allocated to treasury shares or new shares from authorized capital, may not exceed 20% of the share capital; this will be based upon either the existing share capital as of May 18, 2011, the existing share capital on the date that the authorization is recorded, or the existing share capital on the date of issuance of the new shares, whichever amount is lowest.

The Management Board is further authorized, with the approval of the Supervisory Board, to specify the further details of the capital increase and its implementation.

§ 4

Subscription to the Capital Stock

1. Medion Electronic Handels- und Verwaltungsgesellschaft mbH subscribes to 400 shares at the issue price of DM 2,000.00.
2. Mr. Brachmann subscribes to 3,999,600 shares at the issue price of DM 19,998,000.00.
3. The shareholders shall render their contributions through transformation of MEDION Electronic Handelsgesellschaft mbH & Co. KG with seat in Essen into the Company pursuant to the transformation resolution of 17 September 1998 (Deed Register No. 1486/1998 of Dr. Klaus Welt, Notary Public with official residence in Essen).

§ 5

Duration; Financial Year

1. The duration of the Company shall not be limited to any particular period of time.
2. The fiscal year shall begin on April 1 of a calendar year and end on March 31 of the calendar year immediately following. A short fiscal year shall be created for the period January 1, 2012 to March 31, 2012.

Part II

GOVERNANCE

A. THE MANAGEMENT BOARD

§ 6

Composition; Resolutions; Rules of Procedure

1. The Management Board of the Company shall consist of at least two persons. The Supervisory Board may appoint alternate Management Board members.
2. The determination of the number of members and the appointment of the regular and alternate members of the Management Board, the conclusion of employment agreements, the revocation of appointments, as well as the appointment of a member of the Management Board to the chair of the Management Board shall be effected by the Supervisory Board.
3. Unless the law mandatorily prescribes a larger majority of the votes, the resolutions of the Management Board shall be adopted by a simple majority of the votes cast by the Management Board members present in a properly convoked meeting.
4. The Management Board may adopt rules of procedure by unanimous resolution. § 77(2) *AktG* shall remain unaffected.
5. The Supervisory Board may order by resolution that certain types of transactions shall require its approval.

§ 7

Powers of Representation

1. The Company shall be legally represented by two Management Board members or by one Management Board member acting jointly with a *Prokurist* [holder of *Prokura*, i.e. special statutory authority pursuant to § 48 of the Commercial Code].
2. *Prokura* shall only be granted as joint *Prokura*.

3. The Supervisory Board may resolve to authorize Management Board members to represent the Company alone.

B. THE SUPERVISORY BOARD

§ 8

Composition; Elections; Term of Office; Retirement Age

1. The Supervisory Board shall consist of three members.
2. Elections shall take place for the period prior to the close of the general shareholders' meeting which votes on the actions of the Supervisory Board for the fourth financial year after the commencement of the term of office. The financial year in which the term of office commences shall not be counted.
3. Elections of substitutes for withdrawn members shall be held for the residual term of office of the withdrawn member.
4. Withdrawn members may be reelected.
5. A member of the Supervisory Board may resign from office at any time through a written declaration which is to be given to the chairperson or deputy chairperson. A member elected by the shareholders in general meeting may be dismissed from office prior to the expiration of the term for which such member was elected by resolution of the shareholders in general meeting adopted with simple majority.

§ 9

Chair

Following the general shareholders' meeting in which the Supervisory Board members have been elected, the Supervisory Board shall, in a meeting to take place without having been especially called, elect one chairperson and one deputy chairperson for the term of office stipulated in § 8 hereof. In the event the chairperson or deputy chairperson withdraws from office prior to the expiration of his or her term, new elections for the residual term of office of the withdrawn member shall be held. The deputy chairperson shall have the rights and duties of the chairperson only in the event the chairperson is unable to attend to his duties. The provisions of § 10(4) and (5) shall apply to the adoption of resolutions; and no separate

notice of the meeting shall be required, provided the duties of the chairperson are assumed by the oldest member of the Supervisory Board until the election of the chairperson.

§ 10

Calling of Meetings; Resolutions; Rules of Procedure; Committees;
Confidentiality

1. The Supervisory Board shall determine its own rules of procedure. The following provisions shall apply to the calling of Supervisory Board meetings, quorums and the adoption of resolutions; supplementary provisions may be made in this regard in the rules of procedure.
2. Supervisory Board meetings shall take place as necessary, though at least twice per calendar year.
3. The calling of the Supervisory Board meetings and the determination of the venue shall be made by the chairperson or, in the event he or she is unable to attend to his or her duties, by the deputy chairperson. Notice of a meeting shall be given in writing with a notice period of two weeks. The notice must specify the individual items on the agenda and the form of the meeting.
4. In the event they are prevented from attending the meeting, Supervisory Board members may have their written votes submitted at the Supervisory Board meeting by other Supervisory Board members. The chairperson may bring about a resolution of the Supervisory Board by obtaining declarations in writing, by telegraph, telex, fax or telephone, unless a member objects to such procedure within a reasonable period of a maximum of one week determined by the chairperson.
5. Declarations of intent of the Supervisory Board are to be issued in the name of the Supervisory Board by the chairperson or, in the event he or she is unable to his or her duties, by the deputy chairperson. This shall also apply to the receipt of declarations of intent addressed to the Supervisory Board.
6. Unless prohibited by law, the Supervisory Board may assign rights and duties incumbent upon it to its chairperson, individual members or to committees appointed from its midst.
7. The Supervisory Board may amend the Bylaws provided such amendments only relate to the wording thereof.

8. The members of the Supervisory Board shall observe secrecy as to any confidential reports and confidential proceedings as well as Company secrets, including in particular any operational and business secrets, of which they have obtained knowledge in the course of their activities on the Supervisory Board.

§ 11

Remuneration of the Supervisory Board

Each member of the Supervisory Board shall receive fixed remuneration of €50,000.00 per fiscal year. The remuneration for the Chairman of the Supervisory Board shall be €120,000.00 per fiscal year. Remuneration shall be payable after formal approval of the annual financial statements. Members of the Supervisory Board who have only been a member of the Supervisory Board for part of a fiscal year shall receive the remuneration *pro rata temporis*.

2. The members of the Supervisory Board shall furthermore be reimbursed for all outlays and the turnover tax, if any, payable on their remuneration and outlays.
3. The Company undertakes to pay for the Supervisory Board members the premiums for third party liability insurance and legal expenses insurance, subject to a reasonable deductible, covering the liability risks arising from the activities of the Supervisory Board.

C. GENERAL SHAREHOLDERS' MEETING

§ 12

Location and Notice of Meeting

1. The ordinary general shareholders' meeting resolving on the actions of the Management and Supervisory Boards, the appropriation of earnings, the selection of the independent auditor, the election of Supervisory Board members and, in the cases prescribed by law, on the approval of the annual financial statements shall be held within the first eight months of each financial year.
2. The general meeting of shareholders shall be called by the Management Board. The legal right of other persons to call general meetings shall remain unaffected. General

shareholders' meetings shall take place at the seat of the Company or at the seat of a German stock exchange on which the shares of the Company have been admitted to official trading.

3. The general meeting of shareholders must be called at least 30 days before the day by the end of which shareholders have to register (§ 13 of the Bylaws). This period does not include the day on which the meeting is called. General shareholders' meetings shall be called by notice in the Federal Gazette (*Bundesanzeiger*) stating the legally required information.
4. Upon the receipt of the report of the Supervisory Board pursuant to § 16(1) hereof, the Management Board must immediately call the ordinary general shareholders' meeting.
5. The Management Board is authorized to provide visual and/or audio broadcasts of the entire or parts of the general shareholders' meeting.

§ 13

Participation Right

1. Only those shareholders who register on time for the general shareholders' meeting are entitled to attend the general shareholders' meeting, exercise their voting rights, and file motions. The registration must be received by the Company or an office designated in the invitation to the meeting at least six days before the meeting. This period does not include the day of the meeting or the day of receipt of registration.
2. Proof of entitlement to attend the general shareholders' meeting, exercise voting rights, and file motions must be provided. This proof must be provided by means of a shareholdings certificate in text form [*Textform* as defined in § 126b German Civil Code] in German or English from the depository bank. The proof must relate to the start of the 21st day before the general shareholders' meeting and must be received by the Company or an office designated in the invitation to the meeting at least six days before the meeting. This period does not include the day of the meeting or the day of receipt of proof.
3. The day of the meeting is not included when calculating periods and deadlines that count back from the meeting. They cannot be shifted to an earlier or later date to avoid a

Sunday, Saturday, or public holiday. Sections 187 to 193 of the German Civil Code do not apply.

§ 14

Chair of the General Shareholders' Meeting

1. The Annual Shareholders' Meeting is chaired by the chairman of the Supervisory Board. If the chairman is unavailable, the Supervisory Board elects a person to chair the meeting. If the person who was elected by the Supervisory Board to chair the meeting because the chairman was unavailable is also unavailable or if the Supervisory Board does not elect anyone else to chair the meeting, the notary appointed to record the proceedings opens the Annual Shareholders' Meeting and has the Annual Shareholders' Meeting elect someone to chair the meeting.
2. The chairperson of the meeting may determine an order of business at variance with that announced in the agenda. The chair shall determine the course of the general meeting, particularly the type, form and order of voting, within the framework of the provisions of law.

§ 15

Voting and Elections

1. Each share (no-par-value share) shall grant the holder one vote in the general shareholders' meeting.
2. Preference shares shall not grant the holders any voting rights. In the event, however, preference shareholders are mandatorily entitled to voting rights in accordance with the law, each preference share (no-par-value share) shall grant the holder one vote.
3. Voting rights may be exercised by proxies. The appointment, revocation, and proof of the appointment of a proxy must be in text form (*Textform* as defined in § 126b German Civil Code) unless otherwise provided for by law. Proof of appointment of a proxy can be sent to the Company via an electronic communications channel specified by the Management Board. The details will be provided in the invitation to the general shareholders' meeting.

4. Resolutions shall be adopted by a simple majority of the votes cast and, if the law prescribes a capital majority in addition to the majority of the votes, by way of a simple majority of the voting capital stock represented in the vote, unless a larger majority is required in accordance with mandatory provisions of law.
5. In the event of a tie, a motion shall be deemed rejected, except in elections.
6. In the event a simple majority is not obtained in individual elections in the first ballot, a runoff election shall take place between those persons who received the two highest numbers of votes. The runoff election shall be decided by the higher number of votes or, in the event of a tie, by drawing lots.

Part III

ANNUAL FINANCIAL STATEMENTS; APPROPRIATION OF EARNINGS

§ 16

Annual Accounts

1. The Management Board must in the first three months of the financial year prepare the annual financial statements, the management report, the consolidated financial statements and the management report of the group for the past financial year and present such statements and reports without undue delay to the Supervisory Board together with a proposal for the appropriation of distributable profits. The Supervisory Board shall issue to the independent auditor the audit mandate for the annual financial statements.
2. The Supervisory Board must examine the annual financial statements, the management report, the consolidated financial statements and the management report of the group and the proposed appropriation of distributable profits in consultation with the auditor and report on the findings of its examination in writing to the shareholders in general meeting. The Supervisory Board must forward its report to the Management Board within one month after it has received the documents; § 171(3), sentence 2 *AktG* shall remain unaffected.

3. If the Supervisory Board approves the annual financial statements and the consolidated financial statements after having examined them, the annual financial statements so approved shall be deemed finally approved.
4. The annual financial statements, the management report, the report of the Supervisory Board on its respective findings, the proposal of the Management Board for the appropriation of distributable profits, the consolidated financial statements, the management report of the group and the report of the Supervisory Board on its respective findings are to be sent to each shareholder upon request.
5. The annual financial statements, the management report, the report of the Supervisory Board on its respective findings, the proposal of the Management Board for the appropriation of distributable profits, the consolidated financial statements, the management report of the group and the report of the Supervisory Board on its respective findings are to be made available for inspection by the shareholders at the Company's business premises from the date of notice of the meeting.

§ 17

Appropriation of Earnings

1. Provided the Management and Supervisory Boards approve the annual financial statements, they may transfer the net income remaining after deducting the amounts to be transferred to the legal reserves and a loss carry-forward in whole or in part to other earnings reserves. The transfer of more than half of the net income for the year shall not be permissible in the event the other earnings reserves would exceed half of the capital stock after the transfer.
2. Provided the shareholders in general meeting approve the annual financial statements, one fourth of the net income shall be transferred to other earnings reserves. When calculating the portion of the net income to be transferred to other earnings reserves, allocations to legal reserves and loss carry-forwards are to be deducted first.
3. The shareholders in general meeting may also resolve to make a distribution in kind.

Part IV

MISCELLANEOUS PROVISIONS

§ 18

Formation Expenses

The Company shall bear formation expenses up to the amount of DM 100,000,00.

§ 19

Announcements

Announcements of the Company shall be made exclusively in the Federal Gazette (*Bundesanzeiger*) except where the law requires otherwise. Information for the Company's shareholders and other holders of securities issued by the Company eligible to be traded on an organized market as defined by § 1 (5) of the German Securities Trading Act (WpHG) may also be transmitted by electronic means.

The Bylaws of MEDION AG have been drawn up in German. The English text is a non-binding convenience translation.