



Articles of Incorporation of KTM AG

I. General Provisions:

1. Company, registered office and duration

- 1.1. The name of the incorporated company is KTM AG.
- 1.2. The registered office of the company is in Mattighofen.
- 1.3. Its duration is not restricted to a specific time.

2. Corporate purpose

- 2.1. The purpose of the company is the development, manufacturing and distribution of motorized leisure equipment (Power Sports), in particular under the “KTM” brand, as well as the equity holding in companies for the development, manufacturing and distribution of such equipment.
- 2.2. The company is authorized for all transactions and measures which are necessary or useful for the purpose of achieving the company's purpose, in particular the establishment of branches and subsidiaries in the domestic market and abroad, for the acquisition and equity holding in other companies and businesses, to assume the management and representation of such companies and businesses, as well as for the letting and leasing of assets.
- 2.3. The company is not authorized to conduct banking operations.

3. Disclosures

Disclosure of the company, insofar and to the extent required by the Stock Corporation Act, shall be made in the “Amtsblatt zur Wiener Zeitung” (official gazette of the Wiener Zeitung). In addition, the publications of the company shall be made in accordance with the applicable legal provisions. All publications shall also be made available in the Internet on the website of the company.

II. Share Capital and Shares:

4. Share capital, registered shares and share register

- 4.1. The share capital of the company amounts to EUR 10,845,000.00 (ten million eight hundred and forty five thousand) and is divided into 10,845,000 (ten million eight hundred



and forty five thousand) unit shares each with a nominal value of EUR 1.00 (one Euro). Of the share capital, EUR 9,375,000.00 (nine million three hundred and seventy five thousand Euro) is paid up. By an agreement on contribution and contribution in kind of 02/26/2010, a loan receivable to the nominal value of EUR 12,200,000.00 plus interest, from CROSS Finanzierungs GmbH, FN 256459 x, and a loan receivable to nominal value of EUR 600,000.00 plus interest, from Mr. Hans-Jörg Hofer, born on 01/30/1949, have been respectively entered against KTM-Sportmotorcycle AG, FN 116267 g, as a contribution in kind. In return for these contributions in kind, CROSS Finanzierungs GmbH received 742,484 units as bearer shares and Mr. Hans-Jörg Hofer 36,516 units as bearer shares. By an agreement on contribution and contribution in kind of 03/01/2011, CROSS Industries AG, FN 261823 i, has taken a share in KTM Immobilien GmbH, FN 351879 w, as a contribution in kind, corresponding to a capital investment to the amount of EUR 34,650.00 (thirty four thousand six hundred and fifty Euro), which corresponds to an equity holding amounting to 99% (ninety nine per cent). In return for this contribution in kind, CROSS Finanzierungs AG received 355,000 units as bearer shares. By the agreement on contribution and contribution in kind of 06/01/2012, CROSS Industries AG, FN 261823 i, entered its receivable against the company from the loan agreement concluded with Raiffeisen Zentralbank Österreich Aktiengesellschaft on 05/08/2009 regarding the granting of a Lombard loan to the amount of EUR 42 Million, insofar as it is not secured by a liability of the State of Upper Austria, as a contribution in kind to the nominal amount of EUR 8,400,000.00. In return for this contribution in kind CROSS Finanzierungs AG received 336,000 units as bearer shares.

4.2. All shares are registered. The company maintains a share register. The shareholders are in particular required to notify the company of information required in accordance with section 61 para. 1 of the Stock Corporation Act (AktG), to register in the share register. In relation to the company, only persons registered as such in the share register are deemed to be shareholders.

5. Form and content of the share certificates

5.1. The Executive Board shall determine the form and content of the share certificates, the dividend and renewal coupons and conversion options and other securities to be issued by the company.

5.2. The Company is entitled to combine several shares in one certificate (global share).

III. Constitution of the company:

6. Bodies of the company

The organs of the company are:

- A) The Executive Board
- B) The Supervisory Board
- C) The Annual General Meeting.



A) The Executive Board:

7. Members, appointment and management

- 7.1. The Executive Board consists of one, two, three, four, five, six or seven persons. The appointment of deputy members of the Executive Board is permissible. An appointment as a member of the Executive Board is possible for the last time before reaching the age limit of 65 years.
- 7.2. The Supervisory Board must decide on the distribution of business in the Executive Board and the business which requires its approval, in addition to the cases prescribed by law (section 95 para 5 AktG); as far as it is prescribed by law (section 95 (5) 1, 2, 4, 5 and 6 AktG), the Supervisory Board must also determine the monetary limits, up to which the approval of the Supervisory Board is not required. The Supervisory Board must adopt rules of procedure for the Executive Board.
- 7.3. The Executive Board conducts the business of the company in accordance with the laws, the Articles of Incorporation and the rules of procedure adopted by the Supervisory Board.
- 7.4. The Executive Board makes decisions by simple majority. If the Supervisory Board has appointed an Executive Board member as Chairman of the Executive Board, his vote is decisive in the case of voting parity.

8. Representation

- 8.1. The company is represented by the sole member, when the Executive Board consists of one person, and by two Executive Board members together or by an Executive Board member together with an authorized signatory, when it consists of several members.
- 8.2. The Supervisory Board is authorized to exercise the individual or all powers of representation of the Executive Board members.

B) The Supervisory Board:

9. Number and appointment of Supervisory Board members

- 9.1. The Supervisory Board consists of at least three and a maximum of six members elected by the Annual General Meeting. The requirements for the election of Supervisory Board members comply with section 87 AktG.
- 9.2. Insofar as not elected for a shorter term of office, the members of the Supervisory Board are elected for the period up to the end of the Annual General Meeting, which decides on the discharge of the fourth financial year following election; the financial year in which the member is elected is not included in this. Re-election is allowed. An election as a member of the Supervisory Board is possible for the last time before reaching the age limit of 75 years. Section 87 para 9 AktG applies to the appointment of the first Supervisory Board.
- 9.3. Each member of the Supervisory Board may terminate his function following a notification made by registered letter to the Chairman at least four weeks beforehand. The Chairman must address his resignation to his deputy. If the elected Supervisory Board member

resigns from the Supervisory Board before the end of his term of office, the election of a replacement shall only be made immediately if the number of elected Supervisory Board members falls below three. An election of a replacement shall only apply to the remainder of the term of office of the retired member.

10. Internal regulation of the Supervisory Board

- 10.1. The Supervisory Board elects a Chairman as well as a Deputy Chairman, for the duration of the term of office of the Supervisory Board, from amongst its members in a meeting, convened without special invitation following the Annual General Meeting, in which all of the Supervisory Board members to be elected by them are re-elected. If no member receives an absolute majority in an election, a run-off ballot is made between the two persons with the most votes. If the run-off ballot results in voting parity, it shall be determined by lots. The Chairman and his deputy together form the executive committee of the Supervisory Board. The Chairman and Deputy Chairman can be re-elected. The Deputy Chairman has the same rights and obligations as the Chairman, when acting as his representative.
- 10.2. If the Chairman of the Supervisory Board or his deputy steps down during his term of office, the Supervisory Board shall conduct a new election.
- 10.3. The Supervisory Board may appoint committees from amongst its members and delegate specific powers to them.
- 10.4. The Supervisory Board must adopt a rules of procedure.

11. Meetings of the Supervisory Board

- 11.1. The Supervisory Board is convened by the Chairman or by his deputy in writing, by telephone, by telegraph, by fax or by e-mail.
- 11.2. The presence of at least three members elected by the Annual General Meeting is required to establish a quorum for the Supervisory Board to make decisions. The mutual representation of Supervisory Board members is allowed in accordance with section 95 para 7 AktG. The Chairman, or if prevented, his deputy, shall chair the meeting.
- 11.3. Resolution by written vote, or by voting by fax or by e-mail is allowed if there is no objection from a member of the Supervisory Board to this procedure. The Chairman, or if prevented, his deputy, must notify the other Supervisory Board members of the matter to be decided on by registered letter or fax or e-mail, requesting them to take a position on the matter within a period of at least three days from notification of the request. In the absence of a timely opinion, this shall be deemed to be a vote of dissent. Any objection to such a method of voting shall be addressed in writing or by fax or by e-mail to the leader of the vote within the same deadline. The date of receipt of the relevant declaration shall be decisive for the timeliness of the opposition and the opinion. In the case of a written vote or voting by fax or by e-mail, representation by other Supervisory Board members is not allowed.
- 11.4. The provisions of items 11.1 to 11.3. also apply mutatis mutandis to the committees of the Supervisory Board. If a committee consists of only two members, the committee shall only have a quorum if both members are present.

12. Resolution

- 12.1. The Supervisory Board shall make its decisions on a simple majority of the members present or represented. In the event of voting parity, the Chairman of the meeting decides – also in the case of elections. Agreement, in particular consultancy agreements, with the individual members of the Supervisory Board or companies with which they are affiliated, require the approval of the entire Supervisory Board, with the exception of daily business transactions. The method of voting shall be determined by the chair of the meeting. In the case of a written vote or voting by fax or by e-mail, these provisions shall apply mutatis mutandis.
- 12.2. A record will be created on negotiations and resolutions of the Supervisory Board and signed by the Chairman or his deputy. Decisions taken outside meetings are to be presented at the next meeting of the Supervisory Board and included in the minutes.
- 12.3. The Supervisory Board is authorized to adopt amendments to the Articles of Incorporation, which only relate to the version.

13. Declarations of intent by the Supervisory Board

The Chairman of the Supervisory Board, or if prevented, his deputy, shall issue declarations of intent for the Supervisory Board and its committees.

14. Reporting requirements

In addition to the statutory provisions, the Supervisory Board may specify more detailed provisions on the reporting obligations of the Executive Board. In particular, within the scope of the reporting obligation, the Supervisory Board can decide that the Executive Board must prepare and regularly submit to the Supervisory Board or the Chairman of the Supervisory Board, profit and loss accounts, investment plans and other budgeted accounts, budgeted balance sheets and financial plans, to be defined in detail and scope by the Supervisory Board.

15. Confidentiality obligation

The members of the Supervisory Board must keep the facts and circumstances, which have become known to them within the scope of their activities, confidential. It is irrelevant to this obligation of confidentiality, whether knowledge of these circumstances and facts are accessible to other persons or not. In addition, the members of the Supervisory Board are prohibited from passing on documents they have received or created themselves to third parties, who are not members of the Supervisory Board. Persons present at meetings of the Supervisory Board, which are not Supervisory Board members, must be expressly obligated to confidentiality, insofar that without this obligation they are not subject to a statutory duty of secrecy.

16. Remuneration of the Supervisory Board

The members of the Supervisory Board shall receive compensation for the expenses incurred in the performance of their duties. Furthermore, they can be granted a

remuneration by resolution of the Annual General Meeting, the amount of which is determined by the Annual General Meeting in accordance with section 98 AktG. If the function of a Supervisory Board member begins or ends during the financial year, the remuneration is granted pro rata. The distribution of remuneration among members is the responsibility of the Supervisory Board. The company bears the taxes and duties chargeable on the remuneration of the Supervisory Board.

C) The Annual General Meeting:

17. Place and convening of the Annual General Meeting

17.1. The Annual General Meeting is convened by the Supervisory Board or the Executive Board. The date of convening shall be published in accordance with the law and taking items 3 and 18 into account.

17.2. The Annual General Meetings are held at the registered office of the Company or in Mattighofen, or in a district city in Upper Austria or the capital city of Austria, as notified in the invitation to the Annual General Meeting.

18. Right of participation in the Annual General Meeting

18.1. The right to participate in the Annual General Meeting and to exercise shareholder rights, which are to be asserted during the Annual General Meeting, is determined by the entry in the share register at the beginning of the meeting.

18.2. The shareholders entitled to participate in the Annual General Meeting are only those, whose registration in written form to the Company, by post, fax or e-mail, has been received by the contact person, notified in the context of the convening notice, no later than the third working day before the Annual General Meeting.

19. Right to vote

19.1. The right to vote corresponds to the nominal value of the shares.

19.2. The exercise of the right to vote by proxy is possible with authorization, which is to be communicated to the company and kept or verifiably held by the company. Text form is sufficient in this case. The transmission of authority for proxy to the company may also be made by post, fax or e-mail to the contact person notified in the context of the convening notice.

20. Chairmanship and resolution at the Annual General Meeting

20.1. The Chairman of the Supervisory Board or his deputy shall chair the Annual General Meeting. If neither of them has appeared or is prepared to lead the meeting, the notary appointed for authentication shall preside over the meeting until the election of a chairman. If an absolute majority of the votes cast is not obtained in the election of the chairman, a run-off ballot will be made between the two persons with the most votes. If the run-off ballot results in voting parity, it shall be determined by lots.

20.2. The Chairman chairs the meeting, determines the order of the items on the agenda and

the form of voting. If several motions exist for one item on the agenda, the chairman also determines the order of voting on these motions in accordance with the law, in particular section 119 para 3 AktG.

- 20.3. If an absolute majority of the votes cast is not obtained in the first round of voting, a the shortlist vote is held between the two candidates who have received the most votes. If the run-off ballot results in voting parity, it shall be determined by lots.

IV. Financial Year and Profit Distribution:

21. Financial year

An abbreviated financial year was formed between September 1st (first), 2010 (two thousand and ten) and December 31st (thirty first), 2010 (two thousand and ten). The remaining financial years run concurrently with the calendar year.

22. Profit distribution

- 22.1. The Annual General Meeting decides on disposal of the balance sheet profit. It can exclude all or part of the balance sheet profit from distribution. The balance sheet profit to be distributed amongst the shareholders shall be distributed in proportion to contributions made on the nominal value of the shares. Contributions made during the financial year must be taken into account in proportion to the time elapsed since payment. The issue of new shares can be subject to a different provision.

- 22.2. Unless otherwise decided by the Annual General Meeting, shares in profits shall be due for payment within fourteen days after the Annual General Meeting.

- 22.3. Profit shares of the shareholders, which are not claimed within three years after the due date, lapse in favor of the statutory reserve of the company.

23. Language regulation

- 23.1. Legally binding communications from shareholders or from third parties (e.g. credit institutions), acting for them or on their behalf, are to be addressed to the company in German or English. This also applies specifically to deposit confirmations.

- 23.2. The negotiating language at the Annual General Meeting is German.